



AUDITED FINANCIAL ACCOUNTS



Mahfel Huq & Co.

Chartered Accountants

The first registered accounting firm in independent Bangladesh



In Independent Member Firm (IP) Affiliation

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Independent Auditor's Report To the Shareholders of Deshbandhu Polymer Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Deshbandhu Polymer Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 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 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended 30 June 2019 in accordance with International Financial Reporting Standards (IFRSs) and relevant rules 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 Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Risk	Our response to the risk
Revenue recognition	
<p>At year end, the company reported total revenue of BDT 799,252,742.</p> <p>Revenue is measured by customers on the company's sales. Within a number of the company's markets, the estimation of revenue recognized based on sales made during the year is material and considered to be complex and judgmental.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> • Segregation of duties in invoice creation and modification; and • Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtaining supporting documentation for sales transactions recorded at the year end date to determine whether revenue was recognized in the current period;



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	<ul style="list-style-type: none"> • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.
Legal and regulatory matters	
<p>We focused on this area because the company operate in a legal and regulatory environment that is exposed to significant litigation and similar risks arising from disputes and regulatory proceedings. Such matters are subject to many uncertainties and the outcome may be difficult to predict.</p> <p>These uncertainties inherently affect the amount and timing of potential outflows with respect to the provisions which have been established and other contingent liabilities.</p> <p>Overall, the legal provision represents the company's best estimate for existing legal matters that have a probable and estimable impact on the company's financial position.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the legal provision and contingencies process.</p> <p>We enquired to those charged with governance to obtain their view on the status of all significant litigation and regulatory matters. We enquired of the company's internal legal counsel for all significant litigation and regulatory matters and inspected internal notes and reports. We also received formal confirmations from external counsel.</p> <p>We assessed the methodologies on which the provision amounts are based, recalculated the provisions, and tested the completeness and accuracy of the underlying information.</p> <p>We also assessed the company's provisions and contingent liabilities disclosure.</p>

Reporting on other information

Management is responsible for the other information. The other information comprises all of the information 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 auditor's 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 and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 requires the Management to ensure effective internal audit, internal control and risk management functions of the Company.



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



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Report on other Legal and Regulatory Requirements

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

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) 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;
- (iii) 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;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Dated: October 24, 2019


Mahfel Huq & Co.
Chartered Accountants

Deshbandhu Polymer Limited
Statement of Financial Position
as at 30 June 2019

Assets	Particulars	Notes	2019 Taka	2018 Taka
Non-Current Assets				
	Property, Plant & Equipment	4	441,596,074	354,425,570
	Investment	5	716,928	716,928
			442,313,002	355,142,498
Current Assets				
	Inventory	6	220,491,223	143,522,703
	Inventory in Transit	7	446,329,786	373,854,439
	Accounts Receivable	8	267,304,556	300,323,635
	Inter Company Receivable	9	158,594,340	178,987,434
	Advance, Deposit and Prepayments	10	141,797,403	169,892,545
	Advance Income Tax	11	255,144,068	223,311,071
	Cash and Cash Equivalent	12	28,249,941	15,844,062
			1,517,911,318	1,405,735,889
Total Assets			1,960,224,320	1,760,878,386
Equity and Liabilities				
Shareholders' Equity				
	Share Capital	14	613,651,500	613,651,500
	Retained Earnings		43,906,010	45,845,539
			657,557,510	659,497,039
Non-Current Liabilities				
	Deferred Tax Liability	13	66,489,985	70,797,650
Current Liabilities				
	Bank Overdraft	15	234,645,434	240,658,591
	Short Term Loan	16	917,161,801	717,600,546
	Accounts Payable	17	5,730,154	7,587,964
	Other Payables	18	14,356,838	8,039,454
	Share Money Refundable	20	14,924,500	14,924,500
	Worker's Profit Participation Fund	21	1,629,025	2,188,695
	Provision for Income Tax	22	47,729,073	39,583,946
			1,236,176,825	1,030,583,697
Total Equity and Liabilities			1,960,224,320	1,760,878,386
Net Asset Value (NAV) per share			10.72	10.75

The annexed notes form an integral part of these financial statements


Chief Financial Officer


Company Secretary


Director


Managing Director

As per our annexed report of even date.

Dhaka
24 October, 2019




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Deshbandhu Polymer Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

Particulars	Notes	2019 Taka	2018 Taka
Revenue	23	799,252,742	945,699,450
Cost of revenue	24	(682,695,931)	(818,873,316)
Gross profit		116,556,811	126,826,134
Administrative Expenses	27	(17,721,315)	(20,622,257)
Selling & Distribution Expenses	28	(10,219,725)	(13,510,565)
Operating profit		88,615,771	92,693,312
Financing cost	29	(70,642,730)	(58,227,847)
Financing income	30	16,236,492	11,497,138
Net profit/ (loss) before WPPF and income tax		34,209,533	45,962,603
Provision for contribution to WPPF	21	(1,629,025)	(2,188,695)
Net profit/ (loss) before income tax		32,580,507	43,773,907
Provision for income tax:			
Current Tax	22	(8,145,127)	(10,943,477)
Deferred Tax	13	4,307,665	1,588,423
Net profit after tax for the year		28,743,046	34,418,853
Other Comprehensive income:			
Increase/Diminution in the value of investment in share	5	-	-
Total Comprehensive income for the year		28,743,046	34,418,853
Earning per share of Tk. 10.00 each	31	0.47	0.56

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Chief Financial Officer


Company Secretary


Director


Managing Director

As per our annexed report of even date.

Dhaka
24 October, 2019




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Deshbandhu Polymer Limited
Statement of Cash Flows
for the year ended 30 June, 2019

Particulars	Notes	2019 Taka	2018 Taka
A. Cash flows from operating activities:			
Cash received from customer	32	832,271,820	998,923,016
Cash paid to suppliers, employees and others	33	(804,417,158)	(971,450,470)
Cash generated/used in operations		27,854,662	27,472,546
Cash received from Financing income		16,236,492	11,497,138
Financing cost paid		(70,642,730)	(58,227,847)
Income Tax Paid		(31,832,998)	(34,220,249)
Net cash used in operating activities	34	(58,384,574)	(53,478,412)
B. Cash flow from investing activities:			
Purchase of property, plant and equipment		(112,468,164)	(15,563,775)
Disposal of shares		-	-
Net cash used in investing activities		(112,468,164)	(15,563,775)
C. Cash flow from financing activities:			
Short term loan		199,561,255	56,813,772
Bank Overdraft		(6,013,157)	26,021,401
Cash Dividend		(30,682,575)	-
Share money refund		-	(5,000)
Other finance- Inter company		20,393,094	(32,143,466)
Net cash from financing activities		183,258,617	50,686,707
Net cash inflow / (outflow) (A+B+C)		12,405,879	(18,355,480)
Cash and cash equivalent at the beginning		15,844,062	34,199,542
Cash and cash equivalent at the closing		28,249,941	15,844,062
Cash and cash equivalent at the closing:			
Cash in hand		3,890,947	3,977,459
Cash at Banks		24,358,994	11,866,603
		28,249,941	15,844,062
Net Operating Cash flow per share		(0.95)	(0.87)

The annexed notes form an integral part of these financial statements


Chief Financial Officer


Company Secretary


Director


Managing Director

As per our annexed report of even date.

