



**ANNUAL
REPORT**
2018-2019



SAIHAM COTTON MILLS LTD.
সায়হাম কটন মিলস্ লিমিটেড



FINANCIAL

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TRANSMITTAL LETTER

To
All 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, 2019.

Dear Sir(s),
We are pleased to enclose a copy of the Annual Report containing Directors' Report and Auditors' Report along with the Audited Financial Statements Comprising Financial Position as at June 30, 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash flows for the year ended June 30, 2019 along with notes thereon of Saiham cotton Mills Ltd. for your kind information and record.

Yours Sincerely

Sd/
(Md. Sahinur Kabir, ACS)
Company Secretary



EVENT HIGHLIGHTS



Achievement

Mr. S.M. Faisal, Chairman of Saiham Cotton Mills Ltd. receiving the longest period tax payer award from Finance Minister AHM Mustafa Kamal MP.



SAIHAM COTTON MILLS LTD.

IS ACREDITATED

BY THE FOLLOWING

CERTIFICATING AGENCIES



SAIHAM COTTON MILLS LTD.


 CU Inspections & Certifications India Pvt. Ltd.
 Plot No. C-113, TTC Industrial Area, Pawane MIDC, 400709, Navi Mumbai, Maharashtra, India
 +91 22 61294200
 www.petersoncontrolunion.com

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

Certificate No: CU833007GOTS-2018-0004569
 Registration No: 833007

Control Union Certifications declares that
Saiham Cotton Mills Ltd.
 House: 34, Road - 136, Gulshan-01,
 1212 Dhaka
 Bangladesh

has been inspected and assessed in accordance with the
Global Organic Textile (GOTS) 5.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operators as detailed in the annex) for certified products
Spinning, Storing, Importing, Exporting, Trading

This certificate is valid until:
 2019-11-26

Place and date of issue	Stamp of the issuing body	Standard's Logo
 2018-11-27, Navi Mumbai Name of authorized person: On behalf of the Managing Director Syeda Tabassum Certifier	 Logo of the accreditation body: 	

Accredited by International Organic Accreditation Services (IOAS) Contract No. 81
CONTROLUNION | **CU Inspections & Certifications India Pvt. Ltd.**
 POST - Plot No. C-113, TTC Industrial Area, Pawane MIDC, - 400709 - Navi Mumbai - Maharashtra, India
 T : +91 22 61294200 | F : +91 22 61294200 | www.petersoncontrolunion.com | www.petersoncontrolunion.com

This electronically issued document is the valid original version.


 CU Inspections & Certifications India Pvt. Ltd.
 22nd Floor, Arihant Aura, TTC Industrial Area, Turbhe MIDC, Opposite Turbhe Station, 400705, Navi Mumbai, Maharashtra, India
 +91 22 61294200
 www.petersoncontrolunion.com

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

Certificate No: CU833007GRS-2019-00017194
 Registration No: 833007

Control Union Certifications declares that
Saiham Cotton Mills Ltd.
 House: 34, Road - 136, Gulshan-01,
 1212 Dhaka
 Bangladesh

has been inspected and assessed in accordance with the
Global Recycled Standard (GRS) 4.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operators as detailed in the annex) for certified products
Spinning, Storing, Importing, Trading, Exporting

This certificate is valid until:
 2020-09-15
 This certificate is valid from:
 2019-09-16

Place and date of issue	Stamp of the issuing body	Standard's Logo
 2019-09-16, Navi Mumbai Name of authorized person: On behalf of the Managing Director Surara Lima Certifier	 Logo of the accreditation body: 	

This certificate cannot be used as a transaction certificate. The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. Accredited by International Organic Accreditation Services (IOAS) Contract No. 81
CONTROLUNION | **CU Inspections & Certifications India Pvt. Ltd.**
 POST - 22nd Floor, Arihant Aura, TTC Industrial Area, Turbhe MIDC, Opposite Turbhe Station, Maharashtra, India
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 22nd Floor, Arihant Aura, TTC Industrial Area, Turbhe MIDC, Opposite Turbhe Station, 400705, Navi Mumbai, Maharashtra, India
 +91 22 61294200
 www.petersoncontrolunion.com

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

Certificate No: CU833007OCS-2019-00015856
 Registration No: 833007

Control Union Certifications declares that
Saiham Cotton Mills Ltd.
 House: 34, Road - 136, Gulshan-01,
 1212 Dhaka
 Bangladesh

has been inspected and assessed in accordance with the
Organic Content Standard (OCS) 2.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operators as detailed in the annex) for certified products
Spinning, Storing, Exporting, Importing, Trading

This certificate is valid until:
 2020-09-02
 This certificate is valid from:
 2019-09-03

Place and date of issue	Stamp of the issuing body	Standard's Logo
 2019-09-03, Navi Mumbai Name of authorized person: On behalf of the Managing Director Zinat Jui Certifier	 Logo of the accreditation body: 	

This certificate cannot be used as a transaction certificate. The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. Accredited by International Organic Accreditation Services (IOAS) Contract No. 81
CONTROLUNION | **CU Inspections & Certifications India Pvt. Ltd.**
 POST - 22nd Floor, Arihant Aura, TTC Industrial Area, Turbhe MIDC, Opposite Turbhe Station, Maharashtra, India
 T : +91 22 61294200 | F : +91 22 61294200 | www.petersoncontrolunion.com | www.petersoncontrolunion.com

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 CU Inspections & Certifications India Pvt. Ltd.
 22nd Floor, Arihant Aura, TTC Industrial Area, Turbhe MIDC, Opposite Turbhe Station, 400705, Navi Mumbai, Maharashtra, India
 +91 22 61294200
 www.petersoncontrolunion.com

CERTIFICATE OF COMPLIANCE

(Scope Certificate)

Certificate No: CU833007RCS-2019-00016507
 Registration No: 833007

Control Union Certifications declares that
Saiham Cotton Mills Ltd.
 House: 34, Road - 136, Gulshan-01,
 1212 Dhaka
 Bangladesh

has been inspected and assessed in accordance with the
Recycled Claim Standard (RCS) 2.0

and that products of the categories as mentioned below (and further specified in the annex) comply with this standard:

Yarns

Processing steps / activities carried out under responsibility of the above-mentioned company (by the operators as detailed in the annex) for certified products
Storing, Spinning, Trading, Exporting, Importing

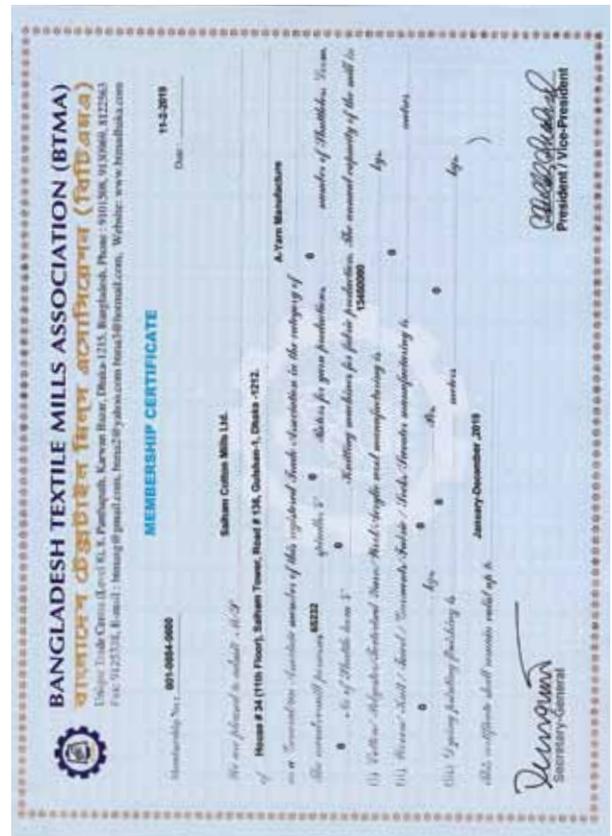
This certificate is valid until:
 2020-09-08
 This certificate is valid from:
 2019-09-08

Place and date of issue	Stamp of the issuing body	Standard's Logo
 2019-09-09, Navi Mumbai Name of authorized person: On behalf of the Managing Director Zinat Jui Certifier	 Logo of the accreditation body: 	

This certificate cannot be used as a transaction certificate. The issuing body can withdraw this certificate before it expires if the declared compliance is no longer guaranteed. Accredited by International Organic Accreditation Services (IOAS) Contract No. 81
CONTROLUNION | **CU Inspections & Certifications India Pvt. Ltd.**
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SAIHAM COTTON MILLS LTD.





SAIHAM COTTON MILLS LTD.

Saiham Tower, House # 34 (11th Floor) Road # 136, Gulshan-1, Dhaka-1212

Notice of the 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting (AGM) of the Shareholders of the Company shall be held on December 12, 2019 at 11.00 A.M. at Mill Premises, Noyapara, P.O. - Saiham Nagar, U.Z.- Madhabpur, Dist. - Habiganj to transact the following businesses:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Reports of the Directors' and the Auditors' thereon.
2. To declare Dividend for the year ended June 30, 2019.
3. To elect Directors in accordance with the provision of Articles of Association of the Company.
4. To appoint Auditors and fix their remuneration.
5. To appoint Auditors/Professionals and fix their remuneration who will provide the certificate on Compliance of Corporate Governance.
6. To transact any other business with permission of the chair.

By order of the Board

Sd/-

(Md. Sahinur Kabir, ACS)
Company Secretary

Dated: Dhaka
October 28, 2019

Notes

- i. The Shareholders whose names will appear in the Share Register of the Company and/or Depository Register of CDBL as on record date November 20, 2019 will be entitled to attend and vote in the AGM and receive dividend.
- ii. Attendance to the AGM will be on production of the Attendance Slip sent with this Notice.
- iii. The Proxy Form sent with this Notice affixed with requisite revenue stamp of Tk. 20/- must be deposited at the Company's Dhaka Office at least 48 hours prior to the AGM.
- iv. The Annual Report and Proxy Form are available in the website of the Company www.saihamcotton.com.

CORPORATE DIRECTORY

Board of Directors

Chairman	Statutory Auditor
Mr. S.M. Faisal	Khan Wahab Shafique Rahman & Co.
	Chartered Accountants
Managing Director	Corporate Governance Auditor
Engr. Syed Ishtiaq Ahmed	Kazi Zahir Khan & Co.
	Chartered Accountants
Directors	Legal Adviser
Mr. S.F.A.M. Shahjahan	Md. Shamsul Haque
Mr. Syed Shafqat Ahmed, MBA	
Independent Director	Dhaka Office
Mr. Syed Nasir Uddin Haider	Saiham Tower, House # 34, (11th Floor)
	Road # 136, Gulshan-1, Dhaka-1212
Company Secretary	Factory
Md. Sahinur Kabir, ACS	Noyapara, P.O: Saiham Nagar, U.Z: Madhabpur
	Dist: Habigonj-3333
Audit Committee	Bankers
Mr. Syed Nasir Uddin Haider, Chairman	HSBC Limited
Mr. S.F.A.M. Shahjahan, Member	Bank Asia Limited
Mr. Syed Shafqat Ahmed MBA, Member	Bank Alfalah Limited
Md. Sahinur Kabir, ACS, Secretary	Standard Chartered Bank
	Prime Bank Limited
Nomination & Remuneration Committee	Insurer
Mr. Syed Nasir Uddin Haider, Chairman	Green Delta Insurance Company Limited
Mr. S.F.A.M. Shahjahan, Member	Prime Insurance Company Limited
Mr. Syed Shafqat Ahmed MBA, Member	Karnaphuli Insurance Company Limited
Md. Sahinur Kabir, ACS, Secretary	Islami Insurance Bangladesh Limited
Chief Financial Officer	Registered Office
Md. Abu Bakar Siddique	Noyapara, P.O: Saiham Nagar, U.Z: Madhabpur
	Dist: Habigonj-3333
Head of Internal Audit & Compliance	
Md. Alamgir Hossain	

