

32 Annual Report
2010-11



JUTE SPINNERS LIMITED

JUTE SPINNERS LIMITED

Head Office : House No. 67/A (New), Road No. 9A(New), Dhanmondi R/A, Dhaka-1209
Telephone : 880-02-8113202,8116337, Web : www.jsl.shamsbd.com

REPORT AND ACCOUNTS 2010-2011

CONTENTS :		PAGE NO.
1.	Notice of 32nd Annual General Meeting	1
2.	Corporate Information	2
3.	Chairman's Report	3-4
4.	Director's Report	5-6
5.	Five Years Statistics	7
6.	Corporate Governance Compliance Status Report	8
7.	Audit Committee Report	9
8.	Value Added Statement	10
9.	Auditor's Report	11
10.	Statement of Financial Position as at 30th June,2011	12
11.	Statement of Comprehensive Income for the year ended 30th June,2011	13
12.	Statement of Changes in Equity	14
13.	Cash Flow Statement for the year ended 30th June,2011	15
14.	Notes to the Accounts	17-29
15.	Form of Proxy	31

JUTE SPINNERS LIMITED

Head Office : House No. 67/A, Road No. 9A (New)
Dhanmondi R/A, Dhaka-1209

THIRTY SECOND ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the Thirty Second Annual General Meeting of the Shareholders of **JUTE SPINNERS LIMITED** will be held in **The Institution of Diploma Engineers, Bangladesh**, 160/A, Kakrail VIP Road, Dhaka on Saturday the 10th December, 2011 at 10-00 a.m. to transact the following business :

AGENDA :

01. To confirm the proceedings of the Thirtyfirst Annual General Meeting of the company held on 18th December,2010.
02. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2011 together with the reports of Auditors and Directors thereon.
03. To elect Directors.
04. To confirm the appointment of new Director as per Board resolution held on 26th October,2011.
05. To consider the declaration of Dividend @ Tk. 20.00 per share of Tk. 100/= each.
06. To appoint auditors for the year 2011-2012 and to fix their remuneration.
07. To transact any other business of the Company with the permission of the Chair.

By order of the Board



A.T.M. Mostafa
Company Secretary

Dated : October 26, 2011

NOTES :

01. The Registers of Members and the share Transfer book/CDBL transaction of the Company will remain closed on November 13, 2011 and no share transfer will be effected on the day.
 02. A member entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on his/her behalf. The proxy form duly stamped must be deposited at the registered Office of the Company not later than 48 hours before the time fixed for the meeting.
-

JUTE SPINNERS LIMITED

Head Office : House No. 67/A, Road No. 9A (New)
Dhanmondi R/A, Dhaka-1209

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Shams-UI Huda	-	Chief Executive Officer
Mr. Muhammad Shams-Uz Zoha	-	Director
Mr. Muhammad Shams-UI Kadir	-	Director
Mrs. Shahida Hossain	-	Director
Mr. A.K.M Shahjahan	-	Independent Director

Chief Financial Officer

Mr. Md. Tofazzal Hossain Bhuiyan

Company Secretary

Mr. A.T.M. Mostafa

OTHER INFORMATION

Bankers

Janata Bank Ltd., Local Office

1, Dilkusha C/A, Dhaka-1000

Auditors

M.J. ABEDIN & CO

CHARTERED ACCOUNTANTS

National Plaza (3rd Floor)

109, Bir Uttam C.R. Datta Road

Dhaka - 1205, Bangladesh

Head Office

House No. 67/A (New), Road No. 9A (New)

Dhanmondi R/A, Dhaka-1209

Factory

BSCIC Industrial Estate

Shiromoni, Khulna

JUTE SPINNERS LIMITED

Head Office : House No. 67/A (New), Road No. 9A (New)
Dhanmondi R/A, Dhaka-1209

REPORT OF THE DIRECTORS

for the year ended 30th June 2011

Respected Shareholders,

The Directors have the pleasure in submitting their report and the audited accounts of the Company for the year ended 30th June 2011 together with the Auditor's Report thereon.

FINANCIAL RESULTS AND APPROPRIATION

	(in million taka)	
	<u>2011</u>	<u>2010</u>
Turnover	876.73	656.83
Less : Cost of Goods Sold	788.01	581.08
Gross Profit	88.72	75.75
Less: Expenses	78.88	66.29
Profit from Operation	9.84	9.46
Other Income	0.39	0.38
	10.23	9.84
Less: Contribution to Workers		
Profit Participation/Welfare Funds	0.49	0.47
Net Profit before tax	9.74	9.37
Less: Income tax	1.61	3.00
Deferred Tax (Income)/Expenses	(0.15)	0.03
Net Profit after tax	8.28	6.34
The Directors recommended the following appropriations:		
Proposed dividend		
For 2011 20% (in 2010 : 20%)	3.40	3.40
Retained earnings	4.88	2.94

DIRECTOR

Mr. Muhammad Shams-ul Haque, Chairman of the Company expired on 17th December, 2010 (Inna Lillahe wa inna elaihe razeun).