Dhaka
24 October, 2019




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Deshbandhu Polymer Limited
Statement of Changes in Shareholders Equity
For the year ended 30 June, 2019

Particulars	Share Capital Taka	Retained earnings Taka	Total Taka
Balance as at 30 June 2018	613,651,500	45,845,539	659,497,039
Cash Dividend 2017-2018		(30,682,575)	(30,682,575)
Net profit after tax for the year	-	28,743,046	28,743,046
Other comprehensive income for the year:			
Increase in the value of investment in share	-	-	-
Balance as at 30 June 2019	613,651,500	43,906,010	657,557,510

Deshbandhu Polymer Limited
Statement of Changes in Shareholders Equity
For the year ended 30 June, 2018

Particulars	Share Capital Taka	Retained earnings Taka	Total Taka
Balance as at 30 June 2017	557,865,000	67,213,186	625,078,186
Stock Dividend	55,786,500	(55,786,500)	-
Net profit after tax for the year	-	34,418,853	34,418,853
Other comprehensive income for the year:			
Diminution in the value of investment in share	-	-	-
Balance as at 30 June 2018	613,651,500	45,845,539	659,497,039

The annexed notes form an integral part of these financial statements


Chief Financial Officer


Company Secretary


Director


Managing Director

As per our annexed report of even date.

Dhaka
24 October, 2019




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4.0 Property, Plant & Equipment 2018-2019

Types of assets	Cost		Addition during the Year	Cost as at 36.06.19	Rate	Depreciation		Written down value 30.06.19
	Cost as at 01.07.18	Cost as at 36.06.19				Cumulative as at 01.07.18	Charged during the month	
Land & land development	70,860,737	70,860,737	-		-	-	-	70,860,737
Building	70,125,993	148,744,330	78,618,337		2.5%	13,886,255	2,735,879	132,122,196
Plant & machinery	330,514,843	330,514,843			5%	118,352,118	16,525,742	195,636,983
Furniture & fixtures	563,956	563,956			10%	338,493	56,396	169,067
Electric & other appliances	38,239,437	67,979,437	29,740,000		10%	25,543,724	5,310,944	37,124,769
Office machinery and equipment	2,063,696	6,173,523	4,109,827		10%	1,001,524	411,861	4,760,138
Vehicles	2,568,383	2,568,383			10%	1,389,361	256,838	922,184
Total	514,937,045	627,405,209	112,468,164			160,511,475	25,297,660	441,596,074

Depreciation charged to

	2019 Taka	2018 Taka
Manufacturing expenses	24,032,777	20,963,942
Administrative Expenses	1,264,883	1,103,365
	25,297,660	22,067,307





DESHBANDHU POLYMER LIMITED

Notes comprising a summary of significant
Accounting policies and explanatory information.
For the year ended 30 June, 2019

1. Status of the Reporting Entity

1.1. Legal Status

Deshbandhu Polymer Ltd. was incorporated in Bangladesh on 03 December, 2006 as a private limited company under the Companies Act, 1994 which has been converted into public limited company on 05 August, 2009 having registered office in Dhaka. This company was listed with DSE and CSE as on January 17, 2011.

1.2. Nature of Business

The principal activities of the company are manufacturing and marketing of PP woven bag and liner.

2. Basis of Preparation

2.1. Statement of Compliance

These financial statements have been prepared in accordance with International Accounting Standard (IAS), International Financial Reporting Standards (IFRSs), Companies Act 1994, and other applicable laws and regulations.

2.2. Other Regulatory Compliances

The company is also required to comply with the following major laws and regulation in addition to the Companies Act, 1994:

- The Income Tax Ordinance, 1984
- The Income Tax Rules, 1984
- The Value Added Tax Act, 1991
- The Value Added Tax Rules, 1991
- The Customs Act, 1969
- Bangladesh Labor Act, 2006 as amended in 2013.
- Bangladesh Securities and Exchange Rules, 1987

2.3. Measurement Bases Used in Preparing the Financial Statements/ Going Concern

The financial statements have been prepared on "Historical Cost" convention on a going concern 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).

The company has adequate resources to continue its operation for foreseeable future. For this reason the Directors continued to adopt going concern basis in preparing the Financial Statements. The current credit facilities and resources of the company provide sufficient fund to meet the present requirements of its existing businesses and operations.

2.4. Components of the Financial Statements

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

- i. Statement of Financial Position
- ii. Statement of Profit or Loss and Other Comprehensive Income
- iii. Statement of Changes in Equity
- iv. Statement of Cash Flows
- v. Notes comprising a summary of significant accounting policies and explanatory information.



2.5. Applicable Accounting Standards

The following IASs are applicable for preparation and reporting of the Financial Statements for the year under review:

- IAS - 1 Presentation of Financial Statements
- IAS - 2 Inventories
- IAS - 7 Statements of Cash Flows
- IAS - 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS - 10 Events after the Reporting Date
- IAS - 12 Income Taxes
- IAS - 16 Property, Plant and Equipment
- IAS - 19 Employee Benefits
- IAS - 21 The Effects of Changes in Foreign Exchange Rates
- IAS - 23 Borrowing Costs
- IAS - 24 Related Party Disclosures
- IAS - 32 Financial Instrument: Presentation
- IAS - 33 Earnings Per Share
- IAS - 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS - 39 Financial Instruments: Recognition and Measurement
- IFRS - 1 First Time Adoption of International Financial Reporting Standards
- IFRS - 7 Financial Instruments: Disclosures
- IFRS - 13 Fair value measurements
- IFRS - 15 Revenue from Contracts with Customers

2.6. Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with IFRS 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.

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

2.7. 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.

2.8. Reporting Period

The financial period of the company covers one year from 1 July 2018 to 30 June 2019 and followed consistently.

3. Significant Accounting Policies

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

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.



3.1. Property, Plant and Equipment

3.1.1. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation. Capital work in progress (if any) represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that were not ready for use at the end of reporting period and these are stated at cost.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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.

3.1.2. Depreciation on Fixed Assets

Depreciation on fixed assets is charged based on straight-line method. No depreciation is charged on land & land development and capital work in progress. On addition of assets, depreciation is charged from the month of acquisition and no depreciation is charged in the year of disposal.

Upon disposal of assets, the cost and related accumulated depreciation are eliminated from the accounts and resulting gain or loss is charged or credited to Income.

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

Category	Rate of Depreciation
Land & Land Development	-
Building	2.5%
Plant & Machineries	5%
Furniture & Fixtures	10%
Electric and other Appliances	10%
Office machinery and Equipment's	10%
Vehicles	10%

3.1.3 Capitalization of borrowing costs

Borrowing cost relating to acquisition of fixed assets is capitalized as per International Accounting Standard (IAS) - 23, borrowing costs at the weighted average cost of borrowings. However, capitalization of borrowing costs is ceased when acquisition of relevant asset is completed.

3.1.4 Impairment

The carrying amount of the entity's non-financial assets, other than inventories and deferred tax assets (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is re-estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date



3.2. Inventories

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares, which are valued lower of cost or net realizable value in accordance with IAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

- i) Raw materials at average cost
- ii) Work-in-process at estimated cost
- iii) Finished goods at cost or net realizable value whichever is lower
- iii) Goods-in-transit at cost
- iv) Stores & spares at weighted average cost

3.3. Financial Assets

The company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date, which is the date the company becomes a party to the contractual provisions of the instrument.