THE BOARD OF DIRECTORS



Mr. Syed Md. Faisal

Chairman

Mr. Syed Md. Faisal, son of Late Syed Sayeed Uddin Ahmed, is currently the Chairman of Saiham Cotton Mills Limited. He is an MA as well as an LLB from The University of Dhaka. As a visionary entrepreneur, he set up one of the most sophisticated textile mills - Saiham Textile Mills Ltd, in the early 1980s in one of the remotest and most non- developed areas in Bangladesh i.e. Noyapara, Hobiganj. Mr. Faisal is the Managing Director of Saiham Textile Mills Ltd and the Chairman of Saiham Knit Composite Limited, and Faisal Spinning Mills Ltd. He is ex-Director of Bangladesh Textile Mills Association (BTMA), the apex body of textile sector in Bangladesh and also an ex-Director of National Tea Company Limited. He was the Chairman of Saiham Cement Industries Limited, a cement manufacturing plant in Mongla. He is well renowned for his philanthropic work in the locality

Engr. Syed Ishtiaq Ahmed

Managing Director

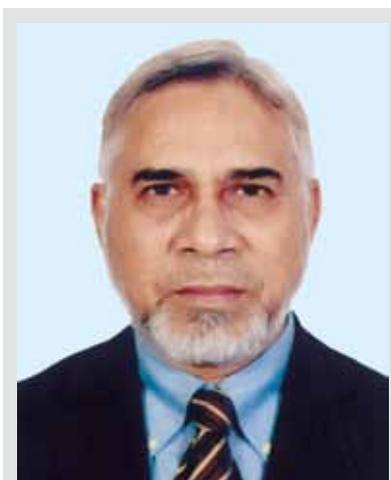
Engineer Syed Ishtiaq Ahmed, son of Mr. Syed Md. Faisal, is the Managing Director of Saiham Cotton Mills Ltd. He has graduated in Engineering from Michigan, USA and is also an MBA with a major in Finance from Institution of Business Administration (IBA), University of Dhaka. He has participated in a training on "Industry and Management" in Prato, Italy sponsored by Ministry of Foreign Trade, Italy. He is one of the members of the Board of Directors of BTMA. He has represented BTMA on a high level mission on Garment Technology and Textile Processing to IMB Cologne in Germany and also visited the London College of Fashion under University of the Arts London sponsored by United Nations Industrial Development Organizations (UNIDO). He has vast experience in technical, marketing and financial aspects of business. He is also the Director of Faisal Spinning Mills Ltd, Saiham Textile Mills Ltd and Saiham Knit Composite Limited.



Mr. S.F.A.M Shahjahan

Director

Mr. S. F. A. M Shahjahan, son of Late Syed Sayeed Uddin Ahmed, is one of the Directors of Saiham Cotton Mills Ltd. He is also the Chairman of Saiham Textile Mills Ltd and Director of Saiham Knit Composite Limited and Highway Inn Ltd. He holds more than 30 years of experience in textile business. His expertise is in the field of Marketing and Administration. He is also associated with different socio-cultural and philanthropic organizations.



THE BOARD OF DIRECTORS



Mr. Syed Shafqat Ahmed, MBA

Director

Mr. Syed Shafqat Ahmed, son of Mr. Syed Md. Faisal, is the Director of Saiham Cotton Mills Ltd. Mr. Syed Shafqat Ahmed graduated in Economics from Michigan State University and completed MBA from University of Texas at Arlington. He specializes in financial management and structuring / restructuring of organizations. He worked as a financial analyst at Salomon Smith Barney, an investment bank, and as a pricing analyst in Bowne of Dallas. His expertise in workflow designing was the key behind Saiham Cotton Mills Limited's winning the "Best IT Use Award" in 2005 awarded by BASIS Bangladesh. He is also the Managing Director of Saiham Knit Composite Ltd. and Director of Saiham Textile Mills Ltd. and Faisal Spinning Mills Ltd.

Mr. Syed Nasir Uddin Haider

Independent Director

Mr. Syed Nasir Uddin Haider, son of late Syed Shafiqur Rahman is the Independent Director of Saiham Cotton Mills Ltd. Syed Nasir Uddin Haider graduated in Bachelor of Commerce. He holds more than 30 years of experience in various sectors. He is able to ensure compliance with financial regulatory and corporate laws and can meaningful contribution to business.



FACTORY HIGHLIGHTS



MESSAGE FROM THE CHAIRMAN

Dear Shareholders

AssalamuAlaikum,

I, on behalf of the Members of the Board of Directors have the pleasure to welcome all our esteemed shareholders on this occasion of the 18th Annual General Meeting of Saiham Cotton Mills Ltd. We are delighted, encouraged and impressed at your joyful participation in this Annual General Meeting at this factory premises. Your spontaneous participation with taking trouble in long road journey manifests itself of your confidence on the Company. Thank you all.

Meanwhile, Annual Report for the year ended June 30, 2019 of this Company has been dispatched to you for your kind perusal. I believe you will get a comprehensive view from the Directors' Report and to assess the financial position of the Company. I assure you that we shall always be with you and your investment will always be secured. I presume the performance of the business operation during the year under review is quite satisfactory.

Financial Year 2018-19 was a mixed year for global economies with new challenges for emerging economies. The mixed trend of data from US, EU and other countries gave a gloomy outlook on the world economy. However, in spite of relatively weak underlying growth, unemployment in the US economy continued to decline leading to high consumer confidence and resulted in higher interest rate. Euro zone was shaken by UK's referendum on exiting the European Union and the uncertainty that followed which led to sharp depreciation both in Euro and GBP. However, the Euro zone showed a lot of resilience post the Brexit election and confidence in the regions remained high. Consumer demand was steady for most of the year thanks to continuously falling unemployment rate. China continues to face pressure on capital outflows and saw its currency depreciating in FY19 which provided some support to their exports. Bangladesh economy continued to grow at a strong pace. The turnover of the company in financial year was BDT 3,165 million versus 2,929 million which shows a positive growth and resulted in better profit after tax of 169 million against 158 million, which shows the efficiency of the management and deserves applaud.

I would like to express my profound gratitude to all our valued shareholders, regulatory bodies, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Jalalabad Gas T & D System Ltd, Banks and Insurance, Registrar of Joint Stock Companies and Firms who extended their cooperation suggestions & guidance in running the business successfully. I would also like to record my sincere thanks to the employees of the Company for their dedicated services for growth of the Company.

Sd/-

(S.M. Faisal)
Chairman

DIRECTORS' REPORT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim
Dear Shareholders
AssalamuAlaikum,

It is my great pleasure to welcome you at the 18th Annual General Meeting of Saiham Cotton Mills Ltd. I, on behalf of the Board of Directors, have the pleasure to present before you the report for the year ended June 30, 2019 along with the audited financial statements and auditors' report thereon.

BACKGROUND

Saiham Spinning Mills Limited was incorporated on May 30, 2002 as a Private Limited Company vide incorporation No.C-459289(2401)/2002 and with effect from April 16, 2003 the name of the company has been changed to Saiham Cotton Mills Ltd. It has been converted into a public Limited Company on March 25, 2010. The Authorized capital of the company is Tk. 2,000 million and paid up capital is Tk. 1,487 million. The company was listed with the Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd and share trading started in both the Stock Exchanges on June 24, 2012.

Industry outlook and possible future developments in the industry

The world apparel trade is going through a challenging and uncertain time. The big economic superpower USA and China, in a logger head with trade war is creating pressure in every respect of the world economy. Barriers and counter barriers is creating great uncertainty, which was never seen in the recent past. Even though it is expected that Bangladesh will likely to benefit from this trade war, however the fact remains that there is no "Clear Winner in a Trade War".

However, reality tells us that the Textile Industry is one of the oldest Industry in the country and plays an important role in the country's economy in terms of Industrial Production, Employment and foreign exchange earnings. The Textile Industry has achieved a good growth in last two decades in terms of installed spindles and yarn production and the brand "Made in Bangladesh" has stamped its mark in the Global Arena. It is expected that the share of global trade will increase in the coming days, resulting in more business opportunity for the backward linkage industry. This could happen due to buoyant domestic and international demand, conducive Government Policies. Textile sector contributes to the country's Gross Domestic Product (GDP), also employs workers directly.

TURNOVER

2018-19 was a challenging year with regards to Global perspective. The trade war, the free fall of commodity and other products created a great uncertainty on both local and global economy. Even though it is expected that Bangladesh will benefit from this trade war, however the fact remains that the trade between the two economic giant will only leave the world economy bleeding. Global economic activity remained muted during the year as cotton prices remained soft. The oversupply situation continued as cotton producing countries vied for market share. Despite these macro headwinds, Bangladesh was resilient and overtook China's growth rate to become the world's one of the fastest growing major economy. However, the Bangladesh economy faced too challenges from slow agricultural growth and sharp contraction in exports due to weak global demand and lower commodity prices. The turnover of the financial year was BDT 3,165 million versus BDT 2,929 million which is BDT 236 million increases than last year.

Segment-wise or product-wise performance

The company produces 100% export oriented cotton yarn. There is no segment wise product produces, hence product wise performance not disclose in the report.

Risks and concerns

Foreign Exchange Risk: The exchange rate plays an important role since most of our export business is in dollar. The importing countries must be able to import yarn at a proper price as per their currencies and any major volatility in this aspect also affects business competitiveness. During last 3 years exchange rates have been quite volatile. During the year 2018-2019 dollar exchange rate was fluctuated mode. The Company expects to realize its exports at current rate. However, it will have impact on import of cotton.

Opportunities, Threats And Concern: The future of Textile industry is highly depending on availability of raw material at a competitive price. With the introduction of Hybrids and BT Cotton, the cotton production is increasing and it is expected that the supply of quality cotton will be comfortable in the coming season 2019-20. Chinese exports of Textiles and clothing are declining especially to USA due to devaluation of currency, thus, provides an opportunity to Bangladesh for improving its export performance. In long run, the prospectus of Bangladesh Textile Industry is likely to be bright. However, fluctuation in cotton price, exchange rates, availability of labour is threats to the industry. The availability of workers is also a problem. Spinning units are highly capital intensive and has to maintain large Raw Material inventory levels due to its seasonality. The company makes all efforts to have efficient inventory management and constant efforts are being made to monitor the inventory levels keeping in view of interest costs. Company has also a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.

Lastly, risks and concern of the industry solely depends on the upcoming Government policy. However, Garments being the major foreign currency earner has always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future thus enabling to negate a lot of unforeseen risks.

A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.

Particulars	June 30, 2019	June 30, 2018
Cost of goods sold	281,81,04,921 (89.02%)	262,53,12,713 (89.60%)
Gross profit for the year	34,76,70,994 (10.98%)	30,44,72,887 (10.39%)
Net profit for the year	16,96,60,545 (5.36%)	15,85,69,186 (5.41%)

Discussion on continuity of any Extra-Ordinary activities (gain or loss)

There is no significant extra-ordinary gain or loss during the financial year.

Related party transactions

The Company enters into transactions with related parties as defined in the "International Accounting Standards 24: Related Party Disclosures". The name of the related parties, nature of business and their value have been set out in note 25 of the notes to the financial statements.

Utilization of Proceeds from public issues:

With the IPO fund the company has set up a brand new 100% export oriented spinning unit. In the year 2014 that has been reported accordingly to the regulators. No further issue of any instrument was made during the year.

Variance within the Quarterly Financial Statement and Annual Financial Statements

Particulars	Q1	Q2	Q3	Q4	Total
Turnover in Million in BDT	585.68	872.53	904.27	803.30	3165.78
Change Q to Q in %		48.98%	3.64%	(11.17%)	
Net profit after tax in million in BDT	46.85	48.44	38.89	35.48	169.66
Change Q to Q in %		3.39%	(19.72)%	(8.77)%	

Remuneration to Directors

The Remuneration of Directors has been mentioned in note 19 of the financial statements.

