

ANNUAL REPORT
2017

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

AMARSTOCK


১০তম বার্ষিক সাধারন সভা
10TH ANNUAL GENERAL MEETING
21st December 2016
KHAN BROTHERS


MEETING

ANNUAL REPORT 2017

11th Annual General Meeting

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.
Registered & Corporate Office: KBG Tower, 15 DIT Road
Malibagh Chowdhurypara, Dhaka-1219, Bangladesh.

AMAR STOCK

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Letter of Transmittal

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

Sub. : Annual Report for the year ended June 30, 2017

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at June 30, 2017, Statement of Comprehensive Income, Changes in Equity and Statement of Cash Flows for the year ended June 30, 2017 along with notes thereon and all related Consolidated Financial Statements for your record and necessary action.

Yours sincerely,

(Tapan Kumar Sarker)
Company Secretary
Dated: 6th December 2017.

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Khan Brothers PP Woven Bag Industries Ltd.

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

NOTICE OF THE 11TH ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of Khan Brothers PP Woven Bag Industries Ltd. will be held on Thursday the 21st December 2017 at 10.30 AM at KBG Tower, 5th Floor, 15 DIT Road, Malibagh Chowdhurypara, Dhaka-1219, Bangladesh to transact the following business:

Item No.11/2017-01	:	To confirm the proceedings of the Tenth Annual General Meeting was held on 21st December 2016.
Item No.11/2017-02	:	To receive, consider and adopt the Directors and the Auditors report to the shareholders and the Audited Accounts of the Company for the year ended 30th June 2017.
Item No.11/2017-03	:	To approve 10% Stock dividend.
Item No.11/2017-04	:	To elect/re-elect the Directors as per Articles of Association of the company.
Item No.11/2017-05	:	To appoint Auditors for the year 2017-2018 and to fix their remuneration.
Item No.11/2017-06	:	To increase Authorised Capital from 100.00 crore to 150.00 crore
Item No.11/2017-07	:	To transact any other business of the company with the permission of the chair.

By order of the Board

Tapan Kumar Sarker
Company Secretary

Place: Dhaka
Dated: 6th December 2017

Notes :

The Shareholders, whose names will appear in the Share Register of the Company or in the Depository Register of the record date i. e. 19th November 2017, will be entitled to attend at the Annual General Meeting and to receive the dividend.

A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. Such proxy form duly stamped and signed must be deposited at the Company's Registered Office not later than 72 (Seventy two) hours before the time appointed for the meeting.

Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holders.

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

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman	Mr. Mohammed Enamul Kabir Khan
Managing Director	Mr. Tofayel Kabir Khan
Director	Mr. Md. Ruhul Kabir Khan
Director	Mr. Md. Hazrat Ali
Director	Mr. Mohammad Zakirul Kabir Khan Representative Director from Khan Brothers Ship Building Ltd.
Director	Mrs. Jerin Kabir Khan Representative Director from Khan Brothers Infotech Ltd.
Independent Director	Mr. Mohammad Lukman
Independent Director	Mr. Utpal Dhar

MANAGEMENT COMMITTEE

Chairman	Mr. Mohammed Enamul Kabir Khan
Managing Director & CEO	Mr. Tofayel Kabir Khan
Director (Administration)	Mr. Md. Ruhul Kabir Khan
Director (Production)	Mr. Md. Mokhlesur Rahman
Company Secretary	Mr. Tapan Kumar Sarker
Chief Financial Officer	Mr. Md. Zakir Hossain
General Manager (Marketing)	Mr. Md. Mokhsedur Rahman Shirajee

AUDITORS :

MAHFEL HUQ & CO.
Chartered Accountants
34 Topkhana Road, Dhaka-1000

BANKER:

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

LEGAL ADVISER:

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

FACTORY:

Borochala, Borobhabanipur,
Joydebpur, Gazipur, Bangladesh

CORPORATE & TAX ADVISER:

B. Kabir & Law Associates
30, Topkhana Road, 2nd Floor
Dhaka-1000

REGISTERED & CORPORATE OFFICE :

KBG Tower, 15 DIT Road,
Malibagh Chowdhurypara, Dhaka-1219
Phone:+880-2-8332069,8332108;
Fax:+880-2-8332576
Email: info@kbgbd.com,
Website: www.kbgbd.com

COMPANY SECRETARY:

Mr. Tapan Kumar Sarker

BOARD OF DIRECTORS



Mohammed Enamuk Kabir Khan
Chairman



Tofayel Kabir Khan
Managing Director



Md. Ruhul Kabir Khan
Director



Hazrat Ali
Director



Mohammad Zakirul Kabir Khan
Director



Jarin Kabir Khan
Representative Director



Mohammad Lukman
Independent Director



Utpal Dhar
Independent Director



CHAIRMAN'S MESSAGE

Dear Shareholders,
Bismillahir Rahmanir Rahim,
Assalamualaikum and Very Good Morning

On behalf of the Board of Directors, I welcome you all and take immense pleasure and delight in addressing the 11th Annual General Meeting of the company. I also want to thank you all the honorable shareholders for joining us to make the event successful.

As most are aware, the year ending June 30, 2017 was a very challenging year for the PP Woven Bag Sector in Bangladesh, if not the most challenging to date. Apart from embargo from Bangladesh Government not to use PP Bags for the domestic market we have been facing challenges globally due to World Economic Crisis which still continuing to effect the international market.

Despite significant economic challenges over the year, we have grown, delivering consistent results and creating substantial value for our Shareholders. Furthermore we continued to raise the performance of the company, clearly demonstrated by the success of our efficiency improvement initiative. In spite of various limitations and hindrances, the company had its another successful year in 2017. This could not be possible without your continuous support, conscious suggestion, Boards prudent strategic decision and Management's successful execution for the same with passion and zeal.

I on behalf of the Board would like to express my sincere thanks to the respected shareholders that the confidence has reposed on the Board of the company through the year. I am also grateful to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks Insurances and Financial Institutions for their support and patronage extended to the company from time to time.
I embrace your support and seek your co-operation by all means for a brighter future for all.
Thanking you.

Best Regards.

Mohammed Enamul Kabir Khan
Chairman



MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,
Bismillahir Rahmanir Rahim,
Assalamualaikum and Very Good Morning

It gives me immense honor sand pleasure to greet you, our partners, to this 11th Annual General Meeting of Khan Brothers PP Woven Bag Industries Ltd., your company. I am also privileged to address this 11th AGM of the company.

Despite the fact that the PP Woven Bag Sector is facing problems for the imposed regulations by the government I am happy to inform you that our company has tried best to keep the trend of growth by effective management and strategy throughout the year. Considering the present situation the management has also been trying to diversify the products and markets in the near future.

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

With warm regards

Tofayel Kabir Khan
Managing Director

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COMPANY PROFILE

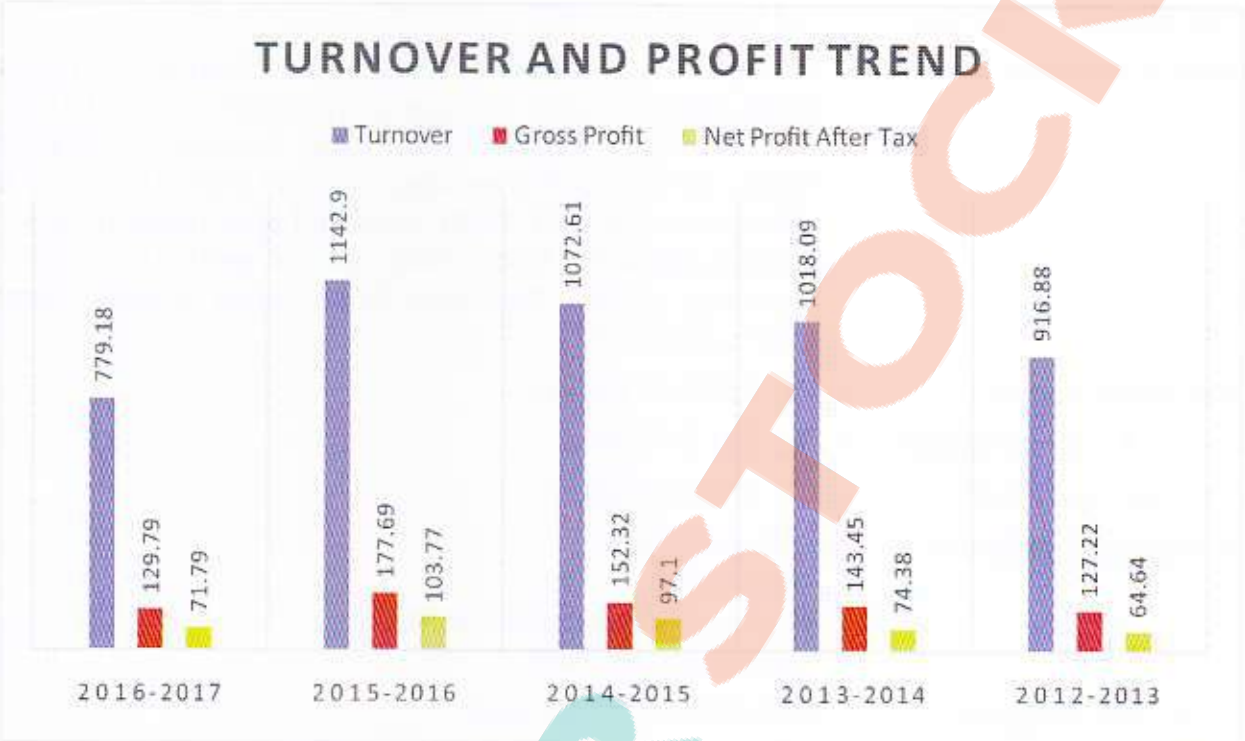
Year of Incorporation	:	2006
Commercial Production	:	1st December, 2007
Type of business	:	Manufacturing different types of Polypropylene Woven Bags. The company procure polypropylene yarn, HDPE, LDPE, LLDPE, Calcium Carbonate, Printing Ink, Master Batch, etc from both overseas and local market to produce PP woven cloth / PP cloth laminated craft paper bags for cement, fertilizer, food grains, animal feeds, fish feeds, Spinning etc and then sells those goods to foreign and local customers.
Authorised Capital	:	Tk. 1,000.00 Million
Issued & paid up capital	:	Tk. 891.64 Million
Turnover in 2016-2017	:	Tk. 779.18 Million
Number of Employees	:	Officer-28 Nos. Staff-12 Nos. Workers: Permanent-375 Nos. Temporary-166 Nos.
Production Capacity	:	6.95 Crore pcs./per year
Share Office	:	KBG Tower (8th Floor), 15, DIT Road, Malibagh Chowdhurypara, Dhaka-1217, Bangladesh.