The company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets include Investment; Accounts Receivable; Advances, Deposits and Prepayments; Cash and Cash Equivalents etc.

3.3.1. Accounts Receivable

Accounts receivable are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to uncollectibility of any amount so recognized.

3.3.2. Advances, 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 property, plant and equipment, inventory or expenses.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statement of Profit or Loss and Other comprehensive income.

3.3.3. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits and other short/ fixed term deposits with banks and non-banking financial institutions which are held and available for use by the company without any restriction.

3.4. Financial Liabilities

The company recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument. The company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Financial liabilities comprise accounts payable, other payable and other financial obligations.

3.4.1. Accounts Payable and Other Payable

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.



3.4.2. 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.

3.5. Impairment

3.5.1. Financial Assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3.5.2. Non Financial Assets

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

3.6. Cash flow statement

Cash Flow Statement is prepared in accordance with IAS 7 "Cash Flow Statement". 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(b) of IAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

3.7. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized in the Statement of Financial Position as stated in IAS-37 when the company has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Contingent assets are not recognized.

3.8. Taxation

3.8.1. Current Tax:

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. Necessary provision for taxation has been made as per Income Tax Ordinance, 1984.

3.8.2. Deferred tax:

Deferred tax is recognized using the Statement of Financial Position method as stated in IAS 12. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax bases of an asset or liability and its carrying amount/reported amount in the Statement of Financial Position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future period's recognized in the current period. The deferred tax asset /income or liability/expense does not create a legal liability/recoverability to and from the income tax authority.

3.9. Employee benefit

3.9.1. Short Term Employee Benefits

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company as stated in IAS-19.



3.9.2. Workers' Profit Participation & Welfare Fund

Appropriate provision has been made for Workers' Profit Participation and Welfare Fund as per Bangladesh Labour Act, 2006 as amended in 2013.

3.10. Revenue Recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and rebates, if any. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably and there is no continuing management involvement with the goods as stated in IAS-18. Sales revenue is recognized when the goods are delivered.

3.11. Finance Income and Expense

3.11.1. Finance Income

Interest income from bank deposits and loan to related-companies are recognized on accrual basis following specific rate of interest in arrangement with banks and related companies.

3.11.2. Finance Expenses

Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the statements of Profit or Loss and Other comprehensive income 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.

3.12. Foreign Exchange

Transactions in foreign currencies are translated at the foreign exchange rate prevailing 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 prevailing at that date. Foreign exchange differences arising on translation are recognized in the statements of Profit or Loss and Other comprehensive income in accordance with IAS 21 "The effects of Changes in Foreign Currency Rates."

3.13. Earnings Per Share (EPS)

The Company calculates Earning per Share (EPS) in accordance with IAS 33: Earning per Share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income.

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.



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.

3.14. Events After the Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.15. Comparative Information

Comparative information has been disclosed in respect of the year 2013 in accordance with IAS-1: "Presentation of Financial Statements", for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's Financial Statements.

3.16. 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.

The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'.

3.17. General

- i . Figures appearing in these Financial Statements have been rounded off to the nearest taka.
- ii. Prior year's figures have been rearranged, wherever considered necessary, to ensure comparability with the current year.
- iii. Bracket figures denote negative.



Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
5.0 EXIM Bank Ltd. (Note : 5.01)		
Opening Balance	716,928	716,928
Decrease/Increase of Share price	-	-
Closing balance	716,928	716,928

5.1 EXIM Bank Ltd.

Number of Share	Cost per Share	Total cost
73,834	9.71	716,928

Investment in share valued at cost price. Though the market price of the share were higher then the cost, the unrealized gain on share investment not considered as income.

	Quantity		
6.0 Inventory			
Raw materials	11,48,042 Kgs	126,666,228	70,304,304
Work in process (WIP)	3,37,898 Kgs	46,823,183	22,912,718
Finished goods	8,79,280 Pcs	18,464,880	16,780,066
Stock of spare parts		28,536,932	33,525,615
		220,491,223	143,522,703

a Quantity wise break up is given in Annexure: A 1 & A 2.

7.0 Inventory in Transit			
Raw materials-in-transit	396,831,532		335,008,579
Spare parts-in-transit	49,498,254		38,845,860
	446,329,786		373,854,439

8.0 Accounts Receivable

First Party	51,719,093	48,111,078
Third party	155,181,471	167,721,654
Inhouse Party	38,781,815	43,361,388
Corporate party	21,622,177	41,129,515
	267,304,556	300,323,635

Analysis of Accounts Receivable:

Receivable due below six months	187,113,189	210,226,545
Receivable due within one year	80,191,367	90,097,091
	267,304,556	300,323,635

Accounts recoverable are unsecured and considered good.

There is no such debt due by or to directors or other officers of the company

The company has Accounts receivable transactions with its following related party:

Company Name	2019	2018
Deshbandhu Sugar Mills Ltd.	25,820,392	29,970,190
Deshbandhu Consumer & Agro Products Ltd.	715,980	62,800
Deshbandhu Cement Mills Ltd.	10,420,526	12,650,531
Sahera Auto Rice Mills Ltd.	1,824,917	677,867
	38,781,815	43,361,388

9.0 Inter company receivable

Deshbandhu Cement Mills Ltd.	20,936,325	23,236,676
Ajkaler Khabar	-	559,500
M R Trading	116,369,321	129,365,774
Comodities Trading Company	-	1,697,000
FMC	-	372,488
NSTC	-	122,578
Deshbandhu Shipping	-	356,805
Deshbandhu Food & Bevarage Ltd.	10,836,325	11,066,700
Sahera Auto Rice Mills Ltd.	10,452,369	11,867,080
Deshbandhu Sugar Mills Ltd.	-	-
Shahera Wasek Foundation	-	189,833
Deshbandhu Packaging Ltd.	-	153,000
	158,594,340	178,987,434

9.1 The above inter company receivable bears interest at the rate 10.00% per year.





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
10.0 Advance, deposit and prepayment		
Advance, deposit and prepayment (Note:10.1)	110,377,209	143,776,554
Advance, deposit and prepayment (Note:10.2)	31,420,194	26,115,991
	<u>141,797,403</u>	<u>169,892,545</u>
10.1 Advances		
Advance VAT against purchase (Note:10.1.1)	6,117,213	8,193,679
Deshbandhu C & F	16,601,509	18,749,089
S K Mahmud & Sons	15,821,356	15,821,356
Capital Work-in- Progress	41,536,934	65,635,138
Salary and other advance	26,199,168	24,321,159
	<u>106,276,180</u>	<u>132,720,421</u>
Deposits		
BG (margin)	1,644,670	1,782,008
Security deposit	20,000	20,000
Other advance	2,436,359	9,254,125
	<u>4,101,029</u>	<u>11,056,133</u>
	110,377,209	143,776,554

10.1.1 Advance VAT Against purchase

Year wise Advance VAT:	Opening Balance	VAT Paid against purchase	VAT adjustment during the year	Closing Balance
FY 2007-2008	-	12,869,992	10,853,495	2,016,497
FY 2008-2009	2,016,497	26,734,699	26,941,025	1,810,171
FY 2009-2010	1,810,171	36,674,411	32,034,454	6,450,128
FY 2010-2011	6,450,128	29,738,109	22,587,772	13,600,465
FY 2011-2012	13,600,465	44,233,040	38,498,674	19,334,832
FY 2012-2013	19,334,832	60,495,273	66,163,640	13,666,465
FY 2013-2014	13,666,465	71,674,380	73,742,488	11,598,357
FY 2014-2015	11,598,357	86,173,368	75,863,701	21,908,024
FY 2015-2016	21,908,024	66,357,794	66,481,645	21,784,173
FY 2016-2017	21,784,173	90,248,336	107,137,772	4,894,737
FY 2017-2018	4,894,737	131,391,200	128,092,258	8,193,679
FY 2018-2019	8,193,679	103,743,676	105,820,142	6,117,213

10.2 Letter of credit margin

Mercantile Bank Ltd.	-	1,440,465
Dhaka Bank Ltd.	31,420,194	24,675,526
	<u>31,420,194</u>	<u>26,115,991</u>

All advances and deposits amount are considered good and recoverable.