Mr. Muhammad Shams-uz Zoha, Director & Mr. Muhammad Shams-Ul Kadir, Director retires by rotation as per Articles 126 and 127 of the Articles of Association of the company and being eligible offer themselves for re-election.

Mrs. Shahida Hossain appointed as new Director of the Company as per Board resolution dated 26th October, 2011 subject to articles 113 and 115 of the Articles of Association to fill-up the vacancy as per SEC Notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February, 2006 and approval by the shareholders in 32nd AGM.

CORPORATE & FINANCIAL REPORTING

The Company has complied with all the requirements of Corporate Governance as required by the Securities and Exchange Commission. Accordingly the Directors are pleased to confirm the followings :

- (a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the result of its operations, cash flow and changes in equity.
- (b) Proper books of accounts of the Company have been maintained.
- (c) Appropriate Accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- (d) The International Accounting Standards, as applicable in Bangladesh, have been followed in the preparation of the financial statements.

(e) The systems of internal control are sound and have been effectively implemented and monitored.

(f) There are no significant doubts upon the Company's ability to continue as a going concern.

(g) There are no significant deviation in operating result of the Company compared to last year.

(h) The key operating and financial data for the last five years is Annexed.

(i) **DIVIDEND**

The Board of Directors is pleased to recommend Final Dividend @ Tk. 20/= (twenty) only per share of Tk. 100/= each on paid-up capital.

(j) **BOARD MEETING AND ATTENDANCE**

During the year, Seven Board Meetings were held. The attendance record of the Directors is as follows :

<u>Name of Directors</u>	<u>Meeting attended</u>
Late Mr. Muhammad Shams-ul Haque	3
Mr. Muhammad Shams-ul Huda	6
Mr. Muhammad Shams-uz Zoha	7
Mr. Muhammad Shams-ul Kadir	5
Mr. A.K.M. Shahjahan	7

(k) The pattern of shareholding is as follows :

CORPORATE GOVERNANCE COMPLIANCE REPORT

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

AUDITORS

M/S M.J. Abedin & Co., Chartered Accountants, National Plaza (3rd floor), 109 Bir Uttam C.R. Datta Road, Dhaka- 1205, will retire at this Annual General Meeting, being eligible offer themselves for re-appointment as Auditors of the Comapny for the year 2011-2012.

On behalf of the Board,



Muhammad Shams-ul Huda

Chief Executive Officer

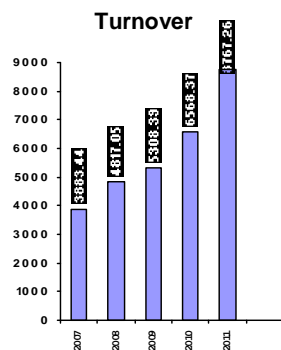
26th October 2011

Dhaka.

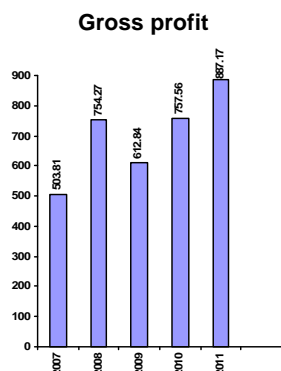
<u>Namewise details</u>	<u>Share held</u>	
(i) Parent/Subsidiary/Associate companies and other related parties :	Nil	
(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children :		
Late Mr. Muhammad Shams-ul Haque	Ex. Chairman	42,415
Mr. Muhammad Shams-ul Huda	Chief Executive Officer	8,030
Mr. Muhammad Shams-uz Zoha	Director	10,480
Mr. Muhammad Shams-ul Kadir	Director	660
Mrs. Shahida Hossain	Director	Nil
Chief Financial officer, spouse and minor children		Nil
Company Secretary, spouse and minor children		Nil
(iii) Executives		Nil
(iv) Shareholders holding ten percent		
(10%) or more voting in interest in the company		
Mrs. Hasina Begum		30,000
ICB Dhaka		22,594
NIFCO		22,685

Five Years Statistics

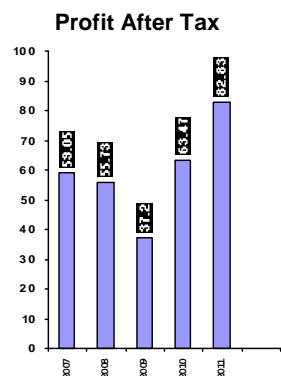
Figures in Lac Taka



Particulars	2011	2010	2009	2008	2007
Result of Operations :					
Turnover	8,767.26	6,568.37	5,308.39	4,817.05	3,883.44
Gross Profit	887.17	757.56	612.84	754.27	503.81
Operating Profit	408.14	370.25	330.55	276.75	264.77
Net Profit After Tax	82.83	63.47	37.20	55.73	59.05
Basic Earning per Share (inTaka)	48.72	37.33	21.88	32.78	34.74
Dividend Paid	34.00	34.00	34.00	34.00	34.00
Income Tax Paid	40.77	28.57	48.43	28.25	22.94