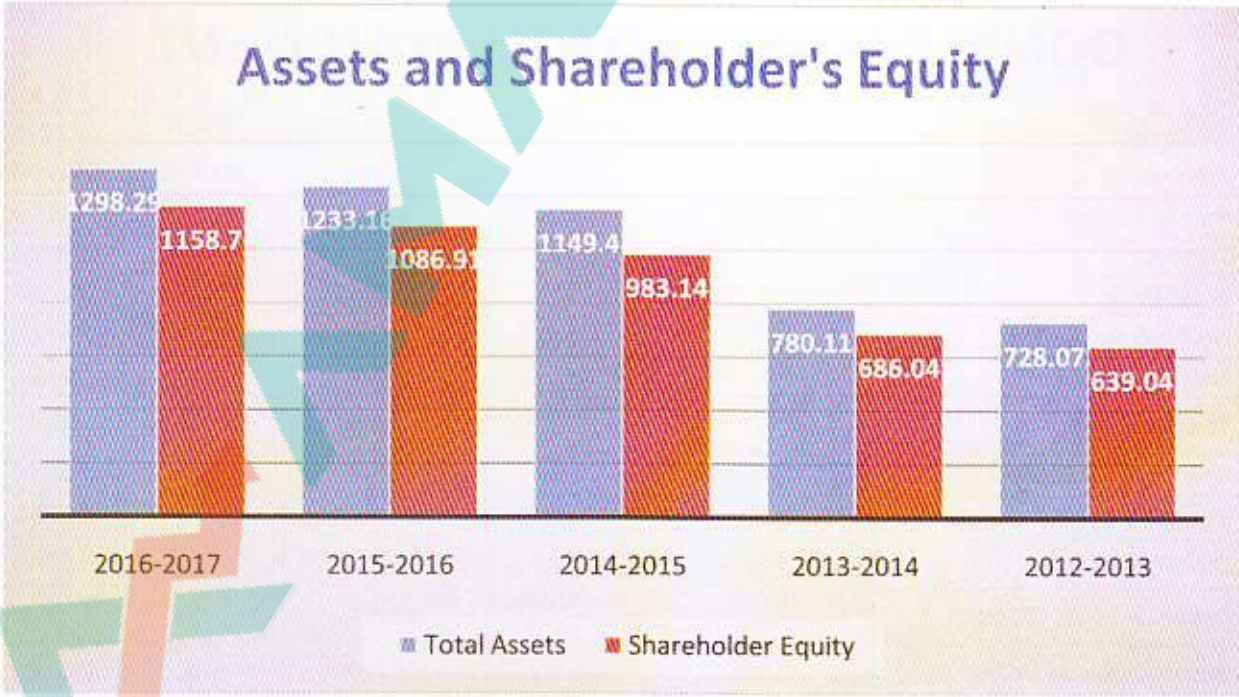
COMPARATIVE GROWTH STATEMENT

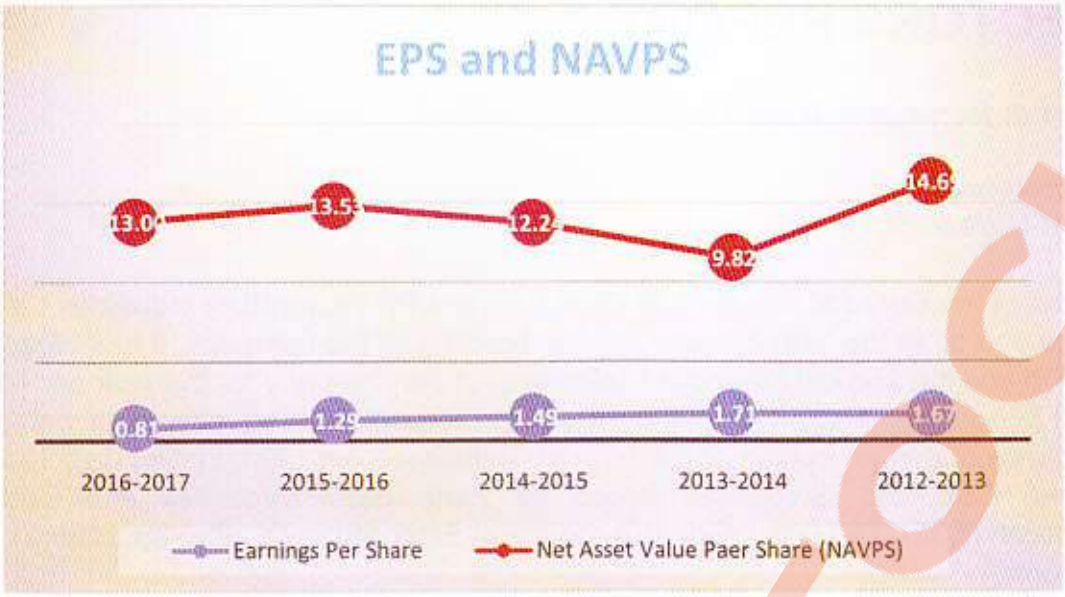
Figure in Million Taka

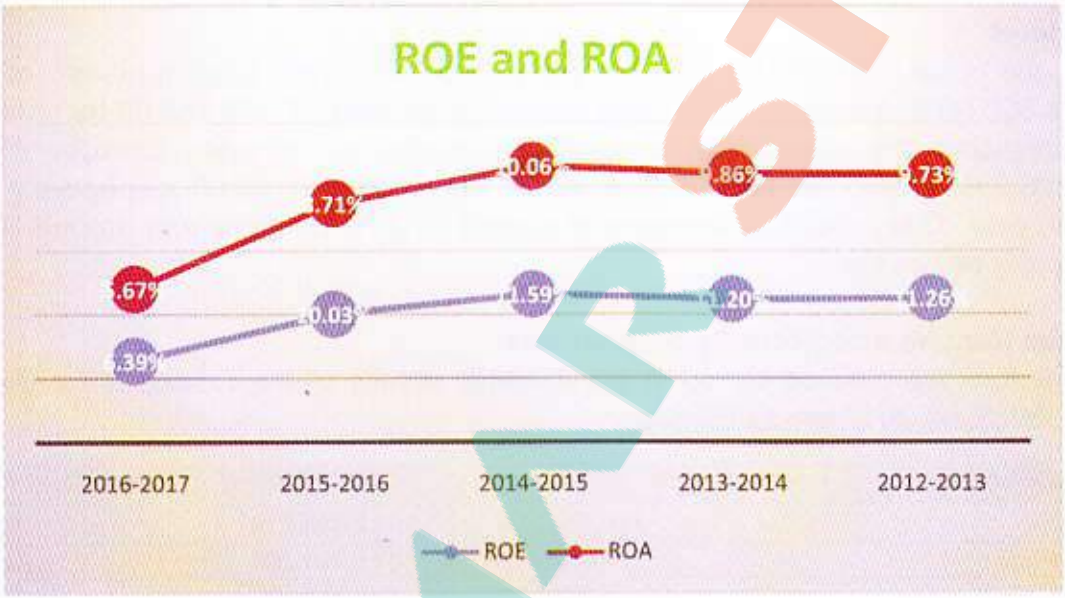
Particulars	2017	2016	2015	2014	2013
Authorised Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Paid up Capital	891.64	803.28	698.50	435.00	435.00
Turnover	779.18	1142.90	1,072.61	1,018.09	916.88
Gross Profit	129.79	177.69	152.32	143.45	127.22
Net Profit Before Tax	87.38	125.30	107.83	96.39	84.88
Net Profit After Tax	71.79	103.77	97.10	74.38	64.64
Total Assets	1298.29	1233.16	1,149.40	780.11	728.07
Shareholder's Equity	1158.70	1086.91	983.14	686.04	639.04
Value Per Share	Tk.10/=	Tk.10/=	Tk.10/=	Tk.10/=	Tk.10/=
Dividend	10% Bonus	11% Bonus	15% Bonus	10% Bonus	10% Cash
Return on Equity (ROE)	6.39%	10.03%	11.59%	11.20%	11.26%
Return on Assets (ROA)	5.67%	8.71%	10.06%	9.86%	9.73%
Earnings per share (Tk.)	0.81	1.29	1.49	1.71	1.67
Net Asset Value per share (NAVPS) – Restated	13.00	13.53	12.24	9.82	14.69

Financial Analysis






EPS and NAVPS
13.0
13.5
12.2
9.82
14.6
0.8
1.4
1.7
2016-2017
2015-2016
2014-2015
2013-2014
2012-2013
Earnings Per Share
Net Asset Value Paer Share (NAVPS)


ROE and ROA
.71%
.06
.86%
.73%
.67%
.03
.59
.20
.26
.39%
2016-2017
2015-2016
2014-2015
2013-2014
2012-2013
ROE
ROA


Dividend History
10.00%
11.00%
15.00%
10.00%
10.00%
2016-2017
2015-2016
2014-2015
2013-2014
2012-2013

DIRECTORS REPORT

Bismillahir Rahman-Ir-Rahim

Dear Shareholders,
Assalam-U-alaikum,

On behalf of the Board of Directors of Khan Brothers PP Woven Bag Industries Limited, I welcome you all to the 11th Annual General Meeting of the company. It is a pleasure to present to you the Audited Financial Statements of the company for the year ended June 30, 2017, Auditors' Report and the Directors' Report thereon alongwith company's performance and other matters in the term of Companies Act 1994, Listing Regulations of DSE and CSE, the Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Accounting Standards and other applicable rules & regulations.

Operations:

During the year 2016-2017 the company has achieved total turnover of Taka 779,184,305.00 and earned a net profit before tax of Taka 87,375,763.00 by controlling and minimising the operational expenditures compared to sales turnover of Taka 1,142,896,239.00 and net profit before tax of Taka 125,302,102.00 respectively in the previous year. This reflects a decrease of around 31.82% on sales and around 30.27% on net profit before tax.

Financial Results and Profit Appropriations:

The Directors are pleased to report the financial results of the Company for the year ended 30th June 2017 are as follows:

PARTICULARS	2016-2017	2015-2016	Percentage + / (-)
Turnover	779,184,305	1,142,896,239	(31.82%)
Gross Profit	129,793,812	177,693,252	(26.96%)
Net Profit before tax	87,375,763	125,302,102	13.94%
Provision for Tax(incl. deferred tax)	15,585,182	21,532,061	50.15%
Net Profit after Tax	71,790,581	103,770,041	6.43%
Gross Profit to Turnover	16.66%	15.55%	-
Net Profit to Turnover	9.21%	9.08%	-
Earning Per Shares (EPS)	Tk.0.81	Tk.1.16	-

Profit appropriation:

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

Sl No.	Particulars	Amount in Taka
1	Un-appropriated Profit from previous year	189,165,790
2	Add: Net profit after tax for the year	71,790,581
3	Total funds available for appropriation	260,956,370
4	Dividend	(88,360,250)
	Balance to be carried forward	172,596,120

Declaration of dividend:

The Board recommended for declaration of 10% Bonus Share i.e. 1.0 share against 10 shares held to all the shareholders for the year ended 30th June 2017, subject to approval of the shareholders in ensuing Annual General Meeting (AGM).

Industry Outlook and possible future developments in the industry:

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

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

Segment report

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

Risk Management

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

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

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

During this reporting year, Revenue is decreased by Tk. 36.37 crore from last year. Cost of Goods Sold has also been decreased by Tk. 31.58 crore in the same ratios. The Company having strong internal control system along with proper supervision of Internal Audit Committee in every operational activities and timely report and recommendation to the management committee to take appropriate plan and action, keep the cost in right profile. Management is also maintaining robust inventory system and raw materials purchase policy to keep production cost competitive with market. Comparative performances have been shown below:

Particulars	2016-2017		2015-2016 (Re-stated)	
	Amount in Taka	In Percentage	Amount in Taka	In Percentage
Cost of Goods Sold	649,390,493	83.34%	965,202,987	84.45%
Gross Profit	129,793,812	16.66%	177,693,252	15.55%

Discussion on continuity of any extra ordinary gain–loss:
There was no extra-ordinary gain or loss in the Financial Year 2016-2017.

Basis for related party transaction:
There is no transactions with related parties carried out in the normal course of business in accordance with the requirements of BAS 24: Related Party Disclosure Compliance of Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012.

1.1 Board Size:
The number of members of the Board of Directors stands at 08 (including Two Independent Director) which is within the limits given by BSEC.

1.2 Independent Directors
1.2.1 Mr. Mohammad Lukman
In term of the provision under the sub clause the Boards of Directors has appointed Mr. Mohammad Lukman as Independent Director of the company. He has completed Masters in Finance from Dhaka University. He is well experienced in this sector.

Mr. Utpal Dhar
In term of the provision under the sub clause the Boards of Directors has appointed Mr. Utpal Dhar as Independent Director of the company. He has completed Masters in Accounting from Dhaka University. He is well experienced in this sector.

1.2.2 Qualification of Independence Director
Mr. Mohammad Lukman is the well business experienced person. He has long around 22 years business experience in the field of this sector.

Mr. Utpal Dhar is the well business experienced person. He has long around 17 years business experience in the field of this sector.

2.0 Company Secretary, Chief Financial Officer, Head of Internal Audit
As per corporate governance of BSEC, the company has allocated the responsibilities as follows:

Company Secretary	:	**Tapan Kumar Sarker**
Chief Financial Officer	:	**Md. Zakir Hossaijn**
Head of Internal Audit	:	**Mr. Mohammad Lukman**

3.0 Audit Committee
The Audit Committee, as a subcommittee of the Board of Director has been constituted with the Independent Director as Chairman and two other Directors. The company Secretary acts as Secretary to the Audit Committee. This committee assists the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company. Audit committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The role of the Audit Committee has been started in the annual audit committee report.

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

5.0 Subsidiary Company
The company has no subsidiary company.

6.0 Duties of CEO & CFO
The provision of BSEC regulations has been compiled.

7.0 Reporting and Compliance of Corporate Governance
Requirement of the above are being complied with and is shown as annexure-I

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

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

Fairness of Financial Statements

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

I. the financial statements, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;

II. proper books of account of the Company have been maintained;

III. appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments;

IV. the Bangladesh Accounting Standards, BFRS, IAS, IFRS, The Companies ACT 1994, Bangladesh Securities and Exchange Commission rules and regulation, and other applicable laws and regulations have been followed in preparation of the financial statements;

V. the system of internal control is sound in design and has been effectively implemented and monitored;

VI. there is no doubt, whatsoever, upon the Company's ability to continue as a going concern.

Maintenance of Proper Books of Accounts:

The Directors endeavour to ensure that the company maintains sufficient records to be able to disclose, with reasonable accuracy, the financial position of the company and to be able to ensure that the financial statements of the company meet the requirements of the Companies Act, Bangladesh Accounting Standards, and the regulations of the Dhaka/Chittagong Stock Exchanges Ltd.