11.0 Advance income tax

TDS on interest	154,831	153,867
AIT on raw materials	164,382,236	142,519,331
AIT on sales	78,429,439	68,553,857
Tax deduction on FDR	4,449,341	4,429,355
Tax deduction on STD	7,278,101	7,274,398
AIT on Office rent	133,308	133,308
AIT on Spare Parts	316,812	246,955
	<u>255,144,068</u>	<u>223,311,071</u>

11.1 Year wise Advance income tax:

FY 2007-2008	1,150,501	1,150,501
FY 2008-2009	2,375,993	2,375,993
FY 2009-2010	3,350,553	3,350,553
FY 2010-2011	2,365,460	2,365,460
FY 2011-2012	13,262,159	13,262,159
FY 2012-2013	26,934,217	26,934,217
FY 2013-2014	31,976,605	31,976,605
FY 2014-2015	38,620,692	38,620,692
FY 2015-2016	23,419,853	23,419,853
FY 2016-2017	45,634,789	45,634,789
FY 2017-2018	34,220,249	34,220,249
FY 2018-2019	31,832,997	-
	<u>255,144,068</u>	<u>223,311,071</u>





12.0 Cash and Cash Equivalent

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
Cash in hand	3,890,947	3,977,459
Cash at banks (Note: 12.1)	21,454,952	9,142,438
Fixed Deposit Receipts (Note: 12.2)	2,904,042	2,724,165
	28,249,941	15,844,062

12.1 Cash at Banks

Name of banks	A/C No.	Branch	Amount	Amount
Agrani bank	STD-292/3	Principal	88,736	83,426
Bank Asia Ltd	STD 967	Principal	2,524	3,598
Dhaka Bank Ltd.	STD- 1004	F.Exchange	3,656	3,656
Dhaka Bank Ltd.	STD- 2292	Local Office	11,759,476	84,285
Habib Bank Ltd.	STD-1944	Motijheel	-	2,811
Islami Bank Ltd.	SND-87	F.Exchange	2,625,137	361,792
Janata Bank Ltd.	STD-1312	Corporate	131,825	128,757
Mercantile Bank Ltd.-	ERQ 054 (S)	Motijheel	110,941	110,941
Meghna Bank Ltd	CD-415	Gulshan	134,424	59,887
Mercantile Bank Ltd.	STD - 404	Motijheel	-	-
Mutual Trust Bank Ltd.	STD-342	Banani	159,138	9,618
NRB Commercial Bank Ltd.	STD -0047	Principal	109,383	317,762
Pubali Bank Ltd.	STD-75-0	Gulshan	756,920	155,308
Sonali Bank Ltd.	STD-627	Shilpa Vhaban	127,495	123,518
Southeast Bank Ltd.	SND-2133	Principal	25,488	26,079
Southeast Bank Ltd.	SND-2153	Principal	1,873,359	1,267,755
Southeast Bank Ltd.	SND-2108	Principal	1,048,506	1,029,880
Southeast Bank Ltd.	STD-2083	Principal	1,236,882	1,214,262
Southeast Bank Ltd.	STD-2079	Principal	88,670	88,032
Southeast Bank Ltd.-	FC-Dollar-8568	Principal	789,734	789,734
Southeast Bank Ltd.-	FC-Euro-7736	Principal	15,203	15,203
Southeast Bank Ltd.-	FC-Pound-7525	Principal	66,195	66,195
Social Islami Bank Ltd.	CD-8444	Banani	143,618	145,377
Islami Bank Ltd.	SND-3910	Paltan	2,700	3,850
Trust Bank Ltd.	CD-2078	Mohakhali	25,983	222,877
Dhaka Bank Ltd.	CD-17442	Local Office	39,316	699,332
United Commercial Bank Ltd.	CD-00477	Banani	36,415	784,730
Uttara Bank Ltd.	CD-11587	Uttara BS	53,228	1,343,773
			21,454,952	9,142,438

12.2 Fixed Deposit Receipts

	Branch	"Interest rate"	Amount	Amount
Mercantile Bank Ltd.	Motijheel	5.0%	997,404	960,393
Mercantile Bank Ltd.	Motijheel	8.0%	1,906,638	1,763,772
			2,904,042	2,724,165

13.0 Deferred tax Liability

Property, Plant & Equipments other than Land and Land Development	Carrying amount	Tax Base	Difference
	370,735,337	104,775,398	265,959,940
Applicable Rate			25.00%
Deferred tax liability			66,489,985
Deferred tax liability as on 30 June 2018			70,797,650
Deferred tax income for current year			(4,307,665)

Property, Plant & Equipments other than Land and Land Development	Carrying amount	Tax Base	Difference
	283,564,833	374,231	283,190,602
Applicable Rate			25.00%
Deferred tax liability			70,797,650
Deferred tax liability as on 30 June 2017			72,386,073
Deferred tax income for current year			(1,588,423)

Year wise Deferred tax Liability:

FY 2012-2013	(46,353,002)
FY 2013-2014	(19,875,950)
FY 2014-2015	4,159,873
FY 2015-2016	(15,257,559)
FY 2016-2017	4,940,565
FY 2017-2018	1,588,423
FY 2018-2019	4,307,665
	(66,489,985)





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
14.0 Share capital		
14.1 30,000,000 ordinary shares of Tk 10/- each.	3,000,000,000	3,000,000,000
14.2 Issued, subscribed and paid-up capital		
40,000,000 ordinary shares of Tk 10/- each fully paid.	400,000,000	400,000,000
6,000,000 Bonus shares of Tk 10/- for the year 2011-2012	60,000,000	60,000,000
2,300,000 Bonus shares of Tk 10/- for the year 2012-2013	23,000,000	23,000,000
2,415,000 Bonus shares of Tk 10/- for the year 2013-2014	24,150,000	24,150,000
5,071,500 Bonus shares of Tk 10/- for the year 2014-2015	50,715,000	50,715,000
5,578,650 Bonus shares of Tk 10/- for the year 2016-2017	55,786,500	-
	613,651,500	557,865,000