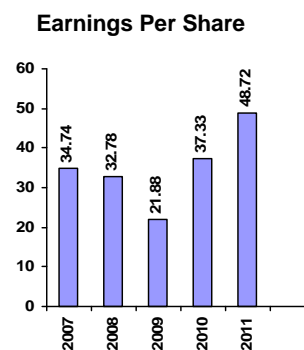
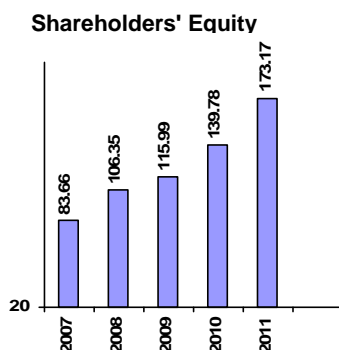
Financial Position :					
Total Assets	4,181.72	3,283.10	3,266.05	2,270.43	2,315.49
Fixed Assets-Gross	1,870.17	1,812.56	1,688.87	1,636.48	1,533.34
Fixed Assets-Net	697.58	724.15	680.21	698.20	670.60
Financial Assets	405.15	420.69	439.09	346.26	287.85
Reserve & Surplus	3.17	-30.22	-54.01	-63.65	-86.34
Gross Working Capital	3,484.14	2,558.95	2,620.21	1,572.24	1,644.88
Net Working Capital	249.76	197.21	234.03	307.54	345.00
Authorized Capital	350.00	350.00	350.00	350.00	350.00
Share Holders' Equity	173.17	139.78	115.99	106.35	83.66
Paid up Capital	170.00	170.00	170.00	170.00	170.00
Total Long Term Debt	780.13	793.46	810.41	914.14	951.80
Deferred Tax Assets/(Liability)	13.37	11.88	12.17	14.76	19.85



Key Financial Ratio, Figures and Market Data :					
Current Ratio	1.08	1.08	1.10	1.17	1.28
Debt Equity Ratio	22.23	22.57	27.55	20.49	26.91
Return on Investment	9.39%	6.80%	4.02%	5.93%	6.61%
Shareholders Equity per Share (in Tk.)	101.86	82.22	68.23	62.56	49.21
Market Value per Share (in Tk.)	1,493.00	1,218.00	733.00	860.00	330.00
Price Earning Ratio (Based on DSE Price) (Time)	30.64	32.63	33.50	24.04	8.20

Other :					
Number of shares	170,000	170,000	170,000	170,000	170,000
Number of shareholders	357	357	304	294	294
Production (Qnty in MT)	9,929	9,784	9,190	9,582	8,013
Export (Qnty in MT)	9,753	8,959	9,452	10,211	7,234

Total Employees :					
Officers	64	52	55	59	48
Staff	119	128	112	112	103
Workers	1,293	1,275	1,295	1,301	1179



Corporate Governance Compliance Status Report

Status of compliance with the conditions imposed by the
Commission's Notification No. SEC/CMRRCD/2006/158/Admin/02-08 dated 20th February 2007 issued
under section 2CC of the Securities and Exchange Ordinance, 1969. (Report under Condition No. 5.00)

Condition No.	Title	Compliance status		Explanation for non-compliance
		complied	Not complied	
1.1	Board's Size	✓		
1.2(l)	Independent Directors	✓		
1.3	Chairman & Chief Executive officer	✓		
1.4(a)	Directors Report on financial Statements	✓		
1.4(b)	Books of Accounts	✓		
1.4©	Accounting Policies	✓		
1.4(d)	IAS Applicable in Bangladesh	✓		
1.4(e)	System of Internal Control	✓		
1.4(f)	Going Concern	✓		
1.4(g)	Deviation in Operating Results	✓		
1.4(h)	Key Operating and Financial Data	✓		
1.4(i)	Declaration of Dividend	✓		
1.4(j)	Number of Board Meetings	✓		
1.4(k)	Pattern of Shareholdings	✓		
2.1	CFO & CS Appointment	✓		
2.2	Board Meeting Attendance	✓		
3.00	Audit Committee	✓		
4.00	External / Statutory Auditors	✓		



AUDIT COMMITTEE REPORT

Constituted as under :

- | | |
|---------------------------------|------------|
| 01. Mr. Muhammad Shams-Uz Zoha | - Chairman |
| 02. Mr. Muhammad Shams-UI Kadir | - Member |
| 03. Mr. A.K.M Shahjahan | - Member |

Altogether 4 meetings of the Audit Committee were held in 2010-2011.

The following matters were discussed in the meetings and decisions taken were communicated to the Board of Directors.

01. Review of the annual financial statement of 2010-2011.
02. Review of the half-yearly report of half year ended on 31st December 2010.
03. Review of the 1st & 3rd Quarter report for the period ended 30th September, 2010 and 31st March,2011 respectively.
04. Review of internal audit reports.

Dated, Dhaka
26th October,2011.