Fairness of Financial Statements

The financial statements together with the notes thereon have been drawn up in conformity with International Accounting Standard/ International Financial Reporting Standard, Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

Proper Books of Accounts

Proper books of accounts of the Company have been maintained.

Accounting Policies

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

Application of IAS/IFRS/BFRS

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

Internal Control

The Board of Directors assures its Shareholders that the Company has a risk management process to ensure that the systems of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present. The company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that controls that are in place are adequate to address these risks.

Minority Shareholders

Minority Shareholders interest have been protected by the Board of Directors.

Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of existing business. There are no significant doubts about the Company's ability to continue as a going concern.

Significant deviations from last year's operating results.

Explain of Significant deviations from last year's operating results are mentioned below:

Particulars	June 30, 2019	June 30, 2018
Net Profit after tax for the year	16,96,60,545	15,85,69,186
Add: Adjustment for revaluation of P.P.E and deferred tax	-	2,75,04,458
Add: Adjustment for depreciation on revalued assets	4,12,40,733	-
Add: Adjustment for tax return (2015-2016)	13,31,524	
Add: Previous year's surplus	75,36,90,396	58,50,30,753
Add: Transfer from Tax Holiday Reserve	-	10,07,15,999
Add: Transfer from General Reserve	-	6,04,00,000
Recommended for appropriations:		
Dividend paid	(14,87,75,000)	(17,85,30,000)
Balance as at June 30, 2019	81,71,48,198	75,36,90,396

Key operating and financial data

The key operating and financial data of the last 5 (five) years is set out in page 28 of the annual report.

Dividend

The Board of Directors at their board meeting held on October 28, 2019 recommended to the shareholders 10% cash dividend for the year ended June 30, 2019 whose name appears on the register of members on record date.

Interim Dividend

No stock dividend has been declared as interim dividend for the year June 30, 2019.

SAIHAM COTTON MILLS LTD.

Contribution to the National Exchequer

Saiham Cotton Mills Limited is one of the largest corporate tax payers of the country. During the year 2018-2019 under review the Company has contributed amounting to BDT 21,486,659 the including VAT, Tax, Import duty, supplementary duty and others.

Board Meetings and Attendance

During the year total 08 (eight) board meeting were held. Details of the board meetings are shown in the annual report note # 26. The managing Director who is an Ex Officio, CFO and Company Secretary were present in all board meetings.

Pattern of Shareholding and name wise details

Name wise details	No. of Shares held
(a) Parent/Subsidiary/Associated Companies and other related parties	Nil
(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and compliance and their spouse and minor children:	
Mr. S.M.Faisal-Chairman	1,83,87,500
Engr. Syed Ishtiaq Ahmed - Managing Director	1,29,59,017
Mr. Shafqat Ahmed - Director	69,59,017
Mr.S.F.A.M.Shahjahan - Director	42,90,000
Mr. Syed Nasir Uddin Haider- Independent Director	Nil
Mrs. Yasmin Faisal- Sponsor	1,33,96,240
Mrs. Tasmina Ahmed- Sponsor	5,41,612
Mrs. Natasha Ahmed - Sponsor	65,41,612
Company Secretary, Chief Financial Officer, Head of Internal Audit and compliance and their spouse and minor children	Nil
(c) Executives; and	Nil
(d) Shareholders holding ten percent (10%) or more voting interest in the Company:	Nil

Directors appointment or re - appointment

In terms of Article 108 of the Articles of Association of the Company, Mr. S.F.A.M.Shahjahan and Mr. Syed Shafqat Ahmed, MBA Directors retire by rotation from the Board in the 18th Annual General Meeting. Being eligible under Article 110 of the Articles of Association of the Company, the retiring Directors have offered themselves for re-appointment. The brief profile of the Directors is given below :

Disclosure of information of the directors who are willing to be re-elected.

Mr. S.F.A.M. Shahjahan – Director

Mr. S. F. A. M Shahjahan, son of Late Syed Sayeed Uddin Ahmed, is one of the Directors of Saiham Cotton Mills Ltd. He is also the Chairman of Saiham Textile Mills Ltd and Director of Saiham Knit Composite Limited and Highway Inn Ltd. He holds more than 35 years of experience in textile business. His expertise is in the field of Marketing and Administration. He is also associated with different socio-cultural and philanthropic organizations.

Names of companies in which Mr. S.F.A.M. Shahjahan holds the directorship:

Interest in other Company	Designation
Saiham Cotton Mills Ltd.	Director
Saiham Textile Mills Ltd.	Chairman
Saiham Knit Composite Ltd.	Director
Highway Inn Ltd.	Director

Mr. Syed Shafqat Ahmed, MBA – Director

Syed Shafqat Ahmed, son of Mr. Syed Md. Faisal, is the Director of Saiham Cotton Mills Ltd. Mr. Syed Shafqat Ahmed graduated in Economics from Michigan State University and completed MBA from University of Texas at Arlington. He

specializes in financial management and structuring / restructuring of organizations. He worked as a financial analyst at Salomon Smith Barney, an investment bank, and as a pricing analyst in Bowne of Dallas. His expertise in workflow designing was the key behind Saiham Cotton Mills Limited's winning the "Best IT Use Award" in 2005 awarded by BASIS Bangladesh. He is also the Managing Director of Saiham Knit Composite Ltd. and Director of Saiham Textile Mills Ltd. and Faisal Spinning Mills Ltd.

Names of companies in which Mr. Syed Shafqat Ahmed, MBA holds the directorship:

Interest in other Company	Designation
Saiham Cotton Mills Ltd.	Director
Saiham Textile Mills Ltd.	Director
Faisal Spinning Mills Ltd	Director
Saiham Knit Composite Ltd	Managing Director

Appointment of Independent Director

As per BSEC notification for Corporate Governance Code, Ref. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, the Board of Directors appointed Mr. Syed Nasir Uddin Haider as Independent Director for three years term and subsequently approved by the shareholders in the (17th) Annual General Meeting of the company for protect the interest of the stakeholders, Investors & etc.

Management Discussion and Analysis

Management discussion and analysis has been highlighted in the Directors' report.

Declaration by the MD and CFO

Declaration or certification by the MD and CFO has been given on page # 43 of annual report.

Report on Compliance of the corporate Governance Code

The company maintained a good Corporate Governance practices as described to page # 30 to 42 of the annual report.

Appointment of Auditors

The Auditors of the Company Khan Wahab Shafique Rahman & Co, Chartered Accountants have audited the financial statements of the company for the year 2018-2019. It is mentioned here that Malek Siddiqui Wali, Chartered Accountants, 9-G, Motijheel C/A, Dhaka-1000 was appointed as the auditors of the company for the year 2018-2019 in the last (17th) Annual General Meeting held on December 18, 2018. But due to continuous deterioration of health condition, Malek Siddiqui Wali, Chartered Accountants unable to handle the statutory audit of the company for the year 2018-2019. for this reason, the Board of Directors appointed Khan Wahab Shafique Rahman & Co., Chartered Accountants as the statutory auditors for the year 2018-2019.

It is also mentioned that, Khan Wahab Shafique Rahman & Co, Chartered Accountants offered themselves for re-appointment in accordance with the provision of BSEC Order No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June, 2018, and Regulation Number 15(3) of Stock Exchange (Listing) Regulations 2015. The Audit Committee reviewed the proposal for re-appointment and recommended to the Board for re-appointment of Khan Wahab Shafique Rahman & Co, Chartered Accountants, as the auditors of the company for the year 2019-2020 to hold office for the period until conclusion of the next (19th) Annual General Meeting of the company for auditing the accounts for the year ended June 30, 2020.

The appointment of auditor to be placed before 18th Annual General Meeting for shareholders approval.

Appointment of Professional (Chartered Accountants/Chartered Secretaries) firm for the the Certificate on Compliance with the Corporated Governance Code of BSEC

As per notification number BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 the company shall obtain certificate from Professional Accountant/Chartered Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance with the condition of Corporate Governance Code of the commission and such certificate shall be disclosed in the Annual Report.

In this regard, Kazi Zahir Khan & Co., Chartered Accountants offered themselves for appointment to issue "Corporate Governance Compliance Certificate". The Board recommended the proposal for appointment of Kazi Zahir Khan & Co., Chartered Accountants to issue "Corporate Governance Compliance Certificate" of Saiham Cotton Mills Limited for the year June 30, 2020 subject to approval of the shareholders of the company in the 18th Annual General Meeting.

Corporate Social Responsibility (CSR)

Saiham Cotton Mills Limited (SCML) has been persistently continuing its initiatives with the purpose of the welfare of our society and thus contributing in Corporate Social Responsibility (CSR). The main objective of establishing the units of Saiham Cotton Mills Limited was the reason for uplifting the life of the localities. Having over 200 years of relationship with the ancestors of the locality and the entrepreneurs it was always social responsibility first rather than the business perspective that was prevalent. Following are some of the major Corporate Social Responsibilities of SCML to mention a few activities:

Women Empowerment:

The operation of SCML has had a great socio-economic impact on the locality. The first and foremost is the women empowerment. Women in this locality were confined within the boundaries of their house and were concentrated to only household work. The dark reality was that they were never financially and socially independent. Most of the time it was seen that the girls were married in their mid-teen only to be divorced few years later, probably with the responsibility of the new born children on their shoulder. For security and social pressure, they would marry again only to face the same destiny in most of the cases. They were deprived of their fundamental rights of education and eventually was a burden to the society. It is through the effort of SCML, that a pilot project was taken up to introduce this women as work force in the factory, much to the raised eye brows of the their social leaders. Presently the women comprises of almost 60% of the work force of SCML. These steps gave dividends as these women were no longer bounded by the social force of getting married in early ages and having children, rather the women started determining their own fate of marrying or remarrying as they are financially independent now. With the introduction of the women as a work force, a new revolution has taken over the locality where the younger girls are more concentrating towards their completion of education in order to get themselves admitted in the non-production related administrative officer post.

A small dream with a little effort and courage has transformed the entire socio-economic situation of the area for which SCML really can claim to be the initiator.

Free Eye Camp:

Eyes are the most crucial zones of our body. It is not possible to depict an existence without visualization. In order to address this issue SCML along with Moulvi Bazaar B.N.S.B Eye Hospital took its initiatives for free eye camp providing free eye operation and post-operative care. The company has been organising this free eye camp for almost 20 years now. Free eye surgeries with intra ocular lens implantation are organized for the rural people. Every year thousands of people of nearby rural locality await eagerly for this free eye care and come to see the doctors, get medicine or even get surgery, completely free of cost. SCML even arranges for the boarding and lodging free of cost, for the patient during their stay for the treatment.

Patrons:

Education is the back bone of a nation. Without proper education and dynamic and knowledge enriched students, the future of a nation will be at jeopardy. SCML realises this fact very much and believes education as a primal tool for social change. The contribution of SCML towards the educational sectors to enhance the leadership skill to prepare the new upcoming generations for the real world can be seen in their whole hearted participation of almost all educational institution of the locality. Not only that, the entity is maintaining a complete chain of educational institutes starting from primary school, high school, Colleges, and Universities. S.M. Faisal Primary School, Syed Sayeeduddin Ahmed School and College are some of the institutions to name which are being looked after by SCML. SCML has also expanded their philanthropic hand in the local Madrasha, namely Itakhola Aliya Madrasha. Not only with financial help, they have gone limit in constructing buildings with their own fund. There are instances when the salaries of the teachers were also paid from these institutions, as it awaited Government recognition. All the educational institutions are well reputed and have high respect among nearby locality for their quality of education.

Financial Independence:

SCML has transformed the whole of the locality into a model financially independent economy. Every other person in the locality is directly or indirectly related to economic activities. In the earlier days most of the people residing here barely had no any work to do throughout the year. Main profession of the area was farming and going to forest to cut trees and sell them to local market for their daily earning. With the inception of SCML most of the workers are from local villages now. SCML took all the trouble of training these farmers and house wife and transforming them into work force.