14.3 Category wise Shareholding position of the Company

Name of the shareholders	Nationality	2019		2018	
		Number of Shares	Holding %	Number of Shares	Holding %
A. Sponsors					
Mr. Golam Mostafa	Bangladeshi	1,227,303	2.000	1,227,303	2.000
Mr. Golam Rahman	Bangladeshi	2,173,858	3.542	2,173,858	3.542
B. Director					
Deshbandhu Sugar Mills Ltd.	Bangladeshi	14,726,866	23.998	14,726,866	23.998
Deshbandhu Distilleries Ltd.	Bangladeshi	1,227,303	2.000	1,227,303	2.000
C. Shareholders'					
Deshbandhu Shipping Ltd.	Bangladeshi	1,227,303	2.000	1,227,303	2.000
Provash Chakrobarty	Bangladeshi	151	0.0002	151	0.0002
Md. Mainul Islam	Bangladeshi	151	0.0002	151	0.0002
Md. Akheruzzaman	Bangladeshi	151	0.0002	151	0.0002
Abdul Khaleque	Bangladeshi	151	0.0002	151	0.0002
Late Golam Rasul Putul	Bangladeshi	151	0.0002	151	0.0002
D. Financial Institution	Bangladeshi	3,412,805	5.561	5,145,486	8.385
E. General shareholders	Bangladeshi & NRB	37,368,957	60.897	35,636,276	58.073
		61,365,150	100.00	61,365,150	100.00





14.4 Category wise Number of Share and Share Holders

Particulars	2019		2018	
	Number of Shares	Holding %	Number of Shares	Holding %
Sponsors and Directors	20,583,388	33.542	20,583,388	33.542
Financial Institution	3,412,805	5.561	5,145,486	8.385
General Public	37,368,957	60.896	35,636,276	58.073
	61,365,150	100	61,365,150	100

14.5 Classification of shares by holding

Particulars	2019			2018		
	Number of Shareholders	Number of Shares	Holding %	Number of Shareholders	Number of Shares	Holding %
Less than 500 Shares	2,510	383,429	0.625	2,944	435,269	0.710
500 to 5,000 Shares	5,042	7,272,350	11.851	5,679	8,218,012	13.390
5,001 to 10,000 Shares	530	3,944,474	6.428	642	4,752,314	7.740
10,001 to 20,000 Shares	323	4,695,018	7.651	390	5,552,925	9.050
20,001 to 30,000 Shares	107	2,693,466	4.389	134	3,343,095	5.450
30,001 to 40,000 Shares	57	2,004,815	3.267	78	2,736,115	4.460
40,001 to 50,000 Shares	28	1,276,216	2.080	42	1,900,783	3.100
50,001 to 100,000 Shares	49	3,524,881	5.744	64	4,576,837	7.460
100,001 to 1,000,000 Shares	45	11,246,687	18.327	39	7,820,517	12.740
Over 1,000,000 Shares	8	24,323,814	39.638	7	22,029,283	35.900
	8,699	61,365,150	100.00	10,019	61,365,150	100.00





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
15.0 Bank overdraft		
Dhaka Bank Ltd. Local office (Note-15.1)	63,889,667	61,992,880
Mercantile Bank Ltd. Motijheel Branch (Note-15.2)	170,755,767	178,665,711
	234,645,434	240,658,591
15.1 Dhaka Bank Ltd.		
Facility : Overdraft		
Facility limit : Tk.60,000,000		
Interest Rate : 12.00% which is subject to change from time to time.		
Security : Registered mortgage of total 129.125 decimal land with 3 factory shade (1 single storied factory-cum-office, 1 single storied warehouse, 1 single storied shed) at Kawadi, Palash, Narshingdi.		
15.2 Mercantile Bank Ltd.		
Facility : Overdraft		
Facility limit : Tk.150,000,000		
Interest Rate : 12.5% which is subject to change from time to time.		
Security : Hypothecation of the stocks in trade. Corporate guarantee of Deshbandhu Group. Directors Personal guarantee.		
16.0 Short term loan		
Loan against trust receipts(LTR) (Note-16.1)	802,110,845	540,603,749
Acceptance liabilities under letter of credit (Note-16.2)	115,050,956	176,996,797
	917,161,801	717,600,546
16.1 Loan against trust receipts(LTR)		
Dhaka Bank Ltd.	392,932,040	130,998,707
Mercantile Bank Ltd.	337,679,953	322,773,000
Islamic Finance & Investment Ltd. (Note-16.1.1)	71,498,852	86,832,042
	802,110,845	540,603,749
16.1.1 Islamic finance & investment Limited		
Facility : Term Loan		
Facility limit : Tk.100,000,000		
Interest Rate : 13% which is subject to change from time to time.		
Security : Hypothecation of the stocks in trade. Corporate guarantee of Deshbandhu Group. Directors Personal guarantee.		
16.2 Acceptance liabilities under letter of credit		
Mercantile Bank Ltd. (Note-16.2.1)		
Capital Machinery L/C		
Spare Parts L/C		
Raw Material L/C	-	2,996,000
Dhaka Bank Ltd. (Note-16.2.2)		
Capital Machinery L/C	-	57,613,132
Spare Parts L/C	-	-
Raw Material L/C	115,050,956	116,387,665
Meghna bank Ltd.	-	-
Capital Machinery L/C	-	-
	115,050,956	176,996,797
16.2.1 Mercantile Bank Ltd.		
Facility : Letter of Credit (L/C)		
Facility limit : Tk.300,000,000		
Purposes : Import Capital machinery, Raw Materials and Spare Parts by Letter of Credit(L/C).		
Security : Hypothecation of the stocks in trade. Corporate guarantee of Deshbandhu Group. Directors Personal guarantee.		
16.2.2 Dhaka Bank Ltd.		
Facility : Letter of Credit (L/C)		
Facility limit : Tk.300,000,000		
Purposes : Import Capital machinery, Raw Materials and Spare Parts by Letter of Credit(L/C).		
Security : Registered mortgage of total 129.125 decimal land with 3 factory shade (1 single storied factory-cum-office, 1 single storied warehouse, 1 single storied shed) at Kawadi, Palash, Narshingdi.		





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
17.0 Accounts payable		
Aryan Enterprise	910,860	1,870,950
Aureen Enterprise	-	141,718
Bandhan Power & electric	-	246,400
Continental Insurance	-	116,528
Danish Industries (PVT)	-	30,442
Diamond Bearing & Machinery	56,250	164,020
Dynamic Trade Link	219,930	157,173
Frontline Communication	341,800	341,800
G K Enetrprise	185,050	185,050
Global Insurance Ltd.	-	69,068
Green Delta Insurance Company Ltd.	76,940	76,940
HT Traders	139,430	198,513
Industrial Electric Power Equipment Co.	35,050	35,050
Helal Electric	2,412,848	2,590,010
Ornab Electric Co.	1,200,506	1,212,812
Park Trading	151,490	151,490
	5,730,154	7,587,964
Analysis of Accounts Payable:		
Payable due below six months	4,297,616	5,690,973
Payable due over six months below one year	1,432,539	1,896,991
	5,730,154	7,587,964
a.	This represent amount payable to regular suppliers of Raw material, chemicals, pacing materials etc.	
b.	All suppliers are paid on a regular basis.	
18.0 Other payable		
Computer Source	-	5,310
Chan Traders	581,510	854,640
M/S Joy Paribahan Shangstha	555,802	555,802
M/S Mams Trading	-	19,980
M/S Sudipta Enterprise	1,871,150	1,871,150
Pioneer Inserance Company Ltd.	-	526,662
RBP Woven Industries	375,760	375,760
Security Deposit from transport Co.	308,517	308,517
Security deposit-employee	22,800	22,800
Setcom IT Ltd.	600,000	1,129,747
SS Engineering	-	638,154
Tax deduction at source	313,639	286,638
Tushar Enterprise	1,659,000	1,444,294
Electric Bill	2,280,876	
Factory Salary	4,688,191	
Head Office Salary	1,099,593	
	14,356,838	8,039,454
All accrued expenses are paid on regular basis;		
19.0 NAV Per Share	10.72	10.75
Net Asset Value	657,557,510	659,497,039
Weight average number of ordinary shares	61,365,150	61,365,150