Chairman
Audit Committee



Value Added Statement

For the year ended 30th June 2011

PARTICULARS	2010-2011		2009-2010	
	Taka	%	Taka	%
VALUE ADDED				
Turnover	929,880,015		695,650,665	
Bought-in materials and services	(794,296,947)		(570,618,652)	
Other Income	391,716		381,017	
	135,974,784	100.00%	125,413,030	100.00%
APPLICATIONS				
To Directors as Remuneration	2,130,968	1.57%	2,520,000	2.01%
To Employees-as Salaries,Wages & Benefit	85,629,179	62.97%	78,549,334	62.63%
To Providers of Loan-as interest & Charges	30,973,994	22.78%	27,461,947	21.98%
To Govt. Fund as Income Tax	1,610,381	1.18%	3,000,000	2.39%
To Providers of Capital as Dividend	3,400,000	2.50%	3,400,000	2.71%
	123,744,522	91.01%	114,931,281	91.72%
Retained for Business & Depreciation	12,230,262	8.99%	10,381,749	8.28%
	135,974,784	100.00%	125,313,030	100.00%

M.J. ABEDIN & CO.
Chartered Accountants

**AUDITORS' REPORT TO THE SHAREHOLDERS
OF
JUTE SPINNERS LIMITED**

Introduction

We have audited the accompanying financial statements of **Jute Spinners Limited** which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 International Standards on Auditing (ISA) and Bangladesh Standards on Auditing (BSA). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 assessment, 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 indicates 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.

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

Opinion

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRSs) and Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 30 June 2011, and of the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also 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 from our examination of those books;
- (c) the statement of financial position (balance sheet) and statement of comprehensive income (profit and loss account) 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
October 26, 2011**

**M. J. ABEDIN & CO
Chartered Accountants**

JUTE SPINNERS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE, 2011

Amount in Taka

NET ASSETS:	Notes	30-Jun-11	30-Jun-10
Non - Current Assets:			
Property, Plant and Equipment-Carrying Value	4	69,758,024	72,414,705
Deferred Tax Asset	5	1,336,848	1,188,161
Current Assets:		348,414,332	255,895,133
Inventories	6	280,656,746	197,565,052
Advances, Deposits and Pre-payments	7	27,242,164	16,261,106
Accounts and Other Receivables	8	19,594,956	19,585,582
Cash and Cash Equivalents	9	20,920,466	22,483,393
Current Liabilities and Provisions:		323,307,448	236,174,104
Short Term Loans	10	205,557,019	160,228,895
Accounts Payable		96,466,971	53,576,585
Accrued Expenses		14,037,447	13,778,783
Liabilities for Other Finance		2,382,301	1,854,842
Provision for Income Tax		4,610,381	6,436,750
Un-claimed Dividend		253,329	298,249
Net Current Assets		25,106,884	19,721,029
		Tk. 96,201,756	93,323,895
FINANCED BY:			
Shareholders' Equity:			
Share Capital	11	17,000,000	17,000,000
Retained Earnings		316,929	(3,022,469)
Non-Current Liabilities		78,884,827	79,346,364
Deferred Liabilities	12	70,680,664	62,983,697
Long Term Loan	13	8,204,163	16,362,667
		Tk. 96,201,756	93,323,895

The Notes are integral part of the Financial Statements.

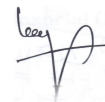
Approved and authorized for issue by the board of directors on 26 October 2011 and signed for and on behalf of the board:



Chief Executive Officer



Director



Chief Financial Officer

As per our annexed report of even date

Dated : Dhaka
26 October, 2011

M.J. ABEDIN & CO.
Chartered Accountants

JUTE SPINNERS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE, 2011

		Amount in Taka	
	<u>Notes</u>	<u>2010 - 2011</u>	<u>2009 - 2010</u>
Turnover	14	876,725,792	656,836,533
Cost of Goods Sold	15	<u>(788,009,019)</u>	<u>(581,080,751)</u>
Gross Profit		88,716,773	75,755,782
Operating Expense		(47,902,631)	(38,730,574)
Administrative Expenses	16	<u>28,861,994</u>	<u>21,677,436</u>
Selling & Distribution Expenses	17	<u>19,040,637</u>	<u>17,053,138</u>
Operating Profit		40,814,142	37,025,208
Financial Expenses	18	(30,973,994)	(27,561,947)
Other Income	19	<u>391,716</u>	<u>381,017</u>
Profit Before WPP & WF and Tax		10,231,864	9,844,278
Provision for Worker's Profit Participation and Welfare Funds		<u>(487,232)</u>	<u>(468,775)</u>
Profit Before Tax		9,744,632	9,375,503
Provision for Tax :			
Current Tax		(1,610,381)	(3,000,000)
Deferred Tax		<u>148,687</u>	<u>(28,941)</u>
Profit After Tax for the Year		8,282,938	6,346,562
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		8,282,938	6,346,562
Earning Per Share (of Tk 100 each)		48.72	37.33
Number Of Shares used to compute EPS		170,000	170,000

The Notes are integral part of the Financial Statements.