Now not only the men but also the women of the family are working in shifts and generating a decent earning. Working 8 hours on a shift they all now have another 8 hours to devote their time for agriculture or to their tiny shops, which gives them extra financial return. The women of the family also coming into the work force has really given most of the families extra financial benefit, as such one can come into a conclusion that the area “Saihamnagar” is free of hunger and poverty and boasts to be one of the most proactive society contributing to the economy and a financially secured villages in the country.

Contribution to Religious Institutions

The word Saiham and donation to religious institution goes hand in hand. There are hardly any religious institutions in locality that has not been benefited financially by SCML. Few years back, a promotion was launched where all mosques were given free mikes, fans, carpets/floor mat out of these institutions. Moreover, any new construction to these religious institutions, the first thing in the list of the organizers are to approach SCML for their philanthropic help. Not only mosque this grants exceeds past into the temples of the locality. It is because of the presence of SCML and their controlling factor, the area is enjoying a brotherly atmosphere among religions.

Warm Clothes Distribution

The area Noyapara, Saihamnagar is situated in the North East of Dhaka among the lush green tea garden area. As such the weather here is extremely intriguing. The temperature during the winter times comes down very much. The poor people are not prepared for this extreme cold weather. Even though it lasts for several weeks yet extreme cold along with severe fog makes life unbearable. May it be adults, children or elderly persons living in the village home, sleeping at night becomes impossible due to wet like cold floor and chilling air blowing through. SCML comes up for the help of this distressed people. Every year on a routing wise schedule they distribute blankets family wise and sweaters and warm clothes to individual for free. The biggest satisfaction observed during this distribution is that after 2/3 years of distribution it was observed that major people are covered with this hot clothing and can survive the initial spell of cold weather the subsequent year.

Law and Order Situation

The village of Saihamnagar has transformed into an industrialized area and along with it has transformed the citizens staying there. As already mentioned, everyone values time and realized his or her contribution towards economy as such is a great unified work force. They understand the value of work and the essence of financial independence. As such less idle times are spent which results in less non-productive discussion and less law and order disorder. Understanding the value of time and specially the time value of money with the SCML operating at the back ground, the villagers have barely have any time to think beyond their own requirements. Such peace, calm, quiet and secure is the area that people are migrating outside of the locality in numbers, may it be Muslim, Hindu or other religion or profession. Any petty occurrences are instantly solved through local interference as they all realize the value of wasted time and the loss it will incur for them.

Sewerage and Drainage problem Solution

SCML has gone forward in mitigating the water logging and sanitation problem of the locality. With the beginning of each unit construction special priorities were given in solving the water logging and drainage problem of the area. May it be the mile-long drain from the central Noyapara Bazaar to wash away all the wastages, the excavation of the canal beside the SCML for proper flowing of water, creating drainage in the locality to overcome the water logging and save the houses from submersion, SCML is always present beside the local people.

Environmental Aspect

SCML is an environment conscious entity. In fact, today's textile industry is one of the biggest sources of greenhouse gasses on Earth, due to the huge size and scope of the industry as well as the many processes and products that go into the making of textiles and finished textile products. Co-generation or Combined Heat and Power (CHP) is the simultaneous generation of both electricity and heat from the same fuel, for useful purposes and one of the bigger solution for reducing the carbon emission. The average global efficiency of fossil-fuelled power generation has remained stagnant for decades at 35% to 37%. Technologies already exist today to bring the generation fleet closer to 45% efficiency. Even though not essential for SCML yet SCML has ventured into the co-generation arena, out of their responsibility towards the environment and Mother Nature. As such not only production wise, SCML has set up the largest co-generation system in Bangladesh in spinning sector where the polluted exhaust gas of the Generators are

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recycled into a close system to produce chilled water, instead of releasing them in the open air thus utilizing almost 70% of utilized energy. The recycled exhaust is then used as a chilled water to reduce the internal temperature of the manufacturing floor. The whole process is a complete closed chamber and saves the environment of the polluted discharge of the generator sets and thus contributing to the Carbon Footprint.

SCML has set up an own grid of 50 Kwh solar electricity plant. The electricity is generated and is used for the day-to-day non-production related work, thus contributing to the reduction of Carbon Footprint. A master plan is underway where SCML plans to harvest the rainwater in recycling the water for its various internal use mainly gardening and toilet flushing by the end of year 2019.

Acknowledgement

The Company and its Board of Directors would like to extend its foremost regard and appreciation to the valued shareholders and others stakeholders of the company for their persistent support and guidance to the company that lead to the achievement. The Board also express their gratitude to National Board Of Revenue (NBR), Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission's (BSEC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange (DSE), Chattogram Stock Exchange (CSE), Bank/NBFI and others agencies for their support and guidance.

For and on behalf of the Board of Directors.

Sd/-

(Engr. Syed Ishtiaq Ahmed)

Managing Director

Corporate Governance Statement

The board of Directors of Saiham Cotton Mills Limited is responsible for proper governance which includes setting out Company's strategic aims, provide the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardship.

Saiham Cotton Mills Limited is committed to continually reviewing all corporate governance policies and practices to ensure the ongoing transparency of the Company's practices and the delivery of high standards and quality information to stakeholders.

The maintenance of effective corporate governance remains a key priority of the Board of Saiham Cotton Mills Limited. To exercise clarity about director's responsibility towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of the company's management have been instituted.

Statement of Compliance

Bangladesh Securities and Exchange Commission's notification on Corporate Governance Code:

As Saiham Cotton Mills Limited is listed with Stock Exchanges in Bangladesh, we comply the BSEC's notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018. For the year ended June 30, 2019, we have complied with the relevant provisions set out in Annexure-II of this report. In addition, to established standards of Corporate Governance, the company also considered best governance practices in its activities.

Board Composition

The Board in Saiham Cotton Mills Limited is comprised of 05 (Five) Directors, including 01 (one) Independent Director, who possess a wide range of skills and experience over the business. The Board of Director ensure that the activities of the company are always conducted the business in the best interest of the stakeholders.

Retirement and Re-election of Directors

As per the Article of Association of the company, one-third of the directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree themselves) be determined by law, but remains eligible for re-election.

Independent Director

The Company has complied with the notification of the Bangladesh Securities and Exchange Commission with regard to appointment of independent Director to the Board. Saiham Cotton has 01 (one) Independent Director namely Mr. Syed Nasir Uddin Haider.

Chairman of the Board and Managing Director of the Company are different person

The chairman of the Board is not the Chief Executive Officer (CEO) of the company. The role of chairman and managing director are separate.

Roles and Responsibilities of the Board

The Board of Directors is responsible for protecting the rights and interests of all shareholders and also accountable for the overall management of the entity. Besides its usual legal and statutory responsibilities, the Board is responsible for the following:

- Reviewing and adopting a strategic plan for the company;
- Overseeing the conduct of the company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing senior management;

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- Developing and implementing and investor relations program or shareholder communications policy for the company;
- Reviewing the adequacy and the integrity of the company's internal control systems and management information systems, including systems for compliance with applicable laws, and regulations, rules, directives and guidelines;
- Approving the financial statements and accounting policies of the company;
- Approving changes in the policy;
- Recommending dividend for declaration in AGM;
- Establishing committees including the Audit Committee & Nomination and Remuneration Committee (NRC);
- Receiving and reviewing reports from committees of the Board;
- Establishing and monitoring compliance with the company's standards of business conduct and other policies of the company;
- Establishing appropriate systems of corporate governance in the company;
- Considering and approving other matters specially reserved for the attention of the Board; and
- Constantly guide and assist the company in external stakeholder management.

Chairman of the Board

The chairman of the Board is elected to the office of Chairman by the Directors. The Board consider that the chairman is independent.

Role of the Chairman

The Chairman leads the Board in determination of its strategy and achievement of its objectives. The Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The Chairman facilitates the effective contribution of Independent Directors and ensures that constructive relations exist among the Directors. Minutes of the Board meetings are signed by the Chairman.

Role of the Managing Director

The Managing Director is responsible for running the business and for formulating and implementing Board strategy and policy. He also has direct charge and overall control of the Company on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Company.

He is to certify to the board regarding financial statements and financial transactions of the company according to the Corporate Governance Code as issued by Bangladesh Securities and Exchange Commission (BSEC).

Board Meetings

The Company shall conduct its Board meeting and record the minutes of the meeting as well as keep required books and records in line with the provision of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).

The meetings of the Board of Directors of Saiham Cotton Mills Limited are generally held at the Corporate Office of the Company. The meetings are held frequently at least once in a quarter, to discharge its responsibility and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing to each director by the Company Secretary.

Number of Board Meeting held in for the year June 30, 2019

The number of meetings of the board held during the year June 30, 2019 and the attendances of Directors are disclosed in the note 26 of the Audited Financial Statements.

Role of Company Secretary

The Corporate Governance Guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) also;

require a listed company to appoint a Company Secretary, as distinct from other managers of the Company. In pursuance of the same, the Board of Directors has appointed a qualified Associate Chartered Secretary (ACS) as Company Secretary and defined his roles & responsibilities. In Saiham Cotton Mills Limited, among other functions, the Company Secretary:

- Advises and assists the members of the Board with respect to their duties and responsibilities as Directors and compliance with their obligations under the Companies Act, Stock Exchange requirements and issues on corporate governance.
- Acts as a channel of communication and information
- Ensures that the Board's decisions are properly implemented and communicated by assisting in the implementation of corporate strategies and policies.
- Ensures proper compliance with all relevant statutory and regulatory requirements.
- Communicates with the stakeholders of the company

Role of Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is a versatile individual with the talent to meet a continually changing set of circumstances. He is responsible for accounts and treasury functions of the company. In addition, he attends all board meetings and presents quarterly and periodical results.

He is to certify to the board regarding financial statements and financial transactions of the company according to the Corporate Governance Code as issued by Bangladesh Securities and Exchange Commission (BSEC).

Role of the Head of Internal Audit and Compliance

The Head of Internal Control and Compliance is responsible for reporting to the Board/ Audit Committee regarding any deviation from accounting and internal control systems of the Company. He is also responsible for ensuring regulatory compliance of the Company.

Secretarial Standards

The Company has complied with the Bangladesh Secretarial Standards (BSS) as adopted by The Institute of Chartered Secretaries of Bangladesh (ICSB).

Board Committees

The Board has established 02 (two) Board Committees to which it has delegated some of its responsibilities. They are the Audit Committee and Nomination and Remuneration Committee (NRC).

Audit Committee

The Audit Committee of Saiham Cotton Mills Limited is a sub-committee of the Board of Directors and is appointed and authorized by the Board in compliance with BSEC Corporate Governance Code BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.

Composition of Audit Committee

An audit committee consisting of the Independent Director as chairman and 02 (two) other Director as member has been constituted in terms of the BSEC Corporate Governance Code for ensuring good governance practices. The Company Secretary acts as the secretary of the Audit Committee. The Audit committee consists of the following members:

Mr. Syed Nasir Uddin Haider, Chairman, Audit Committee

Mr.S.F.A.M. Shahjahan , Member, Audit Committee

Mr. Syed Shafqat Ahmed, MBA, Member, Audit Committee

Md. Sahinur Kabir, ACS, Secretary, Audit Committee

Chairman of the Audit Committee

The committee headed by Mr. Syed Nasir Uddin Haider with 35 years of knowledge and experience in the field of Accounting, Finance, Audit and Corporate Management.

Meeting of the Audit Committee

The Audit Committee of the Board meet 04 (four) time during the year and examined the coverage of Internal and External Audit.