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
20.0		
Opening Balance	14,924,500	14,929,500
Refund during the year		(5,000)
Closing Balance	14,924,500	14,924,500
21.0 Workers Profit Participation Fund		
Opening balance	2,188,695	1,029,447
Disburse to beneficiary	(2,188,695)	(1,029,447)
	-	-
Provision made during the year	1,629,025	2,188,695
Closing Balance	1,629,025	2,188,695
22.0 Provision for income tax		
Opening Balance	39,583,946	28,640,469
Provision made for the year	-	-
Minimum tax provision 25% on Net Profit or .06% on gross revenue (Note-22.1)	8,145,127	10,943,477
Closing Balance	47,729,073	39,583,946
22.1 Year wise provision for income tax		
FY 2010-2011		
FY 2011-2012		
FY 2012-2013	12,028,022	12,028,022
FY 2013-2014	7,934,248	7,934,248
FY 2014-2015	1,843,896	1,843,896
FY 2015-2016	1,687,068	1,687,068
FY 2016-2017	5,147,235	5,147,235
FY 2017-2018	10,943,477	10,943,477
FY 2018-2019	8,145,127	-
	47,729,073	39,583,946
22.2 Minimum tax provision 0.60% on gross revenue or 25% on Net Profit		
As per tax calculation taxable income arrived negative figure i.e. taxable loss. Therefore, provision for tax is charged .60% (Minimum Tax) on gross revenue as per law.		
23.0 Revenue	Quantity	
Gross Local Sales		811,287,759
Less: VAT		(105,820,142)
Net Local Sales	2,80,79,051 pcs	705,467,617
Export Sales (Note-23.1)	37,02,632 pcs	93,785,125
		799,252,742
		945,699,450

23.1 Export Sales			
	2017-2018 USD	2017-2018 BDT	2018-2019 USD
	1,118,915	91,751,063	1,116,490
			2018-2019 BDT
			93,785,125





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
24.0 Raw materials:		
Opening stock	70,304,304	44,732,997
Purchase (Note-25)	639,950,155	735,015,901
Closing stock	(126,666,228)	(70,304,304)
	583,588,231	709,444,594
Manufacturing expenses (Note-26)	124,702,979	119,783,913
	708,291,210	829,228,507
Opening work-in-process	22,912,718	12,062,153
Closing work-in-process	(46,823,183)	(22,912,718)
Cost of goods manufactured:	684,380,745	818,377,942
Finished goods:		
Opening stock	16,780,066	17,275,440
Closing stock	(18,464,880)	(16,780,066)
	682,695,931	818,873,316
25.0 Purchase		
Direct Materials		
Purchase of raw materials (Note:25.1)	628,235,605	718,084,093
Indirect Materials		
Production materials - ink	11,714,550	16,931,808
	639,950,155	735,015,901
25.1 Purchase of raw materials		
Imported	562,816,943	629,012,671
Local	77,133,212	89,071,422
	639,950,155	718,084,093
26.0 Manufacturing expenses		
Salary and wages and other benefits	53,712,233	63,145,115
Traveling & conveyance	276,560	252,765
Carriage inwards	-	-
Electricity bill	38,159,165	22,727,174
Rent & rates		10,000
Repair & maintenance	6,536,017	10,049,567
Fuel and power	1,504,415	2,015,430
Postage & telephone	34,256	42,156
Printing & stationery	258,240	332,085
Food allowance	121,348	163,320
License, registration & renewal	20,464	25,000
Staff welfare	47,504	57,359
Depreciation	24,032,777	20,963,942
	124,702,979	119,783,913





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
27.0 Administrative Expenses		
Salary and Allowances	11,985,308	11,423,993
Rent & rates	55,780	542,105
Repair & maintenance	132,984	647,331
Conveyance	110,426	98,961
Audit fee	180,000	180,000
Business Promotion Expenses	1,468,650	2,159,223
Corporate social responsibility	-	521,543
Printing & stationery	223,684	605,191
Postage & telephone	125,905	67,775
AGM expenses	445,767	561,829
Entertainment	259,424	286,328
Legal and professional charge	460,500	996,500
License, registration & renewal	85,705	145,879
Annual Return fee RJSC	17,142	28,000
Share department expenses	174,995	298,103
Staff welfare	9,645	49,487
Telephone & Mobile Purchase	92,365	16,200
Tender schedules purchase	14,500	-
Expenses of CDBL	613,652	890,444
Depreciation	1,264,883	1,103,365
	17,721,315	20,622,257
28.0 Selling & Distribution Expenses		
Publicity & advertisement	324,675	971,973
Carriage outward	7,788,905	9,516,973
Fuel and power	8,775	32,240
Sales promotion expenses	2,097,370	2,979,379
Travelling & Daly Allowance	-	10,000
	10,219,725	13,510,565
29.0 Financing cost		
Bank charges	1,194,699	1,137,266
Interest on overdraft, time & term loans	69,448,031	57,090,581
	70,642,730	58,227,847
30.0 Financing income		
Intercompany interest	15,859,434	10,999,983
Dividend Income	73,834	110,751
Short term deposit	103,362	259,920
Fixed deposit receipts	199,862	126,484
	16,236,492	11,497,138
31.0 Earning per share		
Net profit after tax for the year	28,743,046	34,418,853
Weighted average number of shares outstanding during the year	61,365,150	61,365,150
Earning Per Share of Tk. 10.00 each	0.47	0.56





Mahfel Huq & CO.
CHARTERED ACCOUNTANTS

	30-Jun-19 (Taka)	30-Jun-18 (Taka)
32.0 Cash Receipts from Customers		
Revenue	799,252,742	945,699,450
Add: Opening Trade Debtors	300,323,634	353,547,200
	1,099,576,377	1,299,246,650
Less: Closing Trade Debtors	(267,304,556)	(300,323,634)
	832,271,820	998,923,016
33.0 Cash paid to suppliers, employees and others		
Cost of Goods Sold	682,695,931	818,873,312
WPPF paid to beneficiary	2,188,695	1,029,447
Add: Administrative Expenses	17,721,315	20,622,257
Add: Selling & Distribution Expenses	10,219,725	13,510,565
Less: Depreciation	(25,297,660)	(22,067,307)
	687,528,006	831,968,274
Increase/(Decrease) in Inventories	76,968,520	(74,311,369)
	764,496,526	585,459,787
(Increase)/Decrease in Current Liabilities	(4,459,574)	4,055,666
Increase/(Decrease) in Current Assets	44,380,205	317,507,900
	804,417,157	907,023,353
34.0 Cash Flows from Operating Activities under indirect method		
Profit before WPPF and Tax	34,209,533	45,962,603
Add Expenses Not Requiring Cash:		
Depreciation	25,297,660	22,067,307
Other Adjustments:		
(Increase)/Decrease in Accounts Receivable	33,019,079	53,223,565
(Increase)/Decrease in Inventory	(76,968,520)	(25,926,498)
(Increase)/Decrease in Advances, Deposits and Prepayments	28,095,142	(76,894,764)
(Increase)/Decrease in Advances Tax paid	(31,832,998)	(34,220,249)
(Increase)/Decrease in Inventory in transit	(72,475,347)	(36,922,259)
Increase/(Decrease) in Accounts Payable	(1,857,810)	42,106
Increase/(Decrease) WPPF Disburse to beneficiary	(2,188,695)	(1,029,447)
Increase/(Decrease) in Other Payables	6,317,384	219,219
Cash flows from operating activities	(58,384,574)	(53,478,417)