Adaptation of appropriate accounting policies and estimates:

Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgments.

Followed IAS, BAS, IFRS and BFRS in preparation of Financial Statements:

The financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) and BFRS as applicable in Bangladesh and provided as required by the Companies Act 1994, Securities and Exchange Ordinance 1969, Securities and Exchange Commission Rules 1987 and the regulations of the Dhaka/Chittagong Stock Exchanges Ltd.

Soundness of Internal Control Systems:

The system of internal control is robust in design and has been effectively implemented and monitored by Internal Audit Team and also reviewed by Audit Committee.

Ability to Continue as going concern:

As per BAS-1 paragraph 26 'In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case. When an entity has a history of profitable operations and ready access to financial resources, the entity may reach a conclusion that the going concern basis of accounting is appropriate without detailed analysis. In other cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

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

Significant deviation from last year:

During the reporting period, very few growth has been occurred in financial performance from last year. The Company's revenue have decreased by Tk. 363.73 million from last year. Gross Profit and Net Profit also have decreased by Tk. 47.90 million and Tk. 31.98 million respectively.

Financial Highlights:

Particulars	Amount in Taka				
	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Property, Plant & Equipment	563,589,824	578,766,883	585,498,886	393,838,558	327,324,766
Current Assets	733,648,071	653,338,895	562,850,158	385,223,409	396,564,485
Total Assets	1,298,287,895	1,233,155,778	1,149,399,044	780,111,967	728,071,282
Equity attributable to the shareholders	1,158,698,969	1,086,908,388	983,138,347	686,039,217	639,035,910
Non-current Liabilities	21,238,079	16,675,470	10,879,508	17,912,526	9,773,238
Current Liabilities	118,350,847	129,571,919	155,381,188	76,160,224	78,478,612
Total liabilities and Equities	1,298,287,895	1,233,155,778	1,149,399,044	780,111,967	728,071,282
Revenue	779,184,305	1,142,896,239	1,072,611,059	1,018,092975	916,879,628
Cost of Goods Sold	649,390,493	965,202987	920,288,239	874,647,133	789,662,596
Gross Profit	129,793,812	177,693,252	152,322,820	143,445,842	127,217,032
Operating Profit	100,041,608	141,401,557	90,419,164	100,294,503	101,779,980
Net Profit after Tax	**71,790,581**	**103,770,041**	**97,099,131**	**74,381,193**	**64,638,334**

Number of Board Meetings held during the year and attendance:

During the year ended 30 June 2017, there were 10 Board of Directors Meeting hold and the presence was as follows:

Name	Designation	Total Board Meeting Held	Total Attendance
Mr. Mohammed Enamul Kabir Khan	Chairman	10	10
Mr. Tofayel Kabir Khan	Managing Director	10	10
Md. Ruhul Kabir Khan	Director	10	9
Mr. Hazrat Ali	Director	10	8
Md. Zakirul Kabir Khan	Nominee Director	10	8
Mrs. Jarin Kabir Khan	Nominee Director	10	7
Mr. Mohammad Lukman	Independent Director	10	8
Mr. Utpal Dhar	Independent Director	10	8
Mr. Tapan Kumar Sarker	Company Secretary	10	10
Mr. Md. Zakir Hossain	Chief Financial Officer	10	10

Pattern of Shareholdings:

Sl.	Particulars	Designation	No. of Shares Holding	Holding %
1	**Parent/ Subsidiary/ Associated Companies and Other Related Companies**	-	No such holding	-
2	**Directors, CEO, CS, CFO, Head of Internal Audit & their spouse and minor children:**			
2.1	Mr. Mohammed Enamul Kabir Khan	Chairman	2,446,731	2.74%
2.2	Mr. Tofayel Kabir Khan	Managing Director	4,324,782	4.85%
2.3	Md. Ruhul Kabir Khan	Director	2,150,104	2.41%
2.4	Mr. Hazrat Ali	Director	1,792,045	2.01%
2.5	Khan Brothers Shipbuilding Ltd.	Nominee Director	13,341,500	14.96%
2.6	Khan Brothers Infotech Ltd.	Nominee Director	2,808,300	3.15%
2.7	Mr. Mohammad Lukman	Independent Director	2775	0.003%
2.8	Mr. Utpal Dhar	Independent Director	166,500	0.19%
2.9	CS, Head of Internal Audit & their spouse and minor children:	-	No such holding	-
3	Executives:	-	No such holding	-

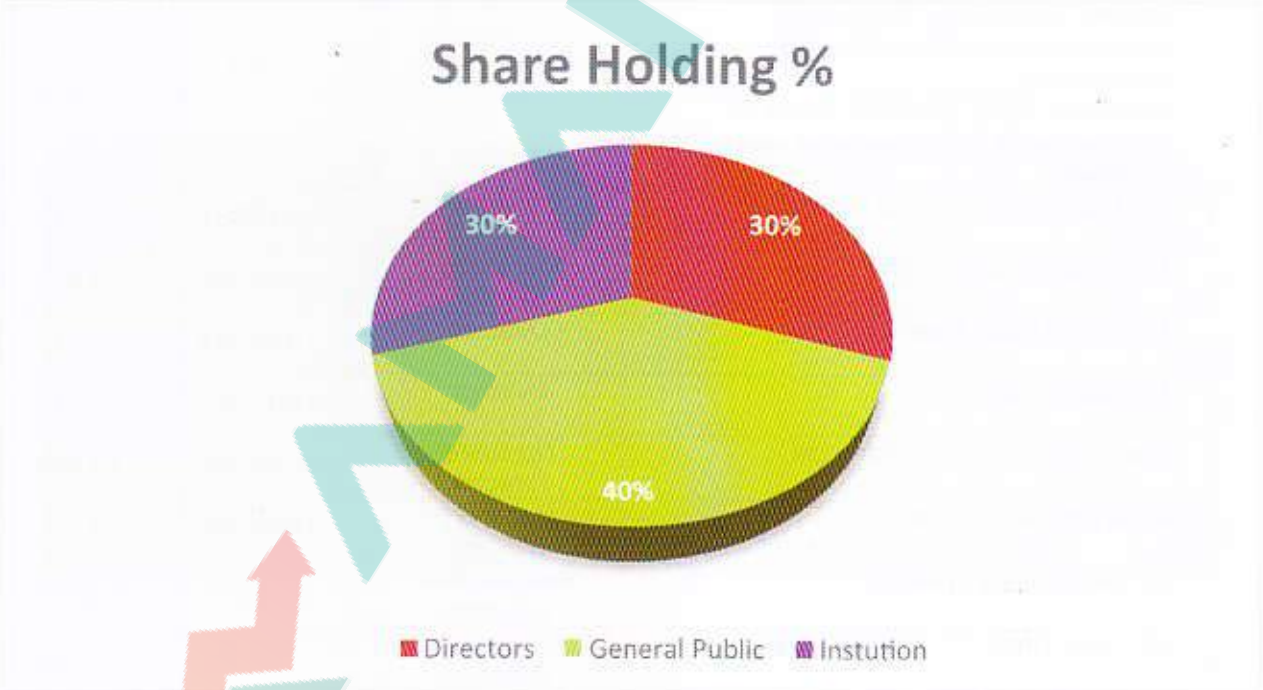
Shareholders holding Ten percent (10%) or more voting interest in the company:

Sl.	Particulars	Designation	No. of Shares Holding	Holding %
1	Khan Brothers Shipbuilding Ltd	Nominee Director	13,341,500	14.96%
2	ICB	Shareholder	13,187,748	14.79%

Shareholding Pattern:

Sl.	Particulars	No. of Shares Holding	Holding %
1	General Public	35,765,133	40.11%
2	Directors	26,863,462	30.13%
3	Institution	26,534,930	29.76%
	Total	**89,163,525**	**100%**

Graphical Presentation of Shareholding Pattern as on 30 June 2017 date:



Brief Resume of Directors:

Tofayel Kabir Khan
Managing Director

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

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

He has over 5 years' experience in the planning, design, procurement, operation and manufacturing of PP woven Bag projects while he was working in Ananda Bag Industries Ltd. All these qualities make him to join Khan Brothers PP Woven Bag Industries Ltd.

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

Mr. Mohammed Enamul Kabir Khan
Chairman

Mohammed Enamul Kabir khan the chairman of Khan Brothers PP Woven Bag Industries Ltd. was born in December 30, 1965 in Kishoregonj, Bangladesh. He completed his Honors and Masters in Accounting from the University of Dhaka in 1990 & 1991 respectively and he started his journey in corporate life in City Bank Ltd. with his accounting background. He served that company 14 years as a manager and he used to maintain the bank Account of Aljajira, Jeddah and Saudi Arab. He was gathered experience to serve managerial position in different companies.
During his tenure period in corporate life and abroad he learns the key objectives of a business and those objectives encourage him to an entrepreneur of Khan Brothers PP Woven Bag Industries Ltd.

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

He joined Khan Brothers Group with his 5 years working experience in Bag Industries and he is showing his significant work from those years. Company faces a lot of achievement only because of his contribution and this contribution gives some new innovative idea for business.

Md. Hazrat Ali
Director

Hazrat Ali is one of the industrialists in Bangladesh in his early age of forty one. He holds directorship position in Khan Brothers PP Woven Bag Industries Ltd. As he has 16 years working experience in Bag industries operations. This company is looking forward to utilize his experience and insight in marketing and management. He is not only the director of this company but also the Managing Director of Khan Brothers Knitwear Industries Ltd.

Mohammad Zakirul Kabir Khan
Nominee Director

Mohammad Zakirul Kabir Khan was born on October 17, 1976. He received a Masters of Information System from Central Queensland University, Sydney, Australia
After completing his education, he joined Bangladesh Power Development Board (BPDB) as a System Engineer and serves that company for the period of 1997 to 1998. His interests are in the areas of Engineering, Project Management, Communication, Team Building and Knowledge-Based Expert Systems.
He has over 8 years' experience in the planning, design, procurement, operation and manufacturing of Electricity Development Projects while he was working in BPDB. All these qualities make him to join Khan Brothers PP Woven Bag Industries Ltd.
Now he is a Representative Director of Khan Brothers PP Woven Bag Industries Limited and also Managing Director of Khan Brothers Infotech Ltd. and Director of Khan Brothers Shipbuilders Ltd.

Jerin Kabir Khan
Nominee Director

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

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

Mr. Mohammad Lukman
Independent Director

Mr. Mohammad Lukman, Masters in Finance from Dhaka University having 24 years experiences in the field of accounting, finance, auditing, administration and public relation. He served in various renowned organization like Real Estate, Readymade Garments and Textile, Hospitals and Frozen Foods etc. as head of Finance & Accounts and other Corporate Affairs.

Mr. Utpal Dhar
Independent Director

Mr. Utpal Dhar, Masters in Accounting from Dhaka University having 20 years experiences in the field of accounting, finance, auditing, administration and public relation. He served in various renowned organization like Real Estate, Readymade Garments and Textile, Hospitals and Frozen Foods etc. as head of Finance & Accounts and other Corporate Affairs.

Expertise in Specific functional area:

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

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

Mr. Mohammed Enamul Kabir Khan	Chairman	Khan Brothers Bag Ind. Ltd.
	Chairman	Khan Brothers Slipways & Engr.Works. Ltd.
	Chairman	Khan Brothers Shipping Lines Ltd
	Chairman	Khan Brothers Infotech Ltd.
	Chairman	ST Int. Ltd.
	Chairman	Khan Brothers Knitwear Ind. Ltd.
	Chairman	Khan Brothers Knit Composite Industries Ltd
Mr.Tofayel Kabir Khan	Managing Director	Khan Brothers Bag Ind. Ltd.
	Managing Director	Khan Brothers Slipways & Engr.Works. Ltd.
	Managing Director	Khan Brothers Shipping Lines Ltd
	Managing Director	Khan Brothers Infotech Ltd.
	Managing Director	ST Int. Ltd.
	Director	Khan Brothers Knitwear Ind. Ltd.
	Managing Director	Khan Brothers Knit Composite Industries Ltd
Mr. Ruhul Kabir Khan	Director	Khan Brothers Bag Ind. Ltd.
	Director	Khan Brothers Shipping Lines Ltd
	Director	Khan Brothers Infotech Ltd.
	Director	ST Int. Ltd.
	Director	Khan Brothers Knit Composite Industries Ltd
Mr. Zakirul Kabir Khan	Director	Khan Brothers Bag Ind. Ltd.
	Director	Khan Brothers Slipways & Engr.Works. Ltd.
	Director	Khan Brothers Shipping Lines Ltd
	Director	ST Int. Ltd.
	Director	Khan Brothers Knit Composite Industries Ltd
Mr. Hazrat Ali	Managing Director	Khan Brothers Knitwear Ind. Ltd.
	Managing Director	Madina Texware Ltd.
Mrs. Jerin Kabir Khan	Director	Khan Brothers Infotech Ltd.