Role of Audit Committee

The audit committee is governed by a terms of reference (TOR) which is reviewed by the Board. The major roles of audit committee are given bellow:

- Oversee the Financial Reporting Process;
- Monitor choice of Accounting Policies and Principles;
- Monitor Internal Audit and Compliance Process;
- Oversee hiring and performance of External Auditors;
- Hold meeting with the external or Statutory Auditors for review of the Annual Financial Statements before submission to the Board for approval;
- Review along with management, the quarterly and half yearly Financial Statements before submission to the Board for approval;
- Review the internal audit function;
- Any other matters as per terms of reference of the audit committee as per notification of the BSEC.

Reporting of Audit Committee

The audit committee directly reports to the Board of Directors.

Nomination and Remuneration Committee (NRC)

Nomination and Remuneration Committee (NRC) is a sub-committee of the Board formed as per notification no. BSEC/CMRRC/2006-158/207/Admin/80 dated 3 June, 2018.

Composition of Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee consists of three Directors including one Independent Director. The Committee acts as per the terms and conditions of the Corporate Governance Code of BSEC.

The Company Secretary acts as the Secretary of the Nomination and Remuneration Committee (NRC).

Chairman of Nomination and Remuneration Committee (NRC)

Mr. Syed Nasir Uddin Haider, Independent Director is the Chairman of the Nomination and Remuneration Committee.

Meeting of Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) of the Board met 01 (one) time during the year 30 June, 2019.

Role of the Nomination and Remuneration Committee (NRC)

The Role of the Nomination and Remuneration Committee (NRC) acts as per the terms and conditions of the Corporate Governance Code of BSEC.

Price Sensitive Information (PSI)

The Board of Saiham Cotton Mills Limited through the Company Secretary always ensures to inform all Price Sensitive Information (PSI) within 30 minutes of the decision or immediately upon getting such information to the BSEC and the Stock Exchanges and also ensure immediate publication of such information/decision in two widely circulated daily newspapers, one in Bangla and the other in English and one in online news site. The communication is done through Fax, E-mail, by special messenger and through courier service in special cases.

Dividend Policy

The Board of Directors has a Dividend Policy which is based on company's performance and company's long-term objectives.

Statement of Internal Control

The internal control system of Saiham Cotton Mills Limited is designed to manage risks that may impede the achievement

of the company's business objectives rather than eliminates these risks. The ultimate facilitator of the internal control system is the Board of Directors in order to ensure that the importance of internal controls is understood across the company and that adequate resource allocations are available. Internal control is the process by which the company's directors, management and staff obtain reasonable assurance as to the achievement of specified objectives including:

- Efficiency and effectiveness of operations,
- Maintenance of assets,
- Reliability of financial and other management information,
- the prevention of fraud,
- Compliance with relevant national laws and Companies Act. BSEC Rules, Stock Exchanges Rules and Regulations.

Saiham Cotton Mills Limited continues to ensure the presence of the following components that would create an effective internal control system.

Control Environment

The Board of Directors sets the tone for an effective control environment through regular exchange views and reviews of the processes for identifying, evaluating and managing the significant risks. An effective control environment is set by top management that cascades across all business functions.

Control Activities

Control activities are the policies and the procedure to help ensure that management directives are carried out, and the necessary actions are taken to minimize the risks of failing to meet objectives. Policies and procedures are effectively established within the company and continuously reviewed for compliance, adequacy and improvement.

Information and Communication

The company ensures the effective flow of information on internal activities and external factors across the management levels. All individuals receive a clear message from senior management that control responsibilities must be taken seriously.

Monitoring

The system of internal control is monitored regularly through both ongoing activities and separate evaluations. Ongoing monitoring activities are conducted through regular management activities. An Internal Audit Team has been setup with three members during the year under review. The internal audit function is responsible for providing an objective and independent view of the effectiveness of operational and financial controls and procedures, as well as management action in dealing with issues of control. The internal audit function monitors the presence of the components of internal control system and reports to the audit committee.

Statement of Risk Management

The management structure of the Company has been restructured over the year with the combination of Senior Management and young recruits to tackle any unforeseen risks and finding ways to mitigate them. The Company's well experienced Management team has been applying robust and integrated Risk Management Policies to ensure that the risks and uncertainties assumed by it e.g. Industry Risks, Regulatory Risks, Market Risks, Operational Risks, Legal Risks, Interest Rate Risks, Exchange Rate Risks and potential changes in Global policies etc. are within the defined risk appetites and are properly addressed. Periodic Monitoring is carried out on regular basis to address any risk related issued upcoming and that it might affect the profitability. The company believes that increased competition enhances team responsiveness and the risk can be mitigating by ensuring impeccable quality, timely delivery and superior services.

Statements of Directors Responsibilities on Financial Statements

The Directors are responsible for preparing the annual report and financial statements in accordance with the Companies Act 1994, Securities and Exchange Commission Rules 1987, Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations.

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The Companies Act 1994 requires Directors to ensure that the company keeps proper books of accounts of all transactions and prepares financial statements that give a true and fair view of the state of the company's affairs and of the profit for the year.

The Directors are also required to ensure that 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. They are also responsible for taking reasonable measures to safeguard the assets of the company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to preventing and detecting fraudulent activities and other irregularities.

The Directors are of the view that these financial statements have been prepared under the generally accepted accounting principles and in accordance with the International Accounting Standards.

The Directors endeavor 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, International Accounting Standards, and the regulations of the Dhaka/Chittagong Stock Exchanges Ltd.

The Directors have a reasonable expectation, after making enquiries and following a review of the company's plan for the ensuring year including cash inflows and borrowings facilities, that the Company has adequate resources to continue its operational existence in the foreseeable future, and therefore to continue to adopt the going concern basis in preparing the accounts.

Khan Wahab Shafique Rahman & Co., Auditors of the company, have examined the financial statements made available by the Board of Directors together with all relevant financial records, related data, minutes of shareholders and Directors meetings and expressed their opinion in the Annual Report.

Communications and Relationship with Shareholders

Saiham Cotton Mills Limited is continuously striving to improve relations with its shareholders. The Company encourages communications with shareholders throughout the year and welcomes their participation at the shareholders' meeting. The quarterly financial result and all other information are published in widely circulated dailies in both Bengali and English newspaper and one in On-line newspaper. The information is also made available in the company website.

Annual Reports are sent to the shareholders through email in soft form. The soft copy of the Annual Report is also available in the company' website.

Website

The Company has an official website linked with the website of the stock exchanges. All corporate information's are posted on the Investor Relations section of the company's website: www.saihamcotton.com.

Shareholders Queries

Saiham Cotton Mills Limited has set up a separate share division in 11th floor of the Dhaka office. In addition, we have special queries telephone lines and an email address.

Shareholders can contact No.: +0088 022 9862284 or mail: info@saihamcotton.com to Saiham Cotton Mills Limited Share Office for any queries and/or grievances.

Audit Committee Report for the year ended June 30, 2019

The terms of reference of the Audit Committee has been determined by the Board of Directors of the Company in accordance with the conditions of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC).

The Committee is appointed by and responsible to the Board of Directors. The present Audit Committee was constituted by the Board consisting of the following members:

Sl. No.	Name	Status in the Board	Status in the committee
01.	Mr. Syed Nasir Uddin Haider	Independent Director	Chairman
02.	Mr. S.F.A.M. Shahjahan	Director	Member
03.	Mr. Syed Shafqat Ahmed	Director	Member
04.	Mr. Md. Sahinur Kabir, ACS	Company Secretary	Secretary

During the financial year ended on June 30, 2019 , the Audit Committee held 04 (four) meetings in which , the following issues , among others were reviewed and discussed :

- Reviewed the Quarterly, Half Yearly and Annual Financial Statements of the Company before submission to the board for their approval.
- Reviewed the effectiveness of internal control and also review audit objection of head of internal audit and compliance also reviewed points or suggestions and amendments by the internal auditor.
- Met with the external auditors and had discussion on the audit of Financial Statements of the company.
- The Committee reviewed the Audit Plan for the year 2019-2020.
- The Committee reviewed the performance and appointment of external auditors
- The Committee found adequate arrangement 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 area of reporting.

The Committee is of the opinion that, adequate controls and procedures are there to provide reasonable assurance that the companies assets are safeguarded, the liabilities are properly accounted for and Financial activities of the company is well managed.

On behalf of the Audit Committee

Sd/-
(Syed Nasir Uddin Haider)
Chairman, Audit Committee

Saiham Cotton Mills Ltd.

Annexure-I

The Key Operating and Financial Data :

(Taka in Million)

Financial Highlights

Particulars	2019	2018	2017	2016(2 M.)	2016(12 M.)	2015
Turnover	3,165	2,929	2,989	317	2,486	2,726
Gross profit	347	304	284	49	225	288
Net profit after tax	169	158	158	25	139	189
Net cash operating activities	131	8	(100)	(34)	326	398

Table: Summary of Balance Sheet

Particulars	2019	2018	2017	2016(2 M.)	2016(12 M.)	2015
Authorized capital	2,000	2,000	2,000	2,000	2,000	2,000
Paid-up capital	1,488	1,488	1,488	1,488	1,488	1,352
Reserve and surplus	1,569	1,506	1,155	1,133	1,102	1,265
Shareholders' equity	5,579	3,368	3,395	3,373	3,346	3,369
Deferred tax liabilities	581	189	177	161	158	157
Non-current liabilities	704	469	557	589	607	663
Current liabilities	2,895	2,512	1,830	1,555	1,449	1,187
Fixed Assets	5,272	2,597	2,605	2,472	2,476	2,324
Other Non-current Assets	536	528	809	948	997	1,073
Total Non-current Assets	5,808	3,126	3,414	3,420	3,472	3,397
Current Assets	3,370	3,224	2,368	2,097	1,929	1,822
Book value per share	10	10	10	10	10	10
Earning per share	1.14	1.07	1.06	0.17	0.93	1.4
Dividend per share :						
Cash	10%	10%	12%	10%	-	5%
Stock		-	-		-	10%
Number of shareholders	9,699	12,140	13,826	15,931	16,405	18,302

Table : Ratios

Particulars	2019	2018	2017	2016(2 M.)	2016(12 M.)	2015
Debt to Equity Ratio	0.65	0.89	0.70	0.64	0.61	0.55
Current Ratio	1.16	1.28	1.29	1.35	1.33	1.54
Gross profit/Sales (%)	10.98%	10.39%	9.51%	15.37%	9.04%	10.59%
Operating profit/Sales (%)	4.76%	4.62%	3.87%	4.49%	2.68%	5.19%
Profit after tax/Sales (%)	5.36%	5.41%	5.29%	7.80%	5.58%	6.96%
Return on Asset (%)	2.25%	3.15%	3.35%	0.61%	3.20%	4.70%
Return on Equity (%)	5.22%	5.29%	5.27%	0.84%	4.70%	6.61%



KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS

Annexure- B
[Certificate as per condition No. 1(5) (xxvii)]

Report to the Shareholders of SAHAM COTTON MILLS LIMITED on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **Saiham Cotton Mills Limited** for the year ended on 30th June, 2019. This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June, 2018** of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Dated: Dhaka
October 24, 2019


Nurul Hossain Khan, FCA
Managing Partner
KAZI ZAHIR KHAN & CO.
CHARTERED ACCOUNTANTS

SAIHAM COTTON MILLS LTD.

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006Annexure-II 158/207/Admin/80, dated 3 June 2018.