	30-Jun-19 (Taka)	30-Jun-18 (Taka)
35.0 Contingent liabilities		
Mercantile Bank Ltd. (Performance Bank Guarantee)	-	-
Tax Liability (Note 35.1)	-	-
	-	-
36.0 Directors Remuneration:		
Directors of the company did not receive any remuneration for attending the Board Meeting except independent director @Tk. 5,000.00 per meeting.		
37.0 Capacity Utilization		
BOI approved capacity (pcs)	65,045,000	65,045,000
Installed capacity (pcs)	46,200,000	46,200,000
Actual production (pcs)	39,408,193	29,000,108
Capacity utilization	85%	63%

38.0 Related party transaction

During the year, the company carried out a number of transactions with related parties in the normal course of business and on arms length basis. The name of these related parties, nature of transactions and their total value have been set in accordance with the provisions of IAS-24.

Name	Nature of relationship	Nature of transactions	2018-2019 Taka	2017-2018 Taka
Deshbandhu Sugar Mills Ltd.	Share Holder	Short Term Funding	Nil	Nil
		Account Receivables	Dr. 25,820,392	Dr. 29,970,190
Deshbandhu Cement Mills Ltd.	Common Directors	Short Term Funding	Dr. 20,936,325	Dr. 23,236,676
		Account Receivables	Dr. 10,420,526	Dr. 12,650,531
Fertilizer Marketing Corp.	Common Directors	Short Term Funding	Nil	Dr. 372,488
		Account Receivables	Nil	Nil
Deshbandhu Shipping	Common Directors	Short Term Funding	Nil	Dr. 122,578
		Account Receivables	Nil	Nil
M R Trading	Common Directors	Short Term Funding	Dr. 116,369,321	Dr. 129,365,774
Sahera Auto Rice Mills Ltd.	Common Directors	Short Term Funding	Dr. 10,452,369	Dr. 11,867,080
		Account Receivables	Dr. 1,824,917	Dr. 677,867
Deshbandhu Food & Beverage Ltd.	Common Directors	Short Term Funding	Dr. 10,836,325	Dr. 11,066,700
		Account Receivables	Nil	Nil

Note : Deshbandhu Sugar Mills Ltd (SRF) 15,771,297 and (AR) 1,41,98,893 had been error in 2017-18 audit period Which has rearranged by Nil (STF) and 29,970,190 (AR) in audit period 2018-19.





	30-Jun-19 (Taka)	30-Jun-18 (Taka)
39.0 Number of employees		
Number of employees	414	497
Salary range		
Monthly Taka 5,000 or above	414	497
Monthly below Taka 5,000	Nil	Nil

40.0 Capital expenditure commitment

There was no capital expenditure contracted but not incurred or provided for as on June 30, 2019.

41.0 Contingent liabilities

There was no sums for which the company is contingently liable as on June 30, 2019.

42.0 Claims not acknowledged

There was no claims against the company not acknowledged as debt as on June 30, 2019.

43.0 Commission, brokerage or discount against sale

No commission, brokerage or discount was incurred or paid by the company against sales during the year ended June 30, 2019.

44.0 Payment made in foreign currency

Except raw material purchase (Note: 21.5) no expenses including royalty, Technical expert and professional advisory fees, interest etc was incurred or paid in foreign currency.





45.0 Risk Factors & Management's Perception About The Risks

International Financial Reporting Standard (IFRS) 7 - Financial Instruments: Disclosures- Requires disclosure of information relating to: both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the Company's policies for controlling risks and exposures.

45.1 Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from institutional and export customers etc.

Management Perception

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts receivable are related to sale of PP woven bags, the only product of the company. The maximum exposure to credit risk is represented by the carrying amount of each financial assets in the statement of financial position.

45.2 Interest Rate Risk

Interest rate risk is the risk that company faces due to unfavorable movements in interest rates. Changes in the government's monetary policy along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

Management Perception

Management of the company emphasizes on equity based financing to reduce dependency on borrowed fund. Therefore, fluctuation of interest rate on borrowing would have lower impact upon the financial performance of the company. Moreover, management of the Company continuously reduced the long term debt balance. As on 30 June 2014 the balance of the long term loan was nil.

45.3 Exchange Rate Risk

Exchange rate risk occurs due to changes in exchange rates. As the Company imports raw materials and plant and Machinery from abroad and also earns a small amount of revenue in foreign currency, unfavorable volatility or currency fluctuations may affect the profitability of the Company. If exchange rate is increased against local currency, opportunity will be created for generating more profit.

Management Perception

The management is always alert in minimizing the negative impact of currency fluctuation cost by identifying new sources of raw materials and constantly negotiating with suppliers for reducing price. Furthermore by intensifying of export, the company enjoys the benefits of any further devaluation of BDT against foreign currency.

45.4 Industry Risks

The Company is operating in a highly competitive market. Some of the competitors in this sector are larger than Deshbandhu polymer limited and have broader range of products that may enable them to expand their market share. The business, financial condition and prospects of the Company could be adversely affected if it is unable to compete with its competitors.





45.5 Market and Technology Related Risks

Technology always plays a vital role for each and every type of business. Better technology can increase productivity and reduce costs of production. Firms are exposed to technology risks when there are better technologies available in the market than the one used by the company which may cause technological obsolescence and negative operational efficiency.

Management Perception

Deshbandhu polymer limited has setup its project with modern brand new imported machineries. Furthermore, routine and proper maintenance of equipment's carried out by the company ensures longer service life for the existing equipment and facilities.

45.6 Potential or Existing Government Regulations

The Company operates under the Company's Act 1994 and other related regulations, Income Tax Ordinance 1984, Income Tax Rules 1984, Customs Act, 1969, Value Added Tax (VAT) Act 1991 and Value Added Tax (VAT) Rules 1991. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

Management Perception

Unless any adverse policies are made, which may materially affect the industry as a whole; the business of the company will not be affected. PP woven bags full-fill a very basic need for the packaging of sugar, cement, fertilizer, poultry feed, fisheries feed etc. As this is a very basic requirement for industrial use of the country, it is unlikely that the government will initiate any fiscal measure having adverse effect on the growth of the industry. The government is going to make it mandatory to use bags, these may effect the further growth of the company.

45.7 Potential Change in Global or National Policy

The company operates its business based on imported raw materials. Financial and operating performance of the company may be adversely affected due to unfavorable change in global and national policy.

Management Perception

All the market players in this industry operate based on mainly imported raw materials and in compliance with national as well as global policies/practices. Any changes in policies will affect all the competitors almost equally. DPL's market standing, brand image and groups behind the company will put it in a comparatively better position to handle any adverse policy.

45.8 Non-operating History

Any interruption in the operations of the company affects the company's image as a going concern. Failure to ensure uninterrupted operation reduces profitability and in the long run weakens the fundamentals of the company.

Management Perception

There is no history of disruption in the operation of the company.