Human Resources Development:

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

Appointment of Independent Directors:

As per provision of Corporate Governance Guidelines dated 07-08-2012 issued by Bangladesh Securities and Exchange Commission (BSEC), Mr. Muhammd Lukman & Mr. Utpal Dhar have been appointed as Independent Director of the Company for a period of 3(Three) years.

Auditors:

M/S Mahfel Huq & Co., Chartered Accountants, appointed in the 10th Annual General Meeting, has completed the Audit of the Accounts for the year ended 30th June 2017. As per rule they will retire in this Annual General Meeting. M/s. Fames & R Chartered Accountants, House No. 406 ((1st Floor), Road # 29, Mohakhali DOHS, Dhaka have expressed their willingness for appointment as Auditor of the Company for the year 2017-2018 and for fixation of their remuneration

Directors' Remuneration and Allowances :

The Directors who are engaged in the company's day to day operations are receiving remuneration and other benefits from the company as disclosed in Notes No. 21.01 and 21.02 of the Financial Statements. No attendance allowances paid to executive directors.

Audit Committee:

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

1. Mr. Mohammad Lukman, Independent Director : Chairman
2. Mr. Md. Ruhul Kabir Khan, Director : Member
3. Md. Hazrat Ali, Director : Member
4. Mr. Tapan Kumar Sarker, Company Secretary : Member Secretary

Review of financial statements by the Audit Committee:

Audit Committee has reviewed the annual financial statements for the year ended June 30, 2017 and placed its recommendation to the Board of Directors.

Corporate Governance Compliance Status Report:

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

Retirement/ Re-appointment of Directors:

As per provision of the Companies Act, 1994 & Articles of the Company, one-third of the total Directors of the Company shall have to retire in this annual general meeting except of the Managing Director. Following Directors of the Company shall have retired in 11th Annual General Meeting on their seniority basis:

1. Mr. Hazrat Ali
2. Mr. Mohammad Zakirul Kabir Khan
3. Mr. Mohammad Lukman

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

Acknowledgement:

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

Conclusions:

The Board of Directors now presents the accounts and auditors reports for the year 2016-2017 and requests our valued shareholders to kindly accept the annual accounts for which we shall remain ever grateful to you all.

I again express my thanks for your kindly making it convenient to attend this annual general meeting.

May Allah, in His infinite mercy, grant peace and happiness to us all.

On behalf of the Board of Directors

Mohammed Enamul Kabir Khan
Chairman

Place: Dhaka
Dated: The 29th October 2017

Statement on the duties of the Managing Director and the Chief Financial Officer

In accordance with the notification of Bangladesh Securities and Exchange Commission No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07, August 2012, we the undersigned hereby certify to the Board that-

We have reviewed financial statements for the year 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 together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.

c) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

Tofayel Kabir Khan
Managing Director

Md. Zakir Hossain
Chief Financial Officer

Report to the status of Compliance of Corporate Governance:

Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2 CC of the Securities and Exchange Ordinance 1969.

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.	**Board of Directors:**			
1.1	Board's Size: The number of the board members shall not be less than 5(Five) and more than 20 (Twenty)	√		
1.2	**Independent Directors:**			
1.2(i)	One fifth(1/5) of the total number of directors	√		
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.	√		
1.2(ii) b)	Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid -up shares on the basis of family relationship	√		
1.2.(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	√		
1.2(ii) d)	Not a member, director or officer of any stock exchange.	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	√		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years of the concerned company's statutory audit firm.	√		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies.	√		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI.	√		
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude.	√		
1.2(iii)	Nominated by the board of directors and approved by the shareholders in the AGM.	√		
1.2(iv)	Not remain vacant for more than 90 (ninety) days.	√		
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.	√		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	**Qualification of Independent Director (ID):**			
1.3(i)	Knowledge of Independent Directors.	√		
1.3(ii)	Background of Independent Directors.	√		
1.3(iii)	Special cases for qualifications.			N/A
1.4	**Individual Chairman of the Board and CEO.**	√		
1.5	**The Directors' Report to Shareholders:**			
1.5(i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product-wise performance.	√		
1.5(iii)	Risks and concerns.	√		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	√		
1.5(vi)	Basis for related party transactions.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others.			N/A
1.5(viii)	Explanation of the financial results deteriorates after the company goes for IPO, RPO, Rights Offer, Direct Listing.			N/A
1.5(ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.	√		
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	Fairness of Financial Statement.	√		
1.5(xii)	Maintenance of proper books of accounts.	√		

1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	√		
1.5(vi)	Basis for related party transactions.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others.			N/A
1.5(viii)	Explanation of the financial results deteriorates after the company goes for IPO, RPO, Rights Offer, Direct Listing.			N/A
1.5(ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.	√		
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	Fairness of Financial Statement.	√		
1.5(xii)	Maintenance of proper books of accounts.	√		
1.5(xiii)	Adoption of appropriate accounting policies and estimates.	√		
1.5(xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	√		
1.5(xv)	Soundness of internal control system.	√		
1.5(xvi)	Ability to continue as a going concern.	√		
1.5(xvii)	Significant deviations from the last year's.	√		
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) year.	√		
1.5(xix)	Reasons for not declared dividend.			N/A
1.5(xx)	Number of board meetings held during the year and attendance.	√		
1.5(xxi)	**Pattern of shareholding:**			
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties.	√		
1.5(xxi)b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children.	√		
1.5(xxi)c)	Executives.	√		
1.5(xxi)d)	10% or more voting interest.	√		
1.5(xxii)	**Appointment/re-appointment of director:**			
1.5(xxii)a)	Resume of the director	√		
1.5(xxii)b)	Expertise in specific functional areas.	√		
1.5(xxii)c)	Holding of directorship and membership of committees of the board other than this company.	√		
2	**CFO, Head of Internal Audit (HIA) and CS:**			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	√		
3.	**Audit Committee:**			
3(i)	Constitution of Audit Committee	√		
3(ii)	Assistance of the Audit Committee to Board of Directors.	√		
3(iii)	Responsibility of the Audit Committee.	√		
3.1	**Constitution of the Audit Committee:**			
3.1(i)	At least 3 (three) members.	√		
3.1(ii)	Appointment of members of the Audit Committee.	√		
3.1(iii)	Qualification of Audit Committee members.	√		
3.1(iv)	Term of service of Audit Committee members.	√		
3.1(v)	Secretary of the Audit Committee.	√		
3.1(vi)	Quorum of the Audit Committee.	√		
3.2	**Chairman of the audit committee:**			
3.2(i)	Board of Director shall select the Chairman.	√		
3.2(ii)	Chairman of the audit committee shall remain present in the AGM.	√		

3.3	**Role of Audit Committee:**			
3.3(i)	Oversee the financial reporting process.	√		
3.3(ii)	Monitor choice of accounting policies and principles.	√		
3.3(iii)	Monitor Internal Control Risk management process.	√		
3.3(iv)	Oversee hiring and performance of external auditors.	√		
3.3(v)	Review the annual financial statements before submission to the board for approval.	√		
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval.	√		
3.3(vii)	Review the adequacy of internal audit function.	√		
3.3(vii)	Review statement of significant related party transactions.	√		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.	√		
3.3(x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.	√		
3.4	**Reporting of the Audit Committee:**			
3.4.1	Reporting to the Board of Directors.	√		
3.4.1(i)	Activities of Audit Committee.	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:			
3.4.1(ii)a	Conflicts of interests.			No such Issue
3.4.1(ii)b	Material defect in the internal control system.			No such Issue
3.4.1(ii)c	Infringement of laws, rules and regulations.			No such Issue
3.4.1(ii)d	Any other matter.			No such Issue
3.4.2	Reporting to the Authorities.			No such Issue
3.5	Reporting to the Shareholders and General Investors.	√		
4	**Engagement of External/Statutory Auditors:**			
4(i)	Appraisal or valuation services or Fairness opinions.	√		
4(ii)	Financial information systems design and Implementation.	√		
4(iii)	Book-keeping.	√		
4(iv)	Broker-dealer services.	√		
4(v)	Actuarial services	√		
4(vi)	Internal audit services.	√		
4(vii)	Services that the Audit Committee determines	√		
4(viii)	Audit firms shall not hold any share of the company they audit.	√		
4(ix)	Audit /certification services on compliance of corporate governance as required under clause(i) of condition no.7	√		
5	**Subsidiary Company:**			
5(i)	Composition of the Board of Directors.			N/A
5(ii)	At least 1 (one) independent director to the subsidiary company.			N/A
5(iii)	Submission of Minutes to the holding company.			N/A
5(iv)	Review of Minutes by the holding company.			N/A
5(v)	Review of Financial Statement by the holding company.			N/A
6	**Duties of Chief Executive Officer and Chief Financial Officer:**			
6(i)a)	Reviewed the materially untrue of the financial statement.	√		
6(i)b)	Reviewed about compliance of the accounting standard.	√		
6(ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct.	√		
7	**Reporting and Compliance of Corporate Governance:**			
7(i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	√		
7(ii)	Annexure attached in the directors' report.	√		

MAZUMDAR SIKDER AND ASSOCIATES
Cost & Management Accountants

Certificate on Compliance of Conditions of Corporate Governance Guidelines

of

Khan Brothers PP Woven Bag Industries Limited

We have examined the compliance to the BSEC guidelines on Corporate Governance by **Khan Brothers PP Woven Bag Industries Limited** for the year ended 30 June 2017. These guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August, as amended vide notification dated 21 July 2013 and 18 August 2013 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the company. Our examination for the purpose of issuing this certificate was limited to the procedures including implementation thereof as adopted by the Company for ensuring the compliance on the attached statement on the basis of evidence gathered and representation received.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines is issued by BSEC.

Place - Dhaka.
Date- November 11, 2017

Mazumdar Sikder and Associates
Cost & Management Accountants

105/A (3rd Floor), Kakrail, Dhaka - 1000, Phone: 02-8300376, Fax: 02-8300375

Report of the Audit Committee For the Year 2016-2017

I am pleased to present the Report of the Audit Committee for the year of 2016-2017.

The Audit Committee Report presented under conditionNo.3.5 of the Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Guidelines provides an insight on the functions of the Audit Committee.

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

The Committee is comprised of Mr. Mohammad Lukman, Mr. Md. Ruhul Kabir Khan, Mr. Hazrat Ali. Mr. Mohammad Lukman is an Independent Director and also the Chairman of the Committee. Mr. Tapan Kumar Sarker Company Secretary performs as Secretary to the Audit Committee. The Audit Committee is appointed by the main Board and all the Members are Non-Executive Directors. As required, all Members of the Audit committee are 'financially literate' and are able to analysis and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee.

Reporting to the Board of Directors

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

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

The Role of Audit Committee

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

The role of the Audit Committee includes the following:

a. Review and recommend to the Board to approve the 1st quarter, 2nd quarter, 3rd quarter and Annual Financial Statements prepared for statutory purpose;

b. Monitor and oversee choice of accounting policies and principles, internal control, risk Management process, auditing matter, hiring and performance of external auditors;

c. Review statement of significant related party transactions submitted by the management.

d. Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors;

e. Review and consider the report of internal auditors and statutory auditors' observations on internal control; and

f. Review of IPO proceeds utilization

g. Evaluate the company's continuous growth.

h. Monitoring the company's standard operating procedures followed or not.

i. Observe the Companies overall policies and procedures.

j. Other matters as per Terms of Reference (TOR) of the Audit Committee and also as directed by the Board.

Authority

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

Activities carried out during the year

The Audit Committee met four times during the year 2016-2017. All the Members were present in all meetings of The Committee. The Committee reviewed the integrity of the quarterly and annual financial statement in due time. The Committee found, adequate arrangements were taken to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting. The Committee, therefore, recommended for onward submission of the Audited Financial Statements to the Board for its approval and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports.

Conclusion:

The Audit Committee is satisfied that the effectiveness of the organization structure of the company in implementation of the accounting policies and operational controls, provide reasonable assurance that the affair of the company are managed in accordance with accepted policies and the assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the company's internal and external audit have been effective and independent throughout period under review. The Committee is also pleased of having adequate arrangement to present a true and fair view of the activities and the financial status of the Company and did not find any material deviation, discrepancies or any adverse findings/ observation in the areas of reporting.