Approved and authorized for issue by the board of directors on 26 October 2011 and signed for and on behalf of the board:



Chief Executive Officer



Director



Chief Financial Officer

As per our annexed report of even date

Dated : Dhaka
26 October, 2011

M.J. ABEDIN & CO.
Chartered Accountants

JUTE SPINNERS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE, 2011

Amount in Taka

Particulars	Share Capital	Retained Earnings	Proposed Dividend	Total
Balance on 1 July, 2010	17,000,000	(3,022,469)	-	13,977,531
Dividend for 2009-10	-	(3,400,000)	-	(3,400,000)
Short Provision of Income Tax (30.06.2009)	-	(1,543,540)	-	(1,543,540)
Total Comprehensive Income for The Year	-	0	-	0
Balance on 30 June, 2011 Tk.	17,000,000	(7,966,009)	-	9,033,991
Balance on 30 June, 2010 Tk.	17,000,000	(3,022,469)	-	13,977,531

Weighted Average Number of Shares	170,000
Net Asset Value (NAV) per Share	101.86

The Notes are integral part of the Financial Statements.

Approved and authorized for issue by the board of directors on 26 October 2011 and signed for and on behalf of the board:



Chief Executive Officer



Director



Chief Financial Officer

As per our annexed report of even date

Dated : Dhaka
26 October, 2011

M.J. ABEDIN & CO.
Chartered Accountants

JUTE SPINNERS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE, 2011

Amount in Taka

	2010 - 2011	2009 - 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection from turnover and other income	930,202,357	707,431,530
Payments for costs and expenses	(886,192,275)	(649,629,215)
Interest paid on short term borrowings	(24,097,456)	(22,474,998)
Income Tax paid	(4,076,718)	(2,856,747)
Net Cash provided from operating activities	15,835,908	32,470,570
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(6,382,870)	(12,368,844)
Disposal of Asset	60,000	-
Net cash used in investing activities	(6,322,870)	(12,368,844)
CASH FLOWS FROM FINANCIAL ACTIVITIES		
Bank loan (Decrease)/Increase	(8,158,504)	(8,262,387)
Dividend paid	(3,444,920)	(3,341,583)
Liabilities for other finance	527,459	1,061,649
Net cash Generated from financing activities	(11,075,965)	(10,542,321)
Increase/(Decrease) in cash & cash equivalents	(1,562,927)	9,559,405
Cash and cash equivalent on opening	22,483,393	12,923,988
Cash and Cash Equivalent on Closing	Tk. 20,920,466	22,483,393
Net Operating Cash Flow Per Share	93.15	191.00

The Notes are integral part of the Financial Statements.

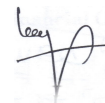
Approved and authorized for issue by the board of directors on 26 October 2011 and signed for and on behalf of the board:



Chief Executive Officer



Director



Chief Financial Officer

As per our annexed report of even date

Dated : Dhaka
26 October, 2011

M.J. ABEDIN & CO.
Chartered Accountants

Amount in Taka

5.0 DEFERRED TAX ASSET - Tk. 1,336,848:

(a) Deferred tax assets are arrived at as follows :

	<u>2010 - 2011</u>	<u>2009 - 2010</u>	<u>2008 - 2009</u>
Taxable Temporary Difference			
Book Value of Depreciable Fixed Assets Less Land	61,776,164	64,432,746	60,038,772
Less : Tax Base	<u>(42,588,568)</u>	<u>(45,973,774)</u>	<u>(43,856,723)</u>
	<u>19,187,596</u>	<u>18,458,972</u>	<u>16,182,049</u>
Deductible Temporary Difference			
Book Value of Gratuity payable	28,099,913	26,380,145	24,296,061
Less : Tax Base	-	-	-
	<u>28,099,913</u>	<u>26,380,145</u>	<u>24,296,061</u>
Net Taxable Temporary Difference	<u>8,912,317</u>	<u>7,921,073</u>	<u>8,114,012</u>
Effective Tax Rate	15%	15%	15%
Deferred Tax Asset	<u>1,336,848</u>	<u>1,188,161</u>	<u>1,217,102</u>

(b) Deferred Tax Income / (Expenses) is arrived at as follows :

Closing Deferred Tax Asset	1,336,848	1,188,161	1,217,102
Opening Deferred Tax Asset	<u>1,188,161</u>	<u>1,217,102</u>	<u>1,475,565</u>
Deferred Tax Income / (Expenses)	Tk. <u>148,687</u>	<u>(28941)</u>	<u>(258463)</u>

(c) Deferred Tax Expenses of 2010 Tk. 28,941

This represents decrease in deferred tax asset in 2010 in comparison to 2009.

(d) Deferred Tax Income of 2011 Tk. 148,687

This represents increase in deferred tax asset in 2011 in comparison to 2010.