45.9 Operational Risk

Shortage of power supply, labor unrest, unavailability or price increase of raw material, natural calamities like flood, cyclone, earth quack etc. may disrupt the production of the Company and can adversely impact the profitability of the Company.

Management Perception

Power requirement for the project is 0.8 MW which is meeting up from its sister concern namely Deshbandhu Sugar Mills Limited who generate power through its own steam generator. Besides this the company has also a gas base generator with a capacity of 1MW. The project of the Company is situated at a high land having less record of flood. The factory building has strong RCC foundation, RCC floor, pre-fabricated steel structure to withstand wind, storm, rain etc. along with good drainage facility. The risks from these factors are also covered through Insurance. The company is also facilitated to keep a rational reserve for any future price escalation of the raw materials.

46.0 Events after the Reporting Period :

- 46.1** The Board of directors in its meeting held on 24th October' 2019 has recommended 5% cash dividend for General Shareholders only other than sponsors directors and shareholders for the year ended on June 30, 2019. The sponsors directors and shareholders hold 2,05,83,388 shares out of total 6,13,65,150 shares of the Company and the cash dividend to be payable to the General shareholders is Tk. 2,03,90,881.00.
- 46.2** The Board of Directors also authorized the Financial Statements for issue.
- 46.3** Except above, no other significant event occurred till the date of signing the financial statements.





Annexure-A-1

Schedule of Quantity-wise Raw Materials
1st Jul-2018 to 30-Jun-2019

Particulars	1- Jul-2018 to 30 June 2019											
	Opening Balance (Including Recycle)			Purchased (Excluding Recycle)			Consumed (Including Recycle)			Closing Balance (Including Recycle)		
	Quantity (Kg.)	Rate	Amount (Taka)	Quantity (Kg.)	Rate	Amount (Taka)	Quantity (Kg.)	Rate	Amount (Taka)	Quantity (Kg.)	Rate	Amount (Taka)
Direct Materials												
01. PP Yarn Grade	225,150	123.00	27,693,450	2,542,825	121.78	309,665,229	2,721,375	121.88	331,683,731	46,600	121.78	5,675,948
02. Polycom	51,650	74.00	3,822,100	144,000	74.48	10,725,120	111,100	74.26	8,249,936	84,550	74.48	6,297,284
03. Carcas & TPT	20,575	49.57	1,019,933	520,000	53.69	27,918,800	320,125	53.43	17,102,773	220,450	53.69	11,835,961
04. M.B White	54,850	166.38	9,125,943	26,000	168.42	4,378,520	13,400	160.07	2,144,934	67,450	168.42	11,359,929
05. H.D.PE	1,900	160.93	305,767	351,000	162.35	57,066,025	263,550	162.34	42,794,645	89,450	162.35	14,587,148
06. LDPE	26,700	115.23	3,076,641	325,650	113.24	36,899,254	46,725	114.38	5,344,272	305,825	113.24	34,631,623
07. LLDPE	76,700	110.64	8,486,088	345,000	111.31	38,401,350	314,600	111.15	34,966,737	107,100	111.31	11,921,301
08. PP (Lami.G)	8,275	160.00	1,324,000	470,250	162.42	76,378,005	364,125	162.37	59,171,157	114,400	162.42	18,580,848
09. Sack Kraft Paper	20,506	49.50	1,015,047	852,212	51.23	43,674,190	845,469	51.19	43,277,901	27,549	51.23	1,411,335
Indirect Materials												
Ink												
1. Red Ink	-	360.00	-	15,075	358.00	5,396,850	14,425	358.00	5,164,150	650	358.00	232,700
2. Black Ink	245	355.00	86,975	4,015	352.00	1,413,280	3,960	352.19	1,394,655	300	352.00	105,600
3. Green Ink	310	365.00	113,150	4,470	366.00	1,636,020	3,970	365.82	1,452,710	810	366.00	296,460
4. Orange Ink	590	365.00	215,350	1,125	362.00	407,350	1,500	365.18	544,770	215	362.00	77,830
5. Blue Ink	1,215	398.00	483,370	5,375	395.00	2,133,125	5,681	395.64	2,247,040	909	395.00	359,055
6. Yellow Ink	320	355.00	113,600	1,615	353.00	570,095	1,855	353.32	655,415	60	353.00	21,180
7. Flexo Thinner/Black	320	189.59	60,669	49,400	190.29	9,398,400	48,800	190.29	9,284,400	200	190.29	38,058
8. Cotton Yarn	1,220	206.00	251,320	17,550	203.00	3,561,750	18,370	199.37	3,662,430	200	203.00	40,600
9. White Ink	100	330.00	33,000	50	332.00	16,600	100	330.00	33,000	50	332.00	16,600
10. Germinum Ink	100	360.00	36,000	-	360.00	-	-	-	-	100	360.00	36,000
11. Violet Ink	125	456.00	57,000	1,100	453.00	498,300	925	453.41	419,400	300	453.00	135,900
12. Magenta Ink	25	475.00	11,875	1,175	465.24	546,375	1,025	465.24	476,875	175	465.00	81,375
M.B Beige	2,150	440.00	946,000	5,000	438.00	2,190,000	6,200	438.69	2,719,900	950	438.00	416,100
M.B Green	650	460.00	299,000	-	460.00	-	475	460.00	218,500	175	460.00	80,500
M.B Blue	600	420.00	252,000	1,300	415.00	539,500	1,475	417.03	615,125	625	415.00	259,375
M.B Red	300	440.00	132,000	275	440.00	121,000	275	440.00	121,000	25	440.00	11,000
M.B Orange	350	440.00	154,000	1,000	445.00	445,000	825	442.88	366,375	525	445.00	233,625
M.B Yellow	825	440.00	363,000	2,000	445.00	890,000	2,400	443.28	1,063,875	425	445.00	189,125
M.B Brown	575	440.00	253,000	-	440.00	-	50	440.00	22,000	525	440.00	231,000
Adictive Ink	25	401.00	10,025	-	401.00	-	-	-	-	25	401.00	10,025
Medium Ink	200	300.00	60,000	-	300.00	-	-	-	-	200	300.00	60,000
PP Multifament/Yarn	1,207	218.00	263,126	15,960	215.00	3,431,400	13,888	215.27	2,925,041	3,579	215.00	769,485
PP Recycle	110,275	92.93	10,247,275	-	90.00	-	37,750	96.56	3,720,525	72,525	90.00	6,527,250
Total	608,013		70,304,304	5,704,147		639,950,155	5,164,118		583,569,232	1,146,042		126,666,228



Schedule of Quantity-wise Raw Materials
1st Jul-2018 to 30-Jun-2019

Annexure-A-2

Particulars	Opening		Production		Cost of Revenue		Closing	
	Quantity Pcs.	Rate (Taka)	Quantity Pcs.	Rate (Taka)	Quantity Pcs.	Rate (Taka)	Quantity Pcs.	Rate (Taka)
PP woven bag and liner.	768,300	21.84	39,408,193	17.37	39,297,213	17.37	879,280	21.00
Amount (Taka)	16,780,066		684,380,745		682,695,931		18,464,880	
Calculation of Finished Goods Including new product Cement Bag								
Stock of spare parts								28,536,932

Quantity-wise break-up of Stores & Spares could not be given as it was difficult to quantify each item in a separate and distinct due to large variety of stores & spares.