Mohammad Lukman
Chairman
Internal Audit Committee

AMARSTOCK

INDEPENDENT AUDITOR'S REPORT

To

THE SHAREHOLDERS OF KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

We have audited the accompanying financial statements of Khan Brothers PP Woven Bag Industries Ltd, which comprise the Statement of Financial Position as at 30 June 2017 and the Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows as summary of significant accounting policies and other explanatory information for the year ended 30 June 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards BASs), the companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis of Opinion:

We have conducted the audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we have obtained reasonable assurance about whether the Financial Statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the Financial Statement, An audit includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statement.

We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs) give a true fair view of the state of the affairs of the company as at 30 June 2017 and of the results of its operations and its Cash flows for the years then ended and comply with the requirements of the Companies Act 1994, the Securities and Exchanges Rules 1987 and other applicable laws and regulations.

We further report that:

a) 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;

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared form our examination of these books;

c) the company's statement of financial position and statements of Profit or Loss and other Comprehensive Income dealt with by the report are in agreement with the books of account; and

d) The expenditure incurred was for the purposes of the company's business.

Dated : Dhaka;
29 October 2017

MAHFEL HUQ & Co.
Chartered Accountants

Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

Statement of Financial Position

As on June 30, 2017

	Notes	Amount In Tk. 30-Jun-17	Amount In Tk. 30-Jun-16
ASSETS:			
NON-CURRENT ASSETS (A)		**564,639,824**	**579,816,883**
Property, Plant and Equipments	3.00	563,589,824	578,766,883
Investment in Share	4.00	1,050,000	1,050,000
CURRENT ASSETS (B)		**733,648,071**	**653,338,895**
Inventories	5.00	462,476,179	442,874,955
Trade and other Receivables	6.00	112,532,360	127,384,005
Advances, Deposits & Pre-Payments	7.00	60,021,814	60,538,463
Cash and Cash Equivalents	8.00	98,617,718	22,541,472
TOTAL ASSETS A+B)		**1,298,287,895**	**1,233,155,778**
EQUITY AND LIABILITIES:			
SHAREHOLDERS' EQUITY (C)		**1,158,698,969**	**1,086,908,388**
Share Capital	9.00	891,635,250	803,275,000
Revaluation Reserve	10.00	94,467,599	94,467,599
Retained Earnings	11.00	172,596,120	189,165,790
NON-CURRENT LIABILITIES (D)		**21,238,079**	**16,675,470**
Deferred Tax Liability	12.00	21,238,079	16,675,470
CURRENT LIABILITIES (E)		**118,350,847**	**129,571,919**
Trade and other Payables	13.00	900,270	875,750
Short term Bank loan	14.00	88,786,594	93,722,722
Accrued Expenses	15.00	6,337,467	6,054,980
IPO Application Fund	16.00	5,848,615	5,938,776
Provision for Workers Profit Participation Fund	17.00	5,455,327	7,243,592
Provision for Taxation	18.00	11,022,574	15,736,099
TOTAL EQUITY & LIABILITIES (C+D+E)		**1,298,287,895**	**1,233,155,778**
Net Asset Value (NAV) including Revaluation Surplus	27.00	**13.00**	**13.53**
Net Asset Value (NAV) excluding Revaluation Surplus	27.00	**11.94**	**12.35**

The Annexed notes from 1 to 37 form an integral part of these Financial Statements.

Chief Financial Officer | Company Secretary

Director | Managing Director | Chairman

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

Place: Dhaka
Dated: 29 October, 2017

Mahfel Huq & Co.
Chartered Accountants

Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 30 June, 2017

	Notes	Amount In Tk. 2016-2017	Amount In Tk. 2015-2016
Turnover	19.00	779,184,305	1,142,896,239
Less: Cost of Sales	20.00	649,390,493	965,202,987
Gross Income		**129,793,812**	**177,693,252**
Operating Expenses:		**29,752,203**	**36,291,695**
Administrative Expenses	21.00	23,268,660	28,599,927
Marketing and Distribution Expenses	22.00	6,483,543	7,691,768
Income from Operating Activities		**100,041,608**	**141,401,557**
Financial expenses	23.00	(8,582,359)	(9,901,871)
Net Income from Operation		**91,459,249**	**131,499,686**
Non Operating Income	25.00	285,302	67,521
Net Income before WPPF & Income Tax		**91,744,552**	**131,567,207**
Provision for WPPF	17.00	(4,368,788)	(6,265,105)
Net Income before Tax		**87,375,763**	**125,302,102**
Provision for Income Tax:	24.00	**15,585,182**	**21,532,061**
Current Tax	18.00	11,022,574	15,736,099
Deferred Tax	12.00	4,562,609	5,795,962
Net Income after Tax		**71,790,581**	**103,770,041**
Earnings Per Share	26.00	**0.81**	**1.16**

The Annexed notes from 1 to 37 form an integral part of these Financial Statements.

Chief Financial Officer

Company Secretary

Director

Managing Director

Chairman

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

Place: Dhaka
Dated: 29 October, 2017

Mahfel Huq & Co.
Chartered Accountants

Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

Statement of Changes in Equity

For the Year ended 30 June, 2017

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
				Amount in Taka
Balance as on 01 July, 2016	**803,275,000**	**94,467,599**	**189,165,790**	**1,086,908,388**
Net Income for the year	-	-	71,790,581	71,790,581
Dividend for the year 2016	88,360,250	-	(88,360,250)	-
Balance as on 30 June, 2017	**891,635,250**	**94,467,599**	**172,596,120**	**1,158,698,969**

Balance as on 01 July, 2015	**698,500,000**	**94,467,599**	**190,170,749**	**983,138,347**
Net Income for the year	-	-	103,770,041	103,770,041
Dividend for the 2015	104,775,000	-	(104,775,000)	-
Balance as on 30 June, 2016	**803,275,000**	**94,467,599**	**189,165,790**	**1,086,908,388**

The Annexed notes from 1 to 37 form an integral part of these Financial Statements.

Chief Financial Officer

Company Secretary

Director

Managing Director

Chairman

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

Place: Dhaka
Dated: 29 October, 2017

Mahfel Huq & Co.
Chartered Accountants

Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

Statement of Cash Flows

For the Year ended 30 June, 2017

	Amount In Tk.	
	2016-2017	2015-2016
A. Cash Flows from Operating Activities :		
Collection from Turnover and others	794,321,251	1,135,781,779
Payment to suppliers and creditors for expenses	(655,908,029)	(1,104,542,211)
Payment for Financial Expenses	(8,582,359)	(9,901,871)
Payment for WPPF	(6,157,053)	(5,544,757)
Payment for Income Tax	(14,453,440)	(14,923,913)
Net cash inflow/(outflow) from operating activities	**109,220,370**	**869,027**
B. Cash flow from Investing Activities:		
Acquisition of Property, Plant & Equipment	(28,117,835)	(38,767,656)
Net cash inflow/ (outflow) in Investing Activities	**(28,117,835)**	**(38,767,656)**
C. Cash flow from Financing Activities:		
Short term loan Received/(Re-paid)	(5,026,290)	42,655,741
Net cash inflow/(outflow) in financing activities	**(5,026,289.59)**	**42,655,741**
D. Increase/ (Decrease) in Cash and Cash Equivalent (A+B+C)	**76,076,246**	**4,757,113**
E. Opening Cash and Cash Equivalent	22,541,472	17,784,359
F. Ending Cash and Cash Equivalent (D+E)	**98,617,718**	**22,541,472**
Net Operating Cash flow per Share (NOCFPS)	**1.22**	**0.01**

Chief Financial Officer

Company Secretary

Director

Managing Director

Chairman

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

Place: Dhaka
Dated: 29 October, 2017

Mahfel Huq & Co.
Chartered Accountants

Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

Notes to the Financial Statements

As at and for the year ended June 30, 2017

1.00 Corporate History of the Reporting Entity

1.01 Legal Status of the Entity

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

1.02 Corporate Business

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

2.00 Basis of preparation, presentation and disclosures of financial statements

2.01 Statement of Compliance

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

2.02 Other regulatory compliances

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

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax Act, 1991

The Value Added Tax Rules, 1991

The Customs Act 1969

2.03 Corporate Financial Statements and Reporting

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

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

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and assets and liabilities at the reporting date. Uncertainty involved in making estimates and actual result reported might differ from those estimates.

2.04 Fundamental Accounting Concepts/ Assumption

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

2.05 Going Concern

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

2.06 Reporting Period

The period of the financial statements covered the period from July 01, 2016 to June 30, 2017 of the following year.

2.07 Provisions

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

a. when the company has an obligation (legal or constructive) as a result of past events;

b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. reliable estimates can be made of the amount of the obligation.

2.08 Events after the Reporting Period

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

2.09 Functional and Presentational (Reporting) Currency

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

Figures in brackets indicated negative balance.

2.10 Comparative Information and Rearrangement Thereof

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

2.11 Principal Accounting Policies

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

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

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Statement of Cash Flows
BAS 8	Accounting Policies Changes in Accounting Estimate and Errors
BAS 10	Events After the Reporting Period
BAS 12	Income Taxes
BAS 16	Property Plant & Equipment
BAS 18	Revenues
BAS 19	Employees Benefits
BAS 21	The Effect of Changes in Foreign Exchange Rate
BAS 23	Borrowing Cost
BAS 33	Earnings Per Share
BAS 36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets,
BAS-39	Financial Instruments: Recognition and Measurement
BFRS-7	Financial Instruments: Disclosures
BFRS-8	Operating Segments
BFRS-9	Financial Instruments

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

2.12 Property, Plant & Equipment (PPE)

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

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

2.13 Revaluation of Property, Plant & Equipment (PPE)

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

i) Effective date of revaluation to the financial Statements 30.06.2010

ii) Land & Land Developments, Building (Factory), Plant & Machinery and Generator & Electric Equipment has been revalued by an independent G.KIBRIA & CO. Chartered Accountants an independent valuer.

iii) Revaluation surplus of Tk. 9,79,75,485 has been transferred to Revaluation Reserve and distribution of such surplus to the shareholders is restricted.

2.14 Depreciation

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

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

Particulars	30-Jun-2017	30-Jun-2016
Land & Land Development	0%	0%
Building & Other Construction	5%	5%
Plant & Machinery	10%	10%
Generator & Electric Equipment	15%	15%
Motor Vehicle	20%	20%
Office Decoration & Fittings	10%	10%
Furniture & Fixture	10%	10%

2.15 Impairment of assets

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

2.16 Revenue Recognition

Revenue are Recognized when goods are delivered from the factory godown, delivery Challan is issued and ownership transferred as per BAS-18.

2.17 Accrued Expenses and Other Payables

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

2.18 Inventories

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

2.19 Income Tax:

Provision for Tax

A provision for Taxation @ 25.00% on net profit Less 50% rebate on export sales has been made during the year under audit.

Deferred Tax

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

2.20 Statement of Cash Flows

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

2.21 Borrowing Costs

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

2.22 Foreign currency transactions

The financial statements are presented in Taka/Tk./BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Assets and liabilities outstanding at 30 June 2017 denominated in foreign currencies have been shown in Taka at the rate in terms of foreign currencies ruling on the statement of financial position date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of profit or loss and other comprehensive income as per BAS 21: The Effects of Changes in Foreign Exchange Rates.

2.23 Financial Instruments

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

2.23.1 Financial Assets

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

Cash and Cash Equivalents

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

Available for Sale of Financial Assets

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

Trade and other Receivables

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

2.23.2 Financial Liabilities

The company initially recognizes financial liabilities on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when it's contractual obligations are discharged or cancelled or expired. Financial liabilities are recognized initially at fair value less any directly attributable transactions costs. Subsequently to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities include loan and borrowing, trade creditors, liabilities for expenses and liabilities for other finance.

2.24 Employee Benefit Plan

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

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

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

The company's employee benefits include the following:

a) Short Term Employee Benefits

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

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

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

2.25 Related Party Disclosures

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

During the year the company did not have any transactions with related party other than payment to directors disclosed in note # 21.01 and 21.02 to the financial statements.

2.26 Segment Reporting

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

2.27 Earnings Per Share

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

2.28 Non operating Income

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

2.29 General

a) The figures appearing in these financial statements are expressed in Taka currency and rounded off to the nearest Taka.

b) Previous year's figures have been rearranged, where necessary, to conform to current year's presentation.