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
1	Board of Directors			
1.1	Size of the Board of Directors			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	✓		
1.2	Independent Directors			
1.2(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors, any fraction shall be considered to the next integer or hole number for calculating number of independent director(s);	✓		
1.2 (b)	For the purpose of this clause 'independent director' means a director-	✓		
1.2 (b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	✓		
1.2 (b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1.2 (b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1.2 (b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1.2 (b)(vii)	who is 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 or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1.2 (b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1.2 (b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
1.2 (c)	Independent director shall be appointed by the Board of Directors and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1.2 (d)	The post of independent director cannot remain vacant for more than 90 (ninety) days;	✓		
1.2 (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only;	✓		
1.3	Qualification of Independent Director(ID)			
1.3 (a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	✓		
1.3 (b)	Independent Director shall have following qualifications			
1.3 (b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	-		
1.3(b)(ii)	Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	-		
1.3(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	-		
1.3 (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-		
1.3 (b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1.3 (c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1.3 (d)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
1.4	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1.4 (a)	The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1.4 (b)	The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	✓		
1.4 (e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1.5	The Directors' Report to Shareholders			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-	✓		
1.5 (i)	An industry outlook and possible future developments in the industry;	✓		
1.5 (ii)	The Segment-wise or product-wise performance;	✓		
1.5 (iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin;	✓		
1.5 (v)	A discussion on continuity of any Extra-Ordinary gain or loss;	✓		
1.5 (vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1.5 (vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			N/A
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.;			N/A
1.5 (ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
1.5 (x)	A statement of remuneration paid to the directors including independent directors	✓		
1.5 (xi)	A Statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1.5 (xii)	A Statement that proper books of account of the issuer company have been maintained;	✓		
1.5 (xiii)	A Statement that Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1.5 (xiv)	A Statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed;	✓		
1.5 (xv)	A Statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1.5 (xvi)	A Statement that Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1.5 (xvii)	A Statement that there are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed;	✓		
1.5 (xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;			N/A
1.5 (xix)	A Statement that the where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1.5 (xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			The Board declared dividend
1.5 (xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	✓		
1.5 (xxii)	The total number of Board meetings held during the year and attendance by each director shall be disclosed;	✓		
1.5 (xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1.5 (xxiii)(a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
1.5 (xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	✓		
1.5 (xxiii)(c)	Executives;	✓		
1.5 (xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details);	✓		
1.5 (xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:	✓		
1.5 (xxiv)(a)	A brief resume of the director;	✓		
1.5 (xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board;	✓		
1.5 (xxv)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1.5 (xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1.5 (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance and financial position as well as cash flows in absolute figure for such changes;	✓		
1.5 (xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1.5 (xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1.5 (xxv)(e)	The financial and economic scenario of the country and the globe;	✓		
1.5 (xxv)(f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	✓		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	✓		
1.5 (xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
1.6	Meetings of the Board of Directors			
1.6	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB).	✓		
1.7	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1.7 (a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1.7 (b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.			Under Process
2	Governance of Board of Directors of Subsidiary Company			
2 (a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			N/A
2 (b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			N/A
2 (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			N/A
2 (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			N/A
2 (e)	The Audit Committee of the holding company shall also review the financial Statements, in particular the investments made by the subsidiary company.			N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-			
3.1	Appointment			
3.1 (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
3.1 (b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3.1 (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3.1 (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3.1 (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3.2	Requirement to attend the Board Meetings			
3.2	The MD or CEO, CS, CFO and HIAC of the companies shall attend the meetings of the Board of Directors provided that the CS, CFO and /or the HIAC shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating of their personal matters.	✓		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3.3 (a)	The MD or CEO and CFO have reviewed financial statements for the year to the best of their knowledge and belief;	✓		
3.3 (a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3.3 (a)(ii)	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;	✓		
3.3 (b)	This is also certified that no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	✓		
3.3 (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee			
4	For ensuring good governance in the company, the Board shall have at least following subcommittees:	✓		
4 (i)	Audit Committee;	✓		
4 (ii)	Nomination and Remuneration Committee;	✓		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5.1 (a)	The company shall have an Audit Committee as a sub-committee of the Board of Directors;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
5.1 (b)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5.1 (c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
5.2	Constitution of Audit Committee			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5.2 (b)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director;	✓		
5.2 (c)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	✓		
5.2 (d)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
5.2 (e)	The company secretary shall act as the secretary of the Committee;	✓		
5.2 (f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5.3	Chairman of the Audit Committee			
5.3 (a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5.3 (b)	In the absence of the chairperson the audit committee, the remaining members may elect one of themselves as chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition 5(4)(b) and the reason of absence or the regular chairperson shall be duly recorded in the minutes.			No such issue
5.3 (c)	Chairperson of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
5.4	Meeting of the Audit Committee			
5.4 (a)	The Audit Committee shall conduct at least its four meetings in a financial year;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
5.4 (b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5.5	Role of Audit Committee shall include the following:			
5.5 (a)	Oversee the financial reporting process;	✓		
5.5 (b)	Monitor choice of accounting policies and principles;	✓		
5.5 (c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	✓		
5.5 (d)	Oversee hiring and performance of external auditors;	✓		
5.5 (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5.5 (f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		
5.5 (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		
5.5 (h)	Review the adequacy of internal audit function;	✓		
5.5 (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5.5 (j)	Review statement of significant related party transactions submitted by the management;	✓		
5.5 (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	✓		
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	✓		
5.5 (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:			No such issue
5.6	Reporting of the Audit Committee			
5.6 (a)	Reporting to the Board of Directors			
5.6 (a)(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
5.6 (a)(ii)	The Audit committee shall immediately report to the Board of Directors on the following findings, if any;			
5.6 (a)(ii)(a)	Report on conflicts of interests;			No such issue

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
5.6 (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			No such issue
5.6 (a) (ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations; and			No such issue
5.6 (a) (ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately			No such issue
5.6 (b)	Reporting to the Authorities			
	If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			No such issue
5.7	Reporting to the Shareholders and General Investors			
	Report on activities carried out by Audit Committee, including any report made to the Board of Directors under condition 5(6)(a)(ii) above during the year shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company.	✓		
6	Nomination and Remuneration Committee (NRC)			
6.1	Responsibility to the Board of Directors			
6.1 (a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	✓		
6.1(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top-level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6.1(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6.2	Constitution of the NRC	✓		
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6.2 (b)	All members of the Committee shall be non-executive directors;	✓		
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
6.2 (c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6.2 (e)	In case of death, resignation, disqualification, or removal of any member of the Committee, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such issue
6.2 (f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such issue
6.2 (g)	The company secretary shall act as the secretary of the Committee;	✓		
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6.2 (i)	No member of the NRC shall receive any remuneration for any advisory role or otherwise, other than Director's fees or honorarium from the company;	✓		
6.3	Chairperson of the NRC			
6.3 (a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6.3 (b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such issue
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.			Will attend in upcoming AGM
6.4	Meeting of the NRC			
6.4 (a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6.4 (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6.4 (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6.4 (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
6.5	Role of the NRC			
6.5 (a)	NRC shall be independent and accountable to the Board and shareholders;	√		
6.5 (b)	NRC shall oversee, among others, the following matters:	√		
6.5 (b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, considering the following:	√		
6.5 (b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6.5 (b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6.5 (b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6.5 (b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6.5 (b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6.5 (b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6.5 (b)(v)	Identifying the company's needs for employees at different levels;	√		
6.5 (b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	√		
6.5 (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External/Statutory Auditors			
7.1	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	√		
7.1 (i)	Appraisal or valuation services or fairness opinions;	√		
7.1 (ii)	Financial information systems design and implementation	√		
7.1 (iii)	Book-keeping or other services related to the accounting records or financial statements;	√		
7.1 (iv)	Broker-dealer services;	√		
7.1 (v)	Actuarial services;	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not-complied	
7.1 (vi)	Internal audit services or special audit services;	√		
7.1 (vii)	any service that the Audit Committee determines;	√		
7.1 (viii)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 9 (1);	√		
7.1 (ix)	Any other service that creates conflict of interest;	√		
7.2	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		
7.3	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8.1	The company shall have an official website linked with the website of the stock exchange;	√		
8.2	The company shall keep the website functional from the date of listing;	√		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance			
9.1	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9.2	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting;			Will be appointed in this 18th AGM
9.3	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	√		

Declaration by MD and CFO

Date: October 17, 2019

The Board of Directors
Saiham Cotton Mills Limited
Saiham Tower, House# 34, Road# 136
Gulshan-1, Dhaka-1212.

Subject: Declaration on Financial Statements for the year ended June 30, 2019.

Dear Sir(s)

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Saiham Cotton Mills Limited for the year ended on June 30, 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

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

Sincerely yours,

Sd/-
(Engr. Syed Ishtiaq Ahmed)
Managing Director

Sd/-
(Abu Bakar Siddique)
Chief Financial Officer

**INDEPENDENT AUDITOR'S REPORT
TO THE SHARE HOLDERS OF SAIHAM COTTON MILLS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT**

Opinion

We have audited the financial statements of Saiham Cotton Mills Ltd. which comprise the statement of financial position as at 30 June 2019, and statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects of the statement of financial position of Saiham Cotton Mills Ltd. as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

We have determined the following key audit matters to communicate in our report.

Property, plant and equipment

The key Audit Matter

The company has Tk. 5,271,937,989 as Written Down Value (WDV) at Property, Plant and Equipment which stands at 57.45 % of its total assets with new acquisitions of Tk. 2,861,495,840 which includes Tk. 2,562,422,452 as revaluation made during the year. The management reviews the estimated depreciable lives and the residual value of property, plant and equipment annually. It usually the company policy to charge depreciation when property, plant and equipment become available for use as described in the notes to the financial statements. The management is used judgment to ascertain the timing of depreciation of the property, plant and equipment in few cases.

Property, plant and equipment have been identified as a key audit matter because it requires the management to exercise significant judgment in relation to the estimate the carrying amount of the assets whether to be valued at cost less accumulated depreciation or revalued amount and depreciable lives of the assets considering the nature, timing and likelihood of changes to the technical factors which may affect the useful life expectancy of the assets and therefore it could have a material impact on the depreciation expense for the year.

Please refer to **Note 3.00 "Property Plant and Equipment"** of the notes to the financial statements for relevant details.
How the scope of our audit responded to the key audit matter:

Our procedures in relation to the depreciable lives of the property, plant and equipment included:

- a) Testing the key controls over the management's judgment in relation to the accounting estimates of the depreciable lives of property, plant and equipment;

- b) Verifying whether revaluation was made and accounted for in the financial statements in accordance with the relevant standards;
- c) Calculating the results and performing analytical reviews to assess whether proper effects of revaluation has been given;
- d) Evaluation of the valuer's competency and works performed;
- e) Checking the adequacy of the disclosure on the revaluation;
- f) Verification and calculation of deferred tax on revaluation and whether proper treatment has been given for the deferred tax thereon;
- g) Assessing the management's estimates on the useful lives of property, plant and equipment with reference to: (1) the consistency with the company's expected consumption pattern of economic benefits embodied in the respective assets and future operating plans including acquisitions and retirements of property, plant and equipment; (2) the comparison to the policies adopted by other comparable entities operating in this area; and (3) consideration of the company's historical experience.

Inventory

The key Audit Matter

The Company had inventory of Tk. 2,133,236,389 at 30 June 2019 held in its factory, godowns and across multiple product lines which represents 23% of its total assets. Inventories are carried at the lower of cost and net realizable value. As a result, the management applies judgment in determining the appropriate values for slow-moving or obsolete items.

Please refer to **Note 6.00 "Inventories"** to the financial statements for relevant disclosures.

How the scope of our audit responded to the key audit matter:

We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:

- a) Evaluating the design and implementation of key inventory controls operating across the company, including stocks in the factory and in the godowns;
- b) Checking the management's inventory count sheet and reconciling the count results to the inventory listings to test the completeness of data;
- c) Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories;

Taxation

The key Audit Matter

The Statement of Profit & Loss and Other Comprehensive Income shows total profit before tax stands at Tk. 206,269,420 during the year on which the company has charged total income tax of Tk. 36,608,875 under current tax and deferred tax. Furthermore, deferred tax liability of the company has increased to Tk. 580,863,000 after giving effect of deferred tax on revaluation of asset.

Given the company's exposure to complex tax issues, the high level of management judgment in estimating the amounts of reserve and provision for tax and involvement with regulatory authorities, taxation was considered to be a key audit matter.