Amount in Taka

6.0 INVENTORIES - TK. 280,656,746 :

	<u>2010 - 2011</u>	<u>2009 - 2010</u>
This consists of as follows:		
Raw Jute	149,174,740	102,768,061
Work-in Process	24,818,847	17,569,064
Finished Goods	95,625,375	67,163,575
Stores and Spares (.01)	11,037,784	10,064,352
Tk.	<u>280,656,746</u>	<u>197,565,052</u>

.01 STORES & SPARES - TK. 11,037,784 :

This consists of as follows :

Construction Materials	371,241	136,323
Mechanical Spare Parts	5,984,573	5,956,930
Electric Equipment	362,994	348,149
Ball Bearing & Bearing Block	748,281	563,943
Fuel, Lubricants & Chemical	1,750,358	1,562,214
Work-shop materials	231,353	196,900
Packing Materials	1,221,400	1,024,972
Printing & Stationery	279,827	253,367
Miscellaneous & General Stores	87,757	21,554
Tk.	<u>11,037,784</u>	<u>10,064,352</u>

7.0 ADVANCES, DEPOSITS & PRE-PAYMENTS - TK. 27,242,164 :

This is considered good and consists of as follows:

Loans & Advances	25,728,418	15,667,777
Deposits	1,154,068	322,203
Pre-payments	359,678	271,126
Tk.	<u>27,242,164</u>	<u>16,261,106</u>

- .01 There are no collateral securities against loans and advances.
- .02 Loans and advances includes an aggregate sum of Tk. 3,933,875 (2010 - Tk. 3,704,089) lent out to the employees of the company of which Tk. 2,133,200 (2010 - Tk. 1,769,280) was due from officers. Maximum amount due from officers during the year under audit was Tk. 2,133,200 on 30-06-2011 (2010 - Tk. 1,838,280 on 30.09.2009).
- .03 Loans and advances also includes an agregate sum of Tk. 8,280,675 being payment of income tax against the assessment year 2006-2007 to 2011-2012.
- .04 No amount was due by the directors (including Chief Executive Officer) of the company severally or jointly with any other person.
- .05 No amount was due by the associated undertaking.

Amount in Taka

8.0 ACCOUNTS AND OTHER RECEIVABLES : TK. 19,594,956 :

This consists of as follows :

Trade Debtors (.01)	3,243,167	3,233,793
Insurance claim receivable (.02)	16,351,789	16,351,789
Tk.	19,594,956	19,585,582

01. This is considered good.

02. This represents insurance claim receivable from United Insurance Co. Ltd. in respect of loss of Raw Jute, Finished Goods and Godown burnt by fire during the year 1989-90. The company filed a Money suit against the Insurance Company for non-payment of claim and the case is finalised by the Learned 3rd Sub-Judge Court, Dhaka (Case No.63/91) favouring the company. But the Insurance Company filed an appeal with the High court against the verdict.

9.0 CASH AND CASH EQUIVALENTS - TK. 20,920,466:

This consists of as follows:

In hand	655,513	2,351,923
---------	---------	-----------

With Bank in:

Janata Bank Ltd. Local Office, Dhaka CD A/C. No. 8909	2,662,744	221,819
Janata Bank Ltd. Khulna Corporate Branch CD A/C. No.0732	17,385,252	17,511,532
Prime Bank Ltd. Motijheel Branch, Dhaka CD A/C. No. 0506	20,078	2,132,463
Prime Bank Ltd. Motijheel Branch, Dhaka CD A/C. No. 0530	84,285	131,693
Janata Bank Ltd. E.R.Q. A/C. No. 22	112,594	133,963
Tk.	20,920,466	22,483,393

10.0 SHORT TERM LOANS - TK. 205,557,019 :

This represents :

Secured Loan from Janata Bank Ltd. in:

.01 Hypothecation Account No. 37001967	197,429,019	151,143,792
.02 LTR A/C. No. 31004892	-	957,103
.03 Current Portion of Long Term Loans A/C. No. 37003815	8,128,000	8,128,000
Tk.	205,557,019	160,228,895

.01 This loan is secured against hypothecation of stock of Raw Jute, Work-in process, Finished Goods, Stores and Spares.**11.0 SHARE CAPITAL - TK. 17,000,000****Authorized:**

350,000 ordinary shares of Tk.100/- each	35,000,000	35,000,000
--	-------------------	-------------------

Issued, Subscribed and Paid-up:

170,000 ordinary shares of Tk.100/- each fully Paid-up in cash	17,000,000	17,000,000
--	-------------------	-------------------

a) The break-up of share holding is as follows:

Shareholdings	2010 - 2011		2009 - 2010	
	Shares	Percentage	Shares	Percentage
Directors	61,555	36.21%	61,555	36.21%
ICB	24,549	14.44%	26,299	15.47%
Financial Institutions	40,265	23.69%	40,455	23.80%
General Public & Others	43,631	25.66%	41,691	24.52%
	170,000	100.00%	170,000	100.00%

- b) The distribution showing the numbers of shareholders and their share holdings in percentage on 30.06.2011 is as follows:

<u>Range of Holdings</u>	<u>Persons</u>	<u>Number</u>	<u>Percentage</u>
Less than 500	345	14,291	8.41%
501 - 5000	6	17,595	10.35%
5001 - 10000	1	8,015	4.71%
10001 - 20000	1	10,465	6.16%
20001 - 30000	3	77,219	45.42%
30001 - 40000	-	-	-
40001 - 50000	1	42,415	24.95%
	<u>357</u>	<u>170,000</u>	<u>100.00%</u>

- c) The shares are listed with Dhaka Stock Exchange Ltd. and quoted at Tk. 1,493.00 on 30.06.2011 (2010 - Tk. 1,218.00).

d) **Option on un-issued shares:**

There is no option regarding authorized capital not yet issued but can be issued to increase the issued, subscribed and paid-up capital through the issuance of new shares against cash contribution and bonus.