	Amount in TK 30-Jun-17	Amount in TK 30-Jun-16

3.00 Property, Plant and Equipments: Tk. 563,589,824

This includes the written down value as on 30 June, 2017. Break up of the PPE is as follows; :

Land & Land Development	99,430,849	99,430,849
Building & Other Construction	170,963,037	167,423,302
Plant & Machinery	257,595,785	270,637,493
Generator & Electric Equipment	24,647,885	28,997,512
Motor Vehicle	781,486	976,858
Office Decoration & Fittings	7,655,716	8,506,351
Furniture & Fixture	2,515,065	2,794,517
	563,589,824	**578,766,883**

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

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

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

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

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

Khan Brothers Knitwear Industries Ltd.	10,000 Shares	1,000,000	1,000,000
Khan Brothers Group of Industries Ltd.	500 Shares	50,000	50,000
		1,050,000	**1,050,000**

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

5.00 Inventories Tk. 462,476,179

Break-up of this item is as follows:

Finished Goodes	19,426,248	15,362,360
Raw Materials: Notes- 20.05	406,179,573	390,039,013
Working-in-process	29,215,478	29,983,448
Store Materials	7,654,880	7,490,134
	462,476,179	**442,874,955**

The above Inventories are as per physical counting made by the inventory team consisting of management staff and auditors and valued and certified by management. Inventories in hand have been valued at lower of cost and net realizable value as per BAS-2. Inventories are hypothecated against working capital facilities from the bank (Islami Bank BD Ltd.).

6.00 Trade and other Receivables: Tk. 112,532,360

Break-up of this item is as follows:

Export Bills Recevable: Note- 6.01	110,286,630	125,210,925
Ashirbad Syndicate	265,200	254,000
Bombay Sweets & Co.	154,800	162,500
D H Plastic	165,480	165,250
Kabir Enterprise	685,470	742,100
Kazi Agro	132,540	102,200
Mehera Corporation	235,640	245,015
R M Trade Line	125,450	110,240
Shuvo Enterprise	184,574	187,450
S N Traders	296,576	204,325
	112,532,360	**127,384,005**

These are considered good.

6.01 Export Bills Receivables: Tk. 110,286,630

Party Name & Country		
M/S BERY MARITIME AS, NORWAY	23,533,310	9,751,063
OCEAN WISDOM ENTERPRISE UAE	9,857,450	18,277,215
COMMODITY FIRST PTE LTD SINGAPORE	20,100,655	24,747,811
URALKALI TRADING SA SWITZARLAND	25,090,815	18,431,425
BLUE OCEAN SHIPPING PTE LTD. SINGAPORE	22,006,550	54,003,410
AL JABAL AL THAHABI UAE	9,697,850	-
Total	**110,286,630**	**125,210,925**

6.02 Ageing of Receivables: Tk. 110,286,630

Dues up to 60 days	110,286,630	125,210,925
Dues Over 60 days	-	
	110,286,630	**125,210,925**

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

Receivable considered good in respect of which the company is fully secured.	110,286,630	125,210,925
Receivable considered good in respect of which the company holds no security other than the debtor personal security.	2,245,730	2,173,080
Receivables considered doubtful bad.	-	-
Receivable to Directors.	-	-
Receivables due by common management.	-	-
The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	**112,532,360**	**127,384,005**

7.00 Advances, Deposits & Pre-Payments: Tk. 60,021,814

This consist of the following:

T & T Phone	8,000	8,000
Titas Gas	448,900	448,900
Pallibidyut	240,600	240,600
Advance Income Tax: Note- 7.01	5,553,428	6,836,087
CDBL-Security deposit	500,000	500,000
Advance agst. L/C : Note- 7.02	45,447,686	43,386,196
Salary Advance	768,400	753,200
Advance against Local Purchase : Note: 7.03	7,054,800	8,365,480
	60,021,814	**60,538,463**

7.01 Advance Income Tax Tk. 5,553,428

This consist of the following:

Advance Tax on Export	5,526,866	6,789,682
Advance Tax on other Income (Interest Income)	7,637	18,359
Advance Tax on FDR Interest Income)	18,925	28,046
	5,553,428	**6,836,087**

7.02 Advance against L/C: Tk. 45,447,686

LC No	Bank Name		
LC No-221716020428	Mutual Trust Bank Ltd	2,129,690	
LC No-221716020430	Mutual Trust Bank Ltd	2,393,000	
LC No-221717010126	Mutual Trust Bank Ltd	2,246,400	
LC No-221717010551	Mutual Trust Bank Ltd	2,634,615	
LC No-221717020050	Mutual Trust Bank Ltd	2,293,543	
LC No-221717020130	Mutual Trust Bank Ltd	2,461,657	
LC No-221717020151	Mutual Trust Bank Ltd	3,469,651	
LC No-221717020152	Mutual Trust Bank Ltd	2,391,376	
LC No-221717020192	Mutual Trust Bank Ltd	2,445,566	
LC No-221717020255	Mutual Trust Bank Ltd	2,907,137	
LC No-221717020256	Mutual Trust Bank Ltd	2,907,137	
LC No-221717020280	Mutual Trust Bank Ltd	2,879,467	
LC No-221717020281	Mutual Trust Bank Ltd	2,439,733	
LC No-221717020297	Mutual Trust Bank Ltd	2,547,312	
LC No-221717020298	Mutual Trust Bank Ltd	1,897,552	
LC No-221717020299	Mutual Trust Bank Ltd	3,501,702	
LC No-304117010060	Jamuna Bank Ltd	1,750,100	
LC No-304117010061	Jamuna Bank Ltd	2,152,049	
LC No-304116010062	Jamuna Bank Ltd		1,489,224
LC No-221715010720	Mutual Trust Bank Ltd		2,019,525
LC No-221715010721	Mutual Trust Bank Ltd		2,227,335
LC No-221715020342	Mutual Trust Bank Ltd		2,365,288
LC No-221716020132	Mutual Trust Bank Ltd		2,420,998
LC No-221716020133	Mutual Trust Bank Ltd		1,420,998
LC No-221716020176	Mutual Trust Bank Ltd		2,373,808
LC No-221716020177	Mutual Trust Bank Ltd		2,373,808
LC No-221716020178	Mutual Trust Bank Ltd		2,432,967
LC No-221716020179	Mutual Trust Bank Ltd		2,432,967
LC No-221716020197	Mutual Trust Bank Ltd		2,229,989
LC No-221716020198	Mutual Trust Bank Ltd		3,229,989
LC No-221716020204	Mutual Trust Bank Ltd		3,374,220
LC No-221716020205	Mutual Trust Bank Ltd		2,436,590
LC No-221716020210	Mutual Trust Bank Ltd		3,461,160
LC No-221716020211	Mutual Trust Bank Ltd		2,461,160
LC No-221716020245	Mutual Trust Bank Ltd		1,818,087
LC No-221716020246	Mutual Trust Bank Ltd		2,818,087
		45,447,686	**43,386,196**

7.03 Advance against Local Purchases: Tk. 7,054,800

Mr. Mehbubul Hasan Pavel	4,938,360	4,851,978
Mr. Ekramul Haque	2,116,440	3,513,502
	7,054,800	**8,365,480**

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

Advance, Deposit and pre-payments exceeding 6 Months and considered good and secured	1,197,500	1,197,500
Advance, deposit and pre-payments considered good without security	58,055,914	58,587,763
Advance, deposit and pre-payments considered doubtful and bad	-	-
Advance, deposit and pre-payments due by directors or others officers	768,400	753,200
Advance, deposit and pre-payments due from companies from same management	-	-
Maximum advance, deposit and pre-payments due by Directors or other officers at any time	-	-
Total	**60,021,814**	**60,538,463**

8.00 Cash and Cash Equivalents: Tk. 98,617,718

This consist of the following balances;

Cash in hand	19,221,158	12,687,987
Cash at Banks:		
Jamuna Bank Ltd.-CD-6233	3,725	5,183
One Bank Ltd. CD-490006	-	7,915
Mutual Trust Bank Ltd.-CD-11251	21,668	544,544
Mutual Trust Bank Ltd.-STD-2508	5,050,199	5,140,361
Mutual Trust Bank Ltd.-FC-4399 (USD)	564,220	564,220
Mutual Trust Bank Ltd.-FC-4406 (POUND)	126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)	108,028	108,028
Jamuna Bank Ltd.-SND-0389	3	1,841
FDR	73,522,549	3,355,226
	79,396,559	9,853,485
	98,617,718	**22,541,472**

The amount of cash in hand was kept for labor payment and regular expenses of the company and subsequently paid.

9.00 Share Capital: Tk. 891,635,250

This represents the followings:

Authorized capital:		
100,000,000 ordinary Shares of tk 10/= each	1,000,000,000	1,000,000,000
Issued Subscribed and Paid up Capital:		
This amount consists as follows:		
6,35,00,000 Ordinary shares of Taka 10/- each, fully paid up in cash	635,000,000	635,000,000
Bonus (Note: 09.01)	256,635,250	168,275,000
	891,635,250	**803,275,000**

9.01 Bonus share Capital Tk. 256,635,250

Opening Balance	168,275,000	63,500,000
1,04,77,500 Bonus Share Issued @ Tk.10 each	-	104,775,000
88,36,025 Bonus Share Issued @ Tk.10 each	88,360,250	-
	256,635,250	**168,275,000**

The position of shareholders as on 30 June 2017 is as follows:

Particulars of Investors	Number of Investors	Number of Shares	Percentage of Share Holding 2016-2017	Percentage of Share Holding 2015-2016
Sponsor	6	26863462	30%	30.91%
Directors other than Sponsor	-	-	-	-
General Public	7968	35765133	40%	59.27%
Investor's A/c	-	-	-	-
Financial Institutes	188	26534930	30%	9.82%
Total	**8162**	**89163525**	**100%**	**100.00%**

Classification of Shareholders by Holding :

Holdings	Numbers of Holders		Shareholdings %	
	2017	2016	2,017	2016
Less than 500 Shares	2188	1591	0.48%	0.35%
501 to 5,000	4515	3418	8.75%	5.32%
5,001 to 10,000	729	320	6.22%	2.92%
10,001 to 20,000	401	213	6.56%	3.82%
20,001 to 30,000	133	98	3.75%	2.99%
30,001 to 40,000	56	40	2.18%	1.78%
40,001 to 50,000	47	36	2.43%	2.09%
50,001 to 100,000	51	61	3.93%	5.44%
100,001 to 1,000,000	36	86	10.19%	28.25%
Over 1,000,000	6	7	55.51%	47.02%
Total	**8162**	**5870**	**100.00%**	**100.00%**

10.00 Revaluation Reserve: Tk. 94,467,599

This is made up as follows:

Opening balance	94,467,599	94,467,599
	94,467,599	**94,467,599**

11.00 Retained Earnings TK. 172,596,120

This is made up as follows:

Opening Balance	189,165,790	190,170,749
Net Income for the year	71,790,581	103,770,041
Dividend for the year	(88,360,250)	(104,775,000)
Closing Balance	**172,596,120**	**189,165,790**

12.00 Deferred Tax Liability TK. 21,238,079

This has been arrived as under:

A. Temporary difference:		
Carrying Amount of PPE	464,158,975	479,336,033
Tax Base Value of PPE	322,317,438	373,995,365
Taxable Timing Differences	141,841,537	105,340,669
Tax rate (50% of 25%)	12.50%	12.50%
Deferred Tax Liabilities Closing Balance	17,730,192	13,167,584
Less: Opening balance of Deferred Tax Liabilities	13,167,584	7,371,622
Deferred Tax Expenses	**4,562,609**	**5,795,962**
B. Revaluation:		
Carrying value of land	99,430,849	99,430,849
Other than Land	10,128,463	10,128,463
Tax rate:		
Land	2%	2%
Other than Land	15%	15%
Closing Deferred Tax Liabilities:	3,507,886	3,507,886
Land	1,988,617	1,988,617
Other than Land	1,519,269	1,519,269
Less: Opening Deferred Tax Liabilities:	3,507,886	3,507,886
Land	1,988,617	1,988,617
Other than Land	1,519,269	1,519,269
D.Tax asset / liability:	-	-
Deferred Tax Liabilities at the end of the year (A+B)	**21,238,079**	**16,675,470**

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

13.00 Trade and other Payables: Tk. 900,270

This is made up as follows:

Bills Payable (Note 13.01)	900,270	875,750
Payable against LC	-	-
	900,270	**875,750**

13.01 Bills Payable: Tk. 900,270

This is made up as follows:

Sumayed Enterprise	55,470	45,780
Desh Electric Co.	64,580	65,300
Rahman Traders	132,500	124,500
Tanuka Traders	133,235	124,825
Sheikh Enterprise	72,540	68,950
Janata Machineries	231,255	245,700
Dewan Enterprise	130,240	124,870
The J.S Machineries Stores	80,450	75,825
	900,270	**875,750**

14.00 Short Term Bank Loan: Tk. 88,786,594

This is made up as follows:

Cash Credit (Hypo) From JBL, Account No. 0240	30,716,386	30,993,686
Loan Against Trust Receipts (LTR): (Note # 14.01)	58,070,208	62,729,036
	88,786,594	**93,722,722**

14.01

LTR Number	Bank Name	Amount in Taka	Amount in Taka
0009-0124013184	JBL		37,122
0009-0124013255	JBL		4,534,147
0009-0124013317	JBL		4,392,285
0009-0124013326	JBL		4,393,985
0009-0124013380	JBL		2,526,810
0009-0124013488	JBL		7,214,953
0009-0124013504	JBL		13,360,486
0002-0124090786	MTBL		2,807,999
0002-0124090928	MTBL		2,426,084
0002-0124091418	MTBL		1,696,051
0002-0124091669	MTBL		7,955,131
0002-0124092382	MTBL		8,137,417
0002-0124092408	MTBL		3,246,565
0009-0124095665	MTBL	1,969,798	
0009-0124095889	MTBL	2,375,840	
0009-0124095905	MTBL	815,026	
0009-0124096235	MTBL	741,048	
0009-0124097136	MTBL	242,122	
0009-0124097332	MTBL	602,711	
0009-0124098153	MTBL	8,660,997	
0009-0124098340	MTBL	9,537,486	
0009-0124098359	MTBL	7,947,905	
0009-0124013773	JBL	4,210,990	
0009-0124013942	JBL	3,142,788	
0009-0124014003	JBL	2,055,549	
0009-0124014021	JBL	1,668,437	
0009-0124014030	JBL	5,063,513	
0009-01640000120	JBL	9,036,000	
	Total	**58,070,208**	**62,729,036**

This represents amount provided by the following Banks as working capital which is fully secured by stock hypothecation and export bills receivable at terms & condition given below.