Please refer to **Note 11.00 "Deferred Tax Liability"** and **Note 16.00 "Income Tax Provision"** to the financial statements for relevant disclosures regarding calculation and disclosure of taxation.

How the scope of our audit responded to the key audit matter:

We particularly focused on the impact of whether the tax provision was appropriately recognized; we conducted interviews with the company's tax personnel in order to assess the taxable income of the company. We re-performed the calculations made by the management regarding tax liabilities to ensure compliance with the provisions of Income Tax Ordinance, 1984 and checked the arithmetical accuracy of the calculations.

We also obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of deferred tax liabilities and the assumptions used thereon. We assessed key assumptions, controls, recognition and measurement of deferred tax assets. We also assessed the appropriateness of presentation of disclosures against **"Income Tax"**.

Other Information

Management is responsible for the other information. The other information comprises all of the information other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the board of director of the company.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management but not for the purpose expressing an opinion on the effectiveness of the company's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the company's financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirements

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

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

Place: Dhaka
Dated: October 28, 2019

Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Saiham Cotton Mills Ltd.
Statement of Financial Position
 As at June 30, 2019

Particulars	Notes	Amount in Taka	
		June 30, 2019	June 30, 2018
ASSETS:			
Non-current Assets:			
Property, plant and equipment	3.00	5,271,937,989	2,597,872,809
Investment	4.00	535,818,080	528,299,680
Total Non-current Assets		5,807,756,069	3,126,172,489
Current Assets:			
Trade and other receivables	5.00	1,121,522,492	1,015,623,914
Inventories	6.00	2,133,236,389	2,018,814,946
Advance, deposits and pre-payments	7.00	77,397,650	82,932,134
Cash and cash equivalents	8.00	37,076,890	106,323,037
Total Current Assets		3,369,233,420	3,223,694,031
Total Assets		9,176,989,489	6,349,866,520
EQUITY AND LIABILITIES:			
Shareholder's Equity:			
Share capital	09.00	1,487,750,000	1,487,750,000
Share premium		751,750,000	751,750,000
Revaluation surplus	10.00	2,517,331,588	374,327,126
Retained earnings		817,148,198	753,690,396
FVOCI Reserve		4,767,343	700,367
Total Shareholders Equity		5,578,747,129	3,368,217,890
Non-current Liabilities:			
Deferred tax liabilities	11.00	580,863,000	189,288,677
Term Loan	12.00	122,930,780	280,187,310
Total Non-current Liabilities		703,793,780	469,475,987
Current Liabilities:			
Short Term Loan	13.00	2,228,776,145	1,835,916,786
Term Loan Current Maturity	12.00	115,885,071	204,113,547
Liability against Capial Machinery	14.00	230,551,624	-
Trade creditors	15.00	259,931,889	408,762,035
Income tax provision	16.00	4,910,114	2,180,043
Payable and accruals	17.00	54,393,737	61,200,232
Total Current Liabilities		2,894,448,580	2,512,172,643
Total Liabilities		3,598,242,360	2,981,648,630
Total Equity and Liabilities		9,176,989,489	6,349,866,520
Net Assets Value per Share	24.00	37.50	22.64

The annexed notes 1 to 33 and annexure A to C form an integral part of these financial statements.

Sd/-
Managing Director

Signed in terms of our separate report of even date.

Dated : Dhaka
 October 28, 2019

Sd/-
Director

Sd/-
Company Secretary

Sd-
Khan Wahab Shafique Rahman & Co.
 Chartered Accountants

Saiham Cotton Mills Ltd.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		July 01, 2018 to June 30, 2019	July 01, 2017 to June 30, 2018
Turnover		3,165,775,916	2,929,785,600
Cost of goods sold	18.00	(2,818,104,921)	(2,625,312,713)
Gross Profit		347,670,994	304,472,887
Administrative and marketing expenses	19.00	(73,606,973)	(72,322,740)
Financial expenses	20.00	(123,637,538)	(96,478,668)
Operating Profit		150,426,484	135,671,479
Non-operating income	21.00	4,453,395	45,789,432
Other income	22.00	59,824,138	29,015,994
Operating Profit Before WPPF & WWF		214,704,016	210,476,905
Expenses for WPPF & WWF		(10,224,001)	(10,014,155)
Unrealized gain/(loss) for change in exchange rate of foreign currency		1,789,405	(179,643)
Profit before Tax		206,269,420	200,283,107
Provision for Tax		(36,608,875)	(41,713,921)
Current Tax	16.00	(23,663,696)	(23,658,647)
Deferred Tax	11.1.1	(12,945,179)	(18,055,274)
Net Profit after Tax		169,660,545	158,569,186
Other Comprehensive Income/(Loss)		2,188,312,170	(10,721,047)
Adjustment for unrealized gain/(loss) on marketable securities		4,518,862	(11,912,274)
Deferred tax adjustment		(451,886)	1,191,227
Revaluation gain on PPE		2,562,422,452	-
Deferred Tax Adjustment		(378,177,258)	-
Total Comprehensive Income for the year		2,357,972,715	147,848,139
Earnings Per Share (EPS)	23.00	1.14	1.07

The annexed notes 1 to 33 and annexure A to C form an integral part of these financial statements.

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Signed in terms of our separate report of even date.

Dated : Dhaka
October 28, 2019

Sd-
Khan Wahab Shafique Rahman & Co.
Chartered Accountants

Saiham Cotton Mills Ltd.
Statement of Changes in Equity
For the year ended June 30, 2019

Particulars	Share capital	Share premium	Tax holiday reserve	General reserve	Revaluation surplus	FVOCI Reserve	Retained earnings	Total equity
Balance as at July 01, 2018	1,487,750,000	751,750,000	-	-	374,327,126	700,367	753,690,396	3,368,217,889
Unrealized gain on marketable securities	-	-	-	-	-	4,066,976	169,660,545	173,727,521
Adjustment for Tax Refund (2015-2016)	-	-	-	-	-	-	1,331,524	1,331,524
Revaluation gain during the year	-	-	-	-	2,562,422,452	-	-	2,562,422,452
Adjustment for depreciation on revalued assets	-	-	-	-	(41,240,733)	-	41,240,733	-
Adjustment for revaluation of P.P.E and deferred tax	-	-	-	-	(378,177,258)	-	-	(378,177,258)
Cash Dividend paid for the year (2018)	-	-	-	-	-	-	(148,775,000)	(148,775,000)
Balance as at June 30, 2019	1,487,750,000	751,750,000	-	-	2,517,331,588	4,767,343	817,148,198	5,578,747,129
Balance as at July 01, 2017	1,487,750,000	751,750,000	100,715,999	60,400,000	397,705,914	11,421,414	585,030,753	3,394,774,080
Total Comprehensive Income during the year	-	-	-	-	-	(10,721,047)	158,569,186	147,848,140
Adjustment for Tax holiday reserve	-	-	(100,715,999)	-	-	-	100,715,999	-
Adjustment for General reserve	-	-	-	(60,400,000)	-	-	60,400,000	-
Adjustment for depreciation on revalued assets	-	-	-	-	(23,378,788)	-	-	(23,378,788)
Adjustment for revaluation of P.P.E and deferred tax	-	-	-	-	-	-	27,504,458	27,504,458
Cash Dividend paid for the year (2017)	-	-	-	-	-	-	(178,530,000)	(178,530,000)
Balance as at June 30, 2018	1,487,750,000	751,750,000	-	-	374,327,126	700,367	753,690,396	3,368,217,889

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Saiham Cotton Mills Ltd.
Statement of Cash Flows
For the year ended June 30, 2019

Particulars	Amount in Taka	
	July 01, 2018 to June 30, 2019	July 01, 2017 to June 30, 2018
A. Cash Flows From Operating Activities		
Collection from customers	3,061,904,345	3,023,668,615
Payment for cost and expenses	(2,977,252,001)	(3,060,062,291)
Collection from non-operating income	6,934,593	45,789,432
Collection from other income	59,824,138	29,015,994
Income tax paid	(19,602,102)	(30,158,647)
Net cash used in operating activities	131,808,972	8,253,103
B. Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(299,073,388)	(166,831,080)
Investment in Unquoted company (SKCL)	-	-
Investment in shares of listed company	17,143,013	-
Investment in FDR	(20,142,552)	268,792,500
Liability against capital machinery	230,551,624	-
Net cash flows from investing activities	(71,521,302)	101,961,420
C. Cash Flows From Financing Activities		
Short-term loan	400,091,342	342,632,067
Term Loan	(254,731,424)	(155,504,083)
Interest paid on borrowings	(123,637,538)	(96,478,668)
Dividend paid	(148,775,000)	(178,530,000)
Net cash flows from financing activities	(127,052,620)	(87,880,684)
D. Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(66,764,950)	22,333,839
Cash & Cash Equivalents at beginning of the year	106,323,037	82,503,433
Effects of exchange rate changes	(2,481,198)	1,485,766
Cash & Cash Equivalents at end of the year	37,076,890	106,323,037
Net Operating Cash Flow Per Share (NOCFPS)	0.89	0.06

Sd/-
Managing Director

Sd/-
Director

Sd/-
Company Secretary

Saiham Cotton Mills Ltd.
Notes to the Financial Statements
As at and for the year ended June 30, 2019

1. Reporting Entity

1.1. Background of the Entity

Saiham Cotton Mills Ltd. (SCML) was incorporated on May 30, 2002 as a Private Limited Company under the Company Act, 1994 and subsequently it was converted as a Public Limited Company in April, 2010. The registered office of the company is situated at Noyapara, P.O: Saiham Nagar, U.Z: Madhabpur, Habiganj, while Dhaka office is situated at House # 34(11th floor), Road # 136, Gulshan – 1, Dhaka – 1212.

Saiham Cotton Mills Ltd. (SCML) had floated its 4,75,00,000 shares of Tk. 10/- each at Tk. 20/- each including premium of Tk. 10/- per share to general public through Initial Public Offering (IPO) after obtaining consent from Securities and Exchange Commission (SEC) vide their letter no. SEC/CI/IPO-159/2011/898 dated December 18, 2011.

1.2. Nature of Business

The company operates as industrial spinning plant having one of the largest and modern cotton mill for 100% export oriented industries in Bangladesh. The Company manufactures auto coned electronically cleared cotton carded and combed grey yarn.

2. Basis of preparation and Presentation of financial statements

2.1 Statement of Compliance

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

2.2 Basis of Preparation

The financial statements of the company have been prepared assuming Going Concern basis based on the accrual basis of accounting following under the historical cost convention except property, plant and equipment (PPE), investment in shares and investment in FDR.

2.3 Basis of Reporting

The Financial statements are prepared and presented for external users by the enterprise in accordance with identified reporting framework. Presentation has been made in compliance with the standards adopted by the ICAB for reporting, IAS – 1: “Presentation of Financial Statements”.

2.4 Reporting period:

These financial statements covered 12 (twelve) months from July 01, 2018 to June 30, 2019.

2.5 Comparative Figure:

Comparative information has been disclosed in respect of the year ended 30 June 2018 for all numerical information in the financial statements and also narrative and descriptive where it is relevant for understanding of the current year's financial statements.

2.6 Compliance with Financial Reporting Standards as applicable in Bangladesh

The Companies complied, as per Para 12 of Securities & Exchange Rule 1987, with the following International Accounting Standards (IASs) as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB) in preparing the financial statements of the Company subject to departure where we have followed:

Sl. No.	Standard Number	Title of Standards	Compliance Status
01	IAS 01	Presentation of Financial Statements	Complied
02	IAS 02	Inventories	Complied
03	IAS 07	Statement of Cash Flows	Complied
04	IAS 10	Events after the Reporting Period	Complied
05	IAS 12	Income Taxes	Complied
06	IAS 16	Property, Plant & Equipment	Complied
07	IAS 21	The Effects of Changes in Foreign Exchange Rates	Complied
08	IAS 24	Related Party Disclosures	Complied
09	IAS 33	Earnings per Share	Complied
10	IFRS 09	Financial Instruments	Complied
11	IFRS 13	Fair Value Measurement	Complied
12	IFRS 15	Revenue from Contracts with Customers	Complied

2.7 Use of estimates and judgments:

In the preparation of the financial statements management required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going concern basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any periods affected.