12. DEFERRED LIABILITIES - TK. 70,680,664 :

Amount in Taka

This consists of as follows :

	<u>2010 - 2011</u>	<u>2009 - 2010</u>
WPP and WF	42,576,974	36,599,776
Gratuity Payable	28,099,914	26,380,145
Provident Fund	3,776	3,776
Tk	<u>70,680,664</u>	<u>62,983,697</u>

13. LONG TERM LOANS - TK. 8,204,163 : (2010-Tk. 16,362,667)

This represents part of cash credit loan from Janata Bank Ltd. Local Office, Dhaka under A/C. No. 37003815 which has been blocked with a fresh repayment schedule. According to the new repayment schedule, the loan will be repaid in 10 years with a grace period of 2 (two) years from July, 2005. The rate of interest on loan is 3% per annum.

14. TURNOVER - TK. 876,725,792:

This consists of as follows :

	<u>Qty/MT</u>	<u>2010 - 2011</u>	<u>2009 - 2010</u>
Foreign Sales	9,753.33	860,925,334	645,541,204
Less: Ocean Freight	-	51,611,091	37,673,732
	<u>9,753.33</u>	<u>809,314,243</u>	<u>607,867,472</u>
Less : Sales Commission	-	1,543,132	1,140,400
	<u>9,753.33</u>	<u>807,771,111</u>	<u>606,727,072</u>
Add: Subsidy Earned	-	68,954,681	50,109,461
Total :	<u>9,753.33</u>	<u>876,725,792</u>	<u>656,836,533</u>

15.00 COST OF GOODS SOLD - TK. 788,009,019 :

This is made up as follows :

<u>Particulars</u>	<u>Qty/MT</u>	<u>2010 - 2011</u>	<u>2009 - 2010</u>
Work-in Process (Opening)	389.23	17,569,065	16,866,337
Raw Jute Issued (.01)	10,577.85	672,037,733	486,682,485
Other Direct mat.consumed (.02)		29,993,898	29,889,793
		<u>719,600,696</u>	<u>533,438,615</u>
Work-in Process (Closing)	440.80	(24,818,847)	(17,569,064)
		<u>694,781,849</u>	<u>515,869,551</u>
Manufacturing overhead (.03)		121,688,970	115,774,500
COST OF PRODUCTION:	9,928.99	816,470,819	631,644,051
Finished Goods (Opening)	1,115.97	67,163,575	17,294,138
		<u>883,634,394</u>	<u>648,938,189</u>
Adjustment (Damaged Goods)		-	693,863
Finished Goods (Closing)	1,273.78	(95,625,375)	(67,163,575)
		Tk. <u>788,009,019</u>	<u>581,080,751</u>

.01 RAW JUTE ISSUED - TK. 672,037,733 :

This is made up as follows:

<u>Particulars</u>	<u>Qty/MT</u>		
Opening Stock	2,235.050	102,768,061	158,752,767
Add: Purchase	11,326.290	718,444,412	430,697,779
	13,561.340	821,212,473	589,450,546
Less: Closing Stock	2,983.490	149,174,740	102,768,061
	<u>10,577.850</u>	<u>672,037,733</u>	<u>486,682,485</u>

.02 OTHER DIRECT MATERIALS CONSUMED - TK. 29,993,898 :

This is made up as follows:

<u>Particulars</u>		
Opening Stock	864,956	2,842,524
Purchase	30,270,603	27,912,225
Closing Stock	(1,141,661)	(864,956)
	Tk. <u>29,993,898</u>	<u>29,889,793</u>

Consumption represents 100% locally procured materials.

Amount in Taka

.03 MANUFACTURING OVERHEAD - TK. 121,688,970:

	<u>2010 - 2011</u>	<u>2009 - 2010</u>
This consists of as follows :		
Salary, wages, allowances etc.	74,646,895	68,890,097
Spare's Consumed & repairs	17,915,212	17,373,486
Depreciation	8,398,266	7,549,397
Insurance	2,006,879	2,369,017
Power and fuel	15,607,224	16,819,093
Rent, rates and taxes	688,247	506,656
Handling and carrying	595,861	587,024
Utilities	205,975	203,684
Welfare expenses	234,981	159,596
Travelling and conveyance	304,131	264,719
Telephone, fax, postage & e-mail	86,430	97,016
Entertainment	279,372	296,667
Printing and stationery	282,754	263,437
Stores carrying	436,743	394,611
Tk.	<u>121,688,970</u>	<u>115,774,500</u>

a) Salary, wages and allowances includes the following :

Bonus	4,831,920	5,412,464
Gratuity	3,351,281	2,756,268

b) Category-wise information in respect of salary/wages of employees/workers:

Below Tk. 3,000	1,225 Nos	1,253 Nos
Tk. 3,000 and above	209 Nos	160 Nos

16. ADMINISTRATIVE EXPENSES - TK. 28,861,994 :**This consists of as follows :**

Directors' remuneration	2,130,968	2,520,000
Salary and allowances	10,982,284	9,190,462
Printing and stationery	466,226	350,905
Depreciation	641,285	425,373
Travelling and conveyance	7,476,212	5,046,904
Telephone, fax, postage & e-mail	652,879	512,111
Entertainment	305,710	244,026
Car maintenance	1,027,061	784,220
Licence renewal fees etc.	643,390	448,808
Audit fees (Statutory) including VAT	83,600	83,600
Cost Audit Fees	50,000	50,000
Advertisement	305,165	225,650
AGM Expenses	217,725	165,195
Rent, rates and taxes	1,637,006	241,909
Group Insurance Premium	246,745	217,981
Computer expenses	162,340	101,425
Repairs and maintenance	786,407	429,941
Utilities	565,464	357,395
News Paper & Periodicals	6,980	-
Training Expenses	11,865	12,000
Welfare expenses	462,682	269,531
Tk.	<u>28,861,994</u>	<u>21,677,436</u>

Amount in Taka

	<u>2010 - 2011</u>	<u>2009 - 2010</u>
a) Salary and allowances include the following :		
Bonus	784,860	630,480
Gratuity	905,040	827,100
b) Category-wise information in respect of Salary of employees:		
Below Tk. 3,000	NIL Nos.	4 Nos
Tk. 3,000 and above	42 Nos.	38 Nos

17. SELLING & DISTRIBUTION EXPENSES - TK. 19,040,637 :

This consists of as follows :

Inland freight	1,140,614	926,526
C&F expenses	2,110,718	2,040,736
FCC and collection expenses	2,598,682	1,834,372
Truck hire on export of finished goods	8,079,585	7,718,418
Overdue interest	4,250,733	3,498,285
Govt. Revenue on export	820,081	624,797
Marine Insurance	18,444	380,574
Custom & Excise	21,780	29,430
Tl	<u>19,040,637</u>	<u>17,053,138</u>

18. FINANCIAL EXPENSES - TK. 30,973,994 :

This consists of as follows :

Interest on Cash Credit (Hypo)	23,479,966	21,613,323
Interest on Cash Credit (Blocked) A/C	613,395	861,675
Interest on LTR A/C.	4,095	-
Bank & other charges	1,319,064	1,009,292
Int.on Profit Participation Fund	5,489,966	4,014,556
VAT on P.O. commission	67,508	63,101
Tk.	<u>30,973,994</u>	<u>27,561,947</u>

19. OTHER INCOME - TK. 391,716 :

This consists of as follows :

Sale of various rejected goods	391,716	381,017
Tk.	<u>391,716</u>	<u>381,017</u>

20. EARNINGS PER SHARE (EPS)

EPS and it's components have been defined in note 3.10

The computation of EPS is given below:

a) Earning attributable to the ordinary shares	Tk.	8,282,938	6,346,562
b) Weighted average number of ordinary shares outstanding during the year		170,000	170,000
c) EPS (a / b)	Tk.	48.72	37.33

21. PAYMENT/PERQUISITES TO DIRECTORS & OFFICERS

a) The aggregate amount paid/provided during the year in respect of Directors and Officers are disclosed below:

Particulars	2010 - 2011		2009 - 2010	
	Directors'	Officers'	Directors'	Officers'
Basic	1,300,645	3,773,667	1,560,000	3,523,200
Bonus	-	487,000	-	459,200
House Rent allowance	622,742	1,799,833	720,000	1,719,600
Conveyance allowance	-	321,742	-	330,852
Medical allowance	-	300,525	-	283,392
Allowance	207,581	-	240,000	-

b) The rate of Board meeting attendance fees is Tk.100/- per Director per meeting but no such amount was drawn by any director of the company during the year under review.

22. PRODUCTION CAPACITY & ACTUAL PRODUCTION

Particulars	2010 - 2011	2009 - 2010
	<u>MT</u>	<u>MT</u>
Production Capacity	10,946.20 MT	10,605.00 MT
Actual Production	9,928.99 MT	9,783.72 MT

Reason of short fall i) Power failure.
 ii) Light Count production

23. CAPITAL EXPENDITURE COMMITMENT

- a) There is no capital expenditure contracted but not incurred or provided for at 30th June, 2011.
b) There was no material capital expenditure authorized by the Board but not contracted for at 30th June, 2011.

24. There was no sum for which the company is contingently liable as on 30th June, 2011.

25. There were no credit facilities available to the company under any contract, other than trade credit available in the ordinary course of business and not availed of as on 30.06.2011.

26. No payments have been made in foreign currency for royalty, technical experts and professional advisory fee, interest etc.

27. There were no non-resident shareholders.

28. FOREIGN EXCHANGE EARNING

The company earned Tk. **860,925,334** in foreign currency through export.

29. PROPOSED DIVIDEND - Tk. 3,400,000

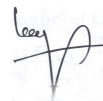
This represents dividend of Tk. 20/= (twenty) per share recommended by the Board of Directors subject to the approval of the Shareholders in the annual general meeting.



Chief Executive Officer



Director



Chief Financial Officer

Complite