1. Purpose of Investment - To purchase/import raw materials.
2. Period of Investment - 01 (one) year on revolving basis.
3. Rate of return -15 % per annum or the rate to be determined by the bank from time to time.
4. Collateral:
   - A. Lien on Shipping Documents.
   - B. Counter Guarantee.
   - C. Post-dated Cheque covering the entire limit.
   - D. Usual Charge Documents.

AMAR STOCK

15.00 Accrued Expenses Tk. 6,337,467

This is made up as follows:

Factory Electricity Bill	511,932	72,175
Factory Gas Bill	1,988,851	1,866,188
VAT Payable	325,200	315,400
Audit Fee	115,000	115,000
Telephone Bill	1,124	3,838
Internet Bill	15,500	15,500
Printing Bill	10,250	8,500
Office electricity, Wasa & Others	56,860	54,680
Salary and Allowance	1,124,800	1,286,700
Wages & salary	2,125,450	2,254,500
Dividend Payable	62,500	62,500
	6,337,467	**6,054,980**

16.00 IPO Application Fund Tk. 5,848,615

Mutual Trust Bank Ltd.-STD-2508	5,050,199	5,140,361
Mutual Trust Bank Ltd.-FC-4399 (USD)	564,220	564,220
Mutual Trust Bank Ltd.-FC-4406 (POUND)	126,168	126,168
Mutual Trust Bank Ltd.-FC-4415 (EURO)	108,028	108,028
	5,848,615	**5,938,776**

17.00 Provision for Workers Profit Participation Fund Tk. 5,455,327

Opening balance	7,243,592	6,523,243
Add: Addition during the year	4,368,788	6,265,105
Paid during the year as per rule	(6,157,053)	(5,544,757)
	5,455,327	**7,243,592**

The Company made provision for Workers Profit Participation Fund (WPPF) @ 5% of the profit before charging such

18.00 Provision for Tax: Tk. 11,022,574

This has been arrived as under:

Opening Balance	**15,736,099**	**17,766,391**
Provision during the year:		
Tax charge during the period@25%	21,843,941	31,325,525
Tax Rebate on Export Sales Note- 18.01	(10,821,367)	(15,589,426)
	11,022,574	**15,736,099**
Adjusted/ Payment during the period:		
Adjustment	6,836,087	9,678,565
Payment	8,900,012	8,087,826
	15,736,099	**17,766,391**
Closing Balance	**11,022,574**	**15,736,099**

18.01 Tax Rebate on Export Sales Tk. 10,821,367

Total Tax Charged during the period	21,843,941	31,325,525
Tax on Other Income	(71,326)	(16,076)
Tax on Operating Income	**21,772,615**	**31,309,449**
Tax on Local Sales	(129,881)	(130,597)
Tax on Export Sales	21,642,734	**31,178,852**
50% of Tax on Export Sales	(10,821,367)	(15,589,426)
	10,821,367	**15,589,426**

19.00 Turnover: Tk. 779,184,305

This is the value of export made during the year through Advance TT and L/Cs:

Export	774,536,205	1,138,129,029
Local	4,648,100	4,767,210
	779,184,305	**1,142,896,239**

20.00 Cost of Sales: Tk. 649,390,493

This has been arrived as under:

Opening Work-in-Process	29,983,448	30,142,633
Raw materials consumed: (Notes-20.01)	562,702,724	864,732,344
Manufacturing overhead (Note-20.02)	89,983,687	102,334,315
Less: Closing Work-in-Process	(29,215,478)	(29,983,448)
Cost of Production	**653,454,381**	**967,225,845**
Opening stock of Finished Goods	15,362,360	13,339,502
Cost of Goods Available for Sale	**668,816,741**	**980,565,347**
Closing stock of Finished Goods	(19,426,248)	(15,362,360)
Cost of Sales	**649,390,493**	**965,202,987**

20.01 Raw Materials Consumed: Tk. 562,702,724

This is made up as follows:

Opening Stock (Note: 20.03)	390,039,013	289,120,310
Add: Purchase during the Year (Note: 20.04)	578,843,284	965,651,047
	968,882,297	**1,254,771,357**
Less: Closing Stock (Note: 20.05)	406,179,573	390,039,013
Raw Materials Consumed during the year	**562,702,724**	**864,732,344**

20.02 Manufacturing Overhead: Tk. 89,983,687

This consists of the following:

Wages & Salary	25,468,656	25,963,449
Overtime & Incentive	6,492,421	9,894,830
Workers Food Allowance	570,502	763,411
Electricity Bill	2,861,163	693,939
Gas Bill	3,829,451	6,784,331
Diesel for Generator	936,975	746,479
Spare Parts	1,266,939	3,313,641
Factory Maintenance	670,398	909,953
Machinery Maintenance	1,089,400	5,160,657
Electric Materials	925,661	1,300,335
Daily Labor	776,946	835,140
Worker Transport Expenses	1,256,376	1,310,387
Medical Expenses	45,674	119,256
Car Repair & Maintenance	390,981	162,014
Hardware Materials	1,432,709	376,700
Depreciation	41,969,435	43,999,793
	89,983,687	**102,334,315**

20.03 Opening Stock of Raw Materials: Tk. 390,039,013

Item wise break up of stock have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	49,175	Bag	4,454	219,025,450
CaCo3	6,450	Bag	1,521	9,810,450
HDPE	6,500	Bag	3,743	24,329,500
LDPE	5,750	Bag	4,534	26,070,500
LLDPE	5,175	Bag	3,924	20,306,700
Omagh CaCo3	925	Bag	2,417	2,235,725
Master Batch(White)	375	Bag	3,713	1,392,375
Master Batch(Red)	875	Bag	4,830	4,226,250
Master Batch(Blue)	275	Bag	4,455	1,225,125
Master Batch(Beige)	650	Bag	4,654	3,025,100
Master Batch(Yellow)	375	Bag	4,354	1,632,750
Master Batch(Green)	175	Bag	4,624	809,200
Master Batch(Orange)	75	Bag	4,626	346,950
PP Lamination	12,625	Bag	5,112	64,539,000
Sewing Thread	2,350	Kg	195	458,250
Poly Tape	120	Roll	360	43,200
PP Clip	144	Pkt	70	10,080
Printing Ink	5,975	Kg	268	1,601,300
Sewing Oil	374	Ltr	180	67,320
Gear Oil	370	Ltr	178	65,860
Mobil	160	Ltr	48	7,680
Diamond Gum	125	Kg	220	27,500
Retader	2,750	Ltr	135	371,250
Exetiter	120	Ltr	125	15,000
Adhesive Tape(Both side) -2"	48	Roll	40	1,920
Solvent/Thiner	18,750	Ltr	175	3,281,250
Hydrolic Oil	80	Ltr	150	12,000
Compassor Oil	72	Ltr	160	11,520
Nalco-2000	80	Kg	706	56,480
Greeze	60	Kg	105	6,300
Adhesive Gum(Glue)	5,250	Kg	26	136,500
Adhessive Tape-2"	84	Roll	42	3,528
Krapt Paper	81,450	Kg	60	4,887,000
Total				390,039,013

20.04 Purchase Raw Materials: Tk. 578,843,284

Item wise break up of purchase have been given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	77,250	Bag	4,455	344,148,750
CaCo3	9,050	Bag	1,521	13,765,050
HDPE	9,250	Bag	3,744	34,632,000
LDPE	10,850	Bag	4,535	49,204,750
LLDPE	9,200	Bag	3,925	36,110,000
Omagh CaCo3	3,500	Bag	2,417	8,459,500
Master Batch(White)	1,850	Bag	3,714	6,870,900
Master Batch(Red)	2,050	Bag	4,831	9,903,550
Master Batch(Blue)	1,225	Bag	4,456	5,458,600
Master Batch(Beige)	1,350	Bag	4,655	6,284,250
Master Batch(Yellow)	850	Bag	4,355	3,701,750
Master Batch(Green)	350	Bag	4,625	1,618,750
Master Batch(Orange)	325	Bag	4,626	1,503,450
PP Lamination	5,050	Bag	5,116	25,835,800
Sewing Thread	6,845	Kg	195	1,334,775
Poly Tape	288	Roll	360	103,680
PP Clip	230	Pkt	70	16,100
Printing Ink	12,450	Kg	268	3,336,600

Sewing Oil	1,020	Ltr	180	183,600
Gear Oil	850	Ltr	178	151,300
Mobil	448	Ltr	48	21,504
Diamond Gum	350	Kg	220	77,000
Retader	5,580	Ltr	135	753,300
Exetiter	140	Ltr	125	17,500
Adhesive Tape(Both side) -2"	96	Roll	40	3,840
Solvent/Thiner	35,850	Ltr	175	6,273,750
Hydrolic Oil	660	Ltr	150	99,000
Compassor Oil	660	Ltr	160	105,600
Nalco-2000	380	Kg	705	267,900
Greeze	525	Kg	105	55,125
Adhesive Gum(Glue)	7,350	Kg	27	198,450
Adhessive Tape-2"	480	Roll	42	20,160
Krapt Paper	305,450	Kg	60	18,327,000
		Total		**578,843,284**

20.05 **Closing Stock of Raw Materials: Tk. 406,179,573**

Item wise break up of stock have given below;

Particulars	Unit	Unit	Unit Price	Total (Tk.)
PP Yarn Grade	56,450	Bag	4,454	251,428,300
CaCo3	6,350	Bag	1,521	9,658,350
HDPE	6,300	Bag	3,743	23,580,900
LDPE	5,650	Bag	4,534	25,617,100
LLDPE	4,850	Bag	3,924	19,031,400
Omagh CaCo3	900	Bag	2,417	2,175,300
Master Batch(White)	350	Bag	3,713	1,299,550
Master Batch(Red)	850	Bag	4,830	4,105,500
Master Batch(Blue)	300	Bag	4,455	1,336,500
Master Batch(Beige)	550	Bag	4,654	2,559,700
Master Batch(Yellow)	350	Bag	4,354	1,523,900
Master Batch(Green)	225	Bag	4,624	1,040,400
Master Batch(Orange)	125	Bag	4,626	578,250
PP Lamination	10,250	Bag	5,112	52,398,000
Sweing Thread	2,350	Kg	195	458,250
Poly Tape	96	Roll	360	34,560
PP Clip	144	Pkt	70	10,080
Printing Ink	5,240	Kg	268	1,404,320
Sweing Oil	350	Ltr	180	63,000
Gear Oil	350	Ltr	178	62,300
Mobil	175	Ltr	48	8,400
Diamond Gum	130	Kg	220	28,600
Retader	2,650	Ltr	135	357,750
Exetiter	125	Ltr	125	15,625
Adhesive Tape(Both side) -2"	36	Roll	40	1,440
Solvent/Thiner	15,450	Ltr	175	2,703,750
Hydrolic Oil	76	Ltr	150	11,400
Compassor Oil	80	Ltr	160	12,800
Nalco-2000	96	Kg	706	67,776
Greeze	48	Kg	105	5,040
Adhesive Gum(Glue)	4,850	Kg	26	126,100
Adhessive Tape-2"	96	Roll	42	4,032
Krapt Paper	74,520	Kg	60	4,471,200
		Total		**406,179,573**

21.00 Administrative Expenses: Tk. 23,268,660	Amount in TK 30-Jun-17	Amount in TK 30-Jun-16
This consists of the following:		
AGM Expenses	207,669	144,106
Salary and Allowances	8,863,052	13,841,791
Directors Remuneration Note: 20.01	4,560,000	4,560,000
Directors Meeting Allowances Note: 20.02	77,600	79,000
Donation & Subscription	57,000	175,000
Credit Rating Fee	34,500	34,500
Entertainment	262,927	687,403
Fuel & Lubricant	840,187	339,561
Listing Fee	1,366,828	1,366,828
Traveling & Conveyance	518,964	552,296
Office Rent	600,000	600,000
Office Electricity, Wasa and Others Bill	456,720	456,720
Office Maintenance	217,649	201,213
Printing & Stationery	690,925	570,794
Postage & Telegram	38,315	107,918
Registration & Renewals	109,355	212,800
Telephone Bill	22,634	36,960
Legal Fee	165,800	45,000
Mobile Bill	183,048	302,050
Internet Bill	91,585	168,390
Audit Fees	115,000	115,000
RJSC Expenses	9,600	5,000
Vehicle Maintenance	1,288,799	1,311,792
Newspaper & Periodicals	11,101	16,500
Other Expenses	1,153,944	1,169,439
Depreciation	1,325,458	1,499,866
	23,268,660	**28,599,927**

21.01 Directors Remuneration Tk.4,560,000		Amount in TK 30-Jun-17	Amount in TK 30-Jun-16
Name of Director	**Designation**		
Tofayel Kabir Khan	Managing Director	1,182,000	1,182,000
Mohammed Enamul Kabir Khan	Chairman	877,200	877,200
Md. Ruhul Kabir Khan	Director	846,000	846,000
Hazrat ali	Director	721,200	721,200
Khairul Kabir Khan	Executive Director	933,600	933,600
Md. Zakirul Kabir Khan	Nominee Director	-	-
Mrs. Jarin Kabir Khan	Nominee Director	-	-
Mohammad Lukman	Independent Director	-	-
Mr. Utpal Dhar	Independent Director	-	-
		4,560,000	**4,560,000**

21.02 Directors Meeting Allowances Tk.77,600			
Name of Director	**Designation**		
Tofayel Kabir Khan	Managing Director	12,000	13,000
Mohammed Enamul Kabir Khan	Chairman	12,000	13,000
Md. Ruhul Kabir Khan	Director	8,800	10,400
Hazrat ali	Director	8,000	7,200
Md. Zakirul Kabir Khan	Nominee Director	8,000	7,200
Mrs. Jarin Kabir Khan	Nominee Director	8,800	7,200
Mohammad Lukman	Independent Director	10,000	11,000
Mr. Utpal Dhar	Independent Director	10,000	10,000
		77,600	**79,000**

(a) No compensation was made to the Managing Director of the company except as stated above.
(b) No amount was spent by the company for compensating any member of the Board of Directors except as stated above.

22.00 Marketing, Selling & Distribution Expenses: Tk. 6,483,543

This consists of the following:

Sales Commission	1,875,480	2,081,400
Carriage Outward & Delivery	982,880	1,725,820
Advertisement	375,000	320,000
Fuel & Lubricants	744,475	1,010,089
Salary & Allowances	2,425,850	2,338,817
Toll Expenses	79,858	215,642
	6,483,543	**7,691,768**

23.00 Financial Expenses: Tk. 8,582,359

This consists of the following:

Bank Charges & Commission	265,480	279,862
Bank Interest on CC (hypo)	2,924,506	3,560,546
Interest & Charges on LTR	5,392,373	6,061,463
	8,582,359	**9,901,871**

24.00 Income Tax Expenses: Tk. 15,585,182

This has been arrived as under:

Current Tax Note- 18	11,022,574	15,736,099
Deferred Tax Note- 12	4,562,609	5,795,962
Income tax expenses	**15,585,182**	**21,532,061**

25.00 Non Operating Income : Tk. 285,302

This consists of the following:

Interest on IPO Subscription Fund	76,375	183,593
Gain/(Loss) on Foreign Currency Fluctuation	19,679	(396,534)
Interest on FDR fund	189,248	280,462
	285,302	**67,521**

26.00 Earnings Per Share: Tk. 0.81

	30-Jun-17	30-Jun-16

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

Earnings Per Share

Net Income after tax	71,790,581	103,770,041
Weighted average no. of ordinary Shares Note-26.01	89,163,525	89,163,525
	0.81	**1.16**

26.01 Weighted Average Number of shares: 89,163,525

Item	Number of Shares	Issue date	End Date	Days	Factor	Weighted Number
Balance	80,327,500	1-Jul-16	30-Jun-17	365	1.00	80,327,500
Stock Dividend	8,836,025	1-Jul-16	30-Jun-17	365	1.00	8,836,025
	89,163,525					
Weighted Average Number of Shares						**89,163,525**

*Previous year's EPS has been adjusted as per the requirement of BAS-33 "Earning per share".

27.00 Net Asset Value Per Share (NAVPS)

	2016-2017	2015-2016
Total Assets	1,298,287,895	1,233,155,778
Non-Current Liabilities+Current Liabilities	139,588,925	146,247,389
Net Assets Value(NAV) including Revaluation surplus	**1,158,698,969**	**1,086,908,388**
Number of ordinary shares outstanding	89,163,525	80,327,500
Net Assets Value(NAV) Per Share including Revaluation surplus	**13.00**	**13.53**
Net Assets Value(NAV) excluding Revaluation surplus	**1,064,231,370**	**992,440,790**
Net Assets Value(NAV) Per Share excluding Revaluation surplus	**11.94**	**12.35**

28.00 Net Operating Cash flow per Share (NOCFPS)

Cash inflow/ (outflow) per share	**1.22**	**0.01**
The composition of cash inflow/(outflow) value per share is given below		
Operating cash flow during the year	109,220,370	869,027
Number of ordinary shares	89,163,525	89,163,525
	1.22	**0.01**

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

Turnover in BDT.	779,184,305	1,142,896,239
Turnover Quantity in pcs.	39,275,542	58,644,865

30.00 Information relating to Purchase, Production, Sale and Stock on Quantity Basis

Particulars	30-Jun-17 Total		30-Jun-16 Total	
Opening Stock				
Raw Materials	2235	MT	1,568	MT
Finished Goods	76	MT	66	MT
Purchase				
Raw Materials	3304	MT	5,505	MT
Production				
Finished Goods	3847	MT	5,648	MT
Closing Stock				
Raw Materials	2338	MT	2,235	MT
Finished Goods	96	MT	76	MT
Total available for Consumption/Sale				
Raw Materials	5539	MT	4,838	MT
Finished Goods	3923	MT	5,714	MT
Consumed/Sold				
Raw Materials	3201	MT	2,603	MT
Finished Goods	3826	MT	5,638	MT

31.00 Value of Import on CIF Basis

Import of raw materials (US Dollar)	4,956,375	12,450,375
Import of raw materials (BDT)	398,938,600	965,651,047

32.00 Value of Export on FOB Basis

Export of finished goods (US Dollar)	9,818,886	14,661,216
Export of finished goods (BDT)	774,536,205	1,138,129,029

33.00 Capacity and Capacity Utilization

Installed Capacity	Actual Capacity	Utilization
8.70 Crore Pieces of Different types of Bags	6.95 Crore Pcs	60.00%

34.00 General:

34.01 Capital Expenditure Commitment

There was no commitment for capital expenditure contracted or provided as on 30.06.2017.

34.02 Claims not Acknowledged

There is no claim against the Company acknowledged as debt as on 30.06.2017

34.03 Commission, Brokerage or Discount Against Sales

No commission, brokerage or discount was incurred or paid by the Company against sales during the year ended June 30, 2017

34.04 Directors Responsibility Statements

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

34.05 Employee Details:

i) During the year there were 428 employees employed for the full year and 162 employees less than the full year at a remuneration of Taka 4,000 per month and above.

ii) At the end of the period, there were 590 employees in the company.

ii) Each employees received salaries more than Tk. 5,000.00 per month

35.00 Event after the reporting period

Following events occurred since the balance sheet date:

(a) The board of directors recommended 10% stock dividend at the 75th Board meeting held on October 29, 2017 for the year ended June 30, 2017. This dividend is subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the company.

(b) Except for the fact stated above, no circumstances have arisen since the balance sheet date which would require adjustment to, or disclosure in, the financial statements or notes thereto.

36.00 Financial Risk Management

The management of company has overall for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risk for its use of financial instruments.

Credit Risk

Liquidity Risk

Market Risk

Credit Risk

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place that are controlled and monitored in accordance with terms and conditions prescribed in export letter of credit. As at 30th June 2016 the entire part of the receivables are related to export of goods and subject to insignificant credit risk. Risk exposures from other financial assets. i.e. Cash at bank and other external receivables are nominal.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity (cash and cash equivalents) is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligation through preparation of the cash flow forecast with due consideration of time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. In extreme stressed conditions the company may get support from the related company in the form of short term financing.

Market Risk

Market risk is the risk that any changes in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(a) Currency risk

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

(b) Interest rate risk

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

37.00 Authorization for issue

The financial statements were authorized for issue by the Board of Directors of the company on October 29, 2017.

Khan Brothers PP Woven Bag Industries Ltd.

KBG Tower (8th 9th Floor), 15 DIT Road, Malibagh Choudhurypara, Rampura, Dhaka 1219

Schedule of Property, Plant and Equipment

For the Year ended 30 June, 2017

Annexure A

Particulars	COST/REVALUATION			Rate of Dep.	DEPRECIATION			Written down value as at 30.06.2017	Written down value as on 30.06.2016
	As at 01.07.2016	Addition During the year	As at 30.06.2017		As at 01.07.2016	Addition During the year	As at 30.06.2017		
Land & Land Development	99,430,849	-	99,430,849	0%	-	-	-	99,430,849	99,430,849
Building & Other Construction	203,716,497	12,537,789	216,254,286	5%	36,293,195	8,998,055	45,291,249	170,963,037	167,423,302
Plant & Machinery	398,589,404	15,580,046	414,169,450	10%	127,951,911	28,621,754	156,573,665	257,595,785	270,637,493
Generator & Electric Equipment	57,782,068	-	57,782,068	15%	28,784,556	4,349,627	33,134,183	24,647,885	28,997,512
Motor Vehicle	4,651,303	-	4,651,303	20%	3,674,445	195,372	3,869,817	781,486	976,858
Office Decoration & Fittings	10,922,885	-	10,922,885	10%	2,416,534	850,635	3,267,169	7,655,716	8,506,351
Furniture & Fixture	4,869,065	-	4,869,065	10%	2,074,548	279,452	2,354,000	2,515,065	2,794,517
	779,962,071	**28,117,835**	**808,079,906**		**201,195,189**	**43,294,894**	**244,490,082**	**563,589,824**	**578,766,883**

Allocation of depreciation:

Admin	1,325,458
Manufacturing	41,969,435
	43,294,894

Note: Land & Land Development represents only Land.

AMAR STOCK

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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

PROXY FORM

I/We..... .... of..... .... being shareholders (s) of KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD. hereby appoint. Mr./Mrs./Ms. .... as my/our proxy to attend and vote for me/us and on my/our behalf at the 11TH ANNUAL GENERAL MEETING of the Company to be held on 21st December, 2017 at 10.30 am at KBG Tower, 5th Floor, 15 DIT Road, Malibagh Chowdhurypara, Dhaka-1219, Bangladesh As witness my/our hand this .... day of 2017

REVENUE STAMP (TK. 10.00)

Signature of Proxy
Folio No.....

Signature
Register Folio No. .....

NOTE:

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

KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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

PROXY FORM

I hereby record my attendance at the 11th Annual General Meeting being held on 21st December 2017 at 10.30 am at KBG Tower, 5th Floor, 15 DIT Road, Malibagh Chowdhurypara, Dhaka-1219,

Name of Member/Proxy.....

Register Folio No.....

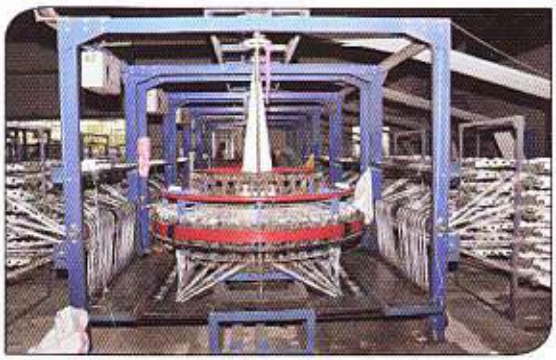
Signature

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











KHAN BROTHERS PP WOVEN BAG INDUSTRIES LTD.

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