2.8 Going concern Review

As per IAS-1, a company is required to make assessment at the end of each year to make assessment of its capability to continue as going concern. Management of the company makes such assessment each year. The company has adequate resources to continue its operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the financial statements.

2.9 Components of the Financial Statements:

According to the IAS – 1 “Presentation of Financial Statements” the complete set of the financial statements includes the following components:

- i) Statement of Financial Position as at June 30, 2019;
- ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2019;
- iii) Statement of Changes in Equity for the year ended June 30, 2019;
- iv) Statement of Cash Flows for the year ended June 30, 2019; and
- v) Accounting Policies and explanatory notes to the financial statements for the year ended June 30, 2019.

2.10 Regulatory and Legal Compliance:

The Company complied with the requirements of the following regulatory and legal authorities:

- i) The Companies Act ,1994;
- ii) The Income Tax Ordinance,1984;
- iii) Securities and Exchange Rules, 1987;
- iv) The VAT Act,1991; and
- v) Other applicable rules and regulation.

2.11 Property, Plant and Equipments (PPE):

Property, plant and equipment are stated at their cost / revalued value less accumulated depreciation in accordance with IAS- 16: “Property, plant and equipment”. Cost represents cost of acquisition or construction and includes purchase price and other directly attributable cost of bringing the asset to working conditions for its intended use.

Expenditure on repairs and maintenance of property, plant and equipment is treated as expenses when incurred, subsequent expenditure on property, plant and equipment is only recognized when the expenditure improves the condition of the asset beyond its originally assessed standard of performance.

Depreciation of Property, Plant and Equipments

No depreciation has been charged on Land and Land development considering the unlimited useful life. Depreciation has been charged from the date when the assets became available for use. The rates of depreciation at the following rates are applied from the use of commercial production. Depreciation has been charged on PPE under diminishing balance method.

Name of assets	Rates
Building and Others Construction	5.00%
Plant and Machineries	7.50%
Furniture and Fixtures	10.00%
Motor Vehicles	15.00%
Office Equipments	10.00%
Sundry Assets	10.00%

Revaluation of property, plant and equipment

Basis of valuation:

Land and land development: Present valuation of the Land and land Development has been arrived by consideration of the location and the market price of recent Transfer Price of the assets. Information and explanation from local people and Mouza Value has been considered to assess an average current transfer/market rate of land.

Building and civil engineering: Factory building, Generator and other buildings / structure has been valued taking into consideration of present cost of construction materials technical and non technical labor cost workman shop and cost of transportation etc. as the valuer have taken into consideration the materials used for the construction of the buildings / structure and financial work and arrive at a fair and reasonable value of the same.

Plant and machinery: Plant and machineries has been arrived at by taking into consideration the current replacement cost. Beside, Information from C&F and other reliable source has been considered.

Valuation of the subject Assets and properties was carried out on the basis of following applicable standards and guidelines:

- A) The valuation was undertaken in accordance with International Accounting Standard (IAS-16), International Financial Reporting Standards (IFRS-13) and International Valuation Standards (IVS).
- B) The valuation was undertaken in accordance with the Bangladesh Securities and Exchange Commission (BSEC) Guideline vide reference no. SEC/CMRRCD/2009-193/150/Admin/.... Dated August 18, 2013.
- C) The subject assets were revalued at fair value as per the standards for revaluation of those assets. The definition of 'fair value' is reproduced below:

“Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction”.

- D) The valuation exercise was undertaken after considering five Fundamental Principles of Ethical Conduct namely Integrity, Objectivity, Competence, Confidentiality and Professional Behavior.

Date of 1st Revaluation Report: December 20, 2010.

Date of 2nd Revaluation Report: April 28, 2019.

Date of incorporation of the 1st valuation in the financial statements December 31, 2010.

Date of incorporation of the 2nd valuation in the financial statements May 1, 2019.

1st Valuer : Vigilant Survey Associates
2nd Valuer : ATA Khan & Co. Chartered Accountants

2.12 Investment in Shares:

Investment in marketable ordinary shares has been shown at market price and classified as Fair value through other comprehensive income (FVOCI) financial instruments. Any adjustment for diminution in value of share as on closing of the year on an individual investment basis is made in the financial statement which is reflected in the other comprehensive income statement.

2.13 Inventories:

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process. Inventories are stated at the lower of cost or net realizable value. Costs including an appropriate portion of fixed and variable overhead expenses are assigned to inventories by the method most appropriate to the particular class of inventory. Net realizable value represents the estimated selling price for the inventories less all estimated cost of completion and cost necessary to make the sale. In compliance with the requirements with IAS - 2 “Inventories” consist of Raw materials, WIP & Finished Goods are valued at the lower of average cost or the net realizable value. Item wise valuation as follows:

Raw Cotton	At lower of weighted average cost or net realizable value
Stores & Spares	At lower of weighted average cost or net realizable value
Packing Materials	At lower of weighted average cost or net realizable value
Work-in-Process	100% Materials plus portion of labour charges, Gas charges.
Finished Goods (Yarn)	At lower of weighted average cost or net realizable value

2.14 Revenue Recognition:

In compliance with the requirements of IFRS - 15 “Revenue”, revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable excluding discounts, rebates and sale taxes.

Revenue from the sale of goods is recognized when the following conditions are satisfied:

- i) the enterprise has transferred to the buyer the significant risk and rewards of ownership of the goods;
- ii) the enterprise retains neither continuing managerial involvement to the degree usually associated with ownership of the goods;
- iii) the amounts of revenue can be measured reliably ;
- iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- v) The cost incurred or to be incurred in respect of the transaction can be measured reliably.

2.15 Functional and Presentation Currency and level of precision:

These financial statements are presented in Bangladeshi Taka (Taka/Tk./BDT) which is both functional currency and presentation currency of the Company.

2.16 Earnings per Share (EPS):

Earnings per share (EPS) are calculated in accordance with the IAS – 33 “Earnings per share” which has been shown on the face of statement of comprehensive income.

i) Basic Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to the ordinary shareholders by the number of shares outstanding during the year.

ii) Diluted earnings per share

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

2.17 Cash & Cash Equivalent

According to IAS – 7 “Statement of Cash Flows” cash comprises of cash in hand and cash at bank. Considering the provisions of IAS – 7 cash in hand and bank balances have been considered as cash and cash equivalents.

2.18 Cash Flow Statement

Cash Flow Statement is prepared principally in accordance with IAS – 7 “Statement cash flows” and in the cash flows the operating activities have been presented in direct method as prescribed by Bangladesh Securities and Exchange Rule 1987.

2.19 Provision, Accruals and Other Payables

While the provision for certain standing charges and known liabilities is made at the financial position date based on estimate, the difference arising there from on receipts of bills or actual payments is adjusted in the subsequent year when such liabilities are settled.

2.20 Foreign Currency Translation

Transactions in foreign currencies are translated in to BDT at the rate of exchange ruling on date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated in to BDT at the rate of exchange ruling at the financial position date. Gain or losses resulting from foreign currency transactions are taken to the Comprehensive Income statement complying with IAS- 21: “The Effects of Changes in Foreign Exchange Rates”.

2.21 Borrowing costs:

In compliance with the requirement of IAS – 23 “Borrowing costs” borrowing cost relating to operational period on long term loans, short term loans and overdraft facilities was charged to revenue account as an expense as incurred.

2.22 Revaluation Reserve:

When an assets carrying amount is increased as a result of a revaluation, the increase amount should be credited directly to equity under the heading of revaluation surplus /reserve as per IAS-16: Property, Plant and Equipment. The company revalued the assets of land and land development, Factory Building and Other Construction, Building Office Space, Plant and Machineries and Motor vehicle which has absolutely owned by the company and the increase amount transferred to revaluation reserve. The tax effects on revaluation gain are measured and recognized in the Financial Statements as per IAS-12: Income Taxes.

2.23 Taxation:

Current Tax:

Current tax provision has been made as per Income Tax Ordinance, 1984.

Deferred Tax:

Deferred tax is recognized on difference between the carrying amount of assets and a liability in the financial statements and the corresponding tax based used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liability are generally recognized for all taxable temporary difference and deferred tax assets are recognized to the extent that it is probable that the profit will be available against which deductible temporary difference, unused tax loses or unused tax credits can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit. Considering the practices generally followed in Bangladesh the company have been reserved deferred tax assets or deferred tax liability in accordance with IAS- 12 “Income Taxes”.

2.24 Trade Debtors:

Trade debtors for export of yarn are stated at their real value and trade receivable has mostly arisen from export sales which are usually received within the tenure under LC terms. As such, no expected credit loss has arisen during the year.

2.25 Provision for Worker's Profit Participation Fund:

The company has provided @ 5% of net profit before tax after charging the contribution to WPPF as per provision of the Workers Profit Participation Act, 1968 and is payable to workers as delivered in the said Act.

2.26 Responsibility for Preparation and Presentation of Financial Statement:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act 1994 and as per provision of "The Framework for the Preparation and Presentation of Financial Statements" issued by the International Accounting Standard Committee (IASC).

2.27 Related Party Disclosures:

As per IAS- 24: "Related Party Disclosures" parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company has carried out transactions in the ordinary course of business on an arm's length basis at commercial rates with related parties.

2.28 Event after the reporting period:

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

2.29 Approval of the financial statement:

These financial statements have been approved by the Board of Directors on October 28, 2019.

2.30 General:

- i) Figures appearing in these Financial Statements have been rounded off to the nearest Bangladesh Taka.
- ii) These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- iii) The company has not incurred any expenditure in foreign currency against royalties and technical fees.

		Amount in Taka	
		June 30, 2019	June 30, 2018
3.00	Property, Plant and Equipment		
	This is arrived as follows:		
	Balance as on July 01, 2018	3,874,333,723	3,707,502,643
	Addition during the year	2,861,495,840	166,831,080
	Total as on June 30, 2019	6,735,829,563	3,874,333,723
	Accumulated Depreciation	(1,276,460,915)	(1,102,268,557)
	Depreciation value	5,459,368,648	2,772,065,166
	Depreciation charge during the year	(187,430,659)	(174,192,357)
	Written down value as on June 30, 2019	5,271,937,989	2,597,872,809

(a) The details of the Property, Plant and equipment have been shown in Annexure - A

(b) The assets have been revalued on 28 April, 2019.

4.00	Investment		
	Investment in Unquoted company (FSML) 4.01	60,499,400	60,499,400
	Investment in shares of listed company 4.02	6,468,884	19,093,035
	Investment in FDR 4.03	468,849,797	448,707,245
		535,818,080	528,299,680
4.01	Investment in Unquoted company (FSML)	60,499,400	60,499,400
		60,499,400	60,499,400

4.02 Investment in Shares of Listed Company

Investment in ordinary shares comprises of shares of various listed company's shares .

Name of the company	No. of Shares	June 30, 2019		June 30, 2018
		Cost	Market Value	Market Value
ABB1STMF	-	-	-	382,404
ACTIVEFINE	-	-	-	442,771
AGRANINS	750	19,569	18,750	-
AIL	3,000	184,040	184,500	244,800
AMANFEED	2,251	122,154	99,269	-
AMCL(PRAN)	-	-	-	238,199
APOLOISPAT	-	-	-	180,000
ALHAJTEX	4,100	314,939	253,380	109,620
ANWARGALV	-	-	-	201,000
BEXIMCO	-	-	-	131,000
BSCCL	-	-	-	1,436,278
BRA CBANK	8,000	528,159	528,800	-
CITYBANK	-	-	-	1,543,920
CNATEX	75,000	583,131	217,500	200,000
CONTININS	5,250	133,573	114,975	-
DHAKABANK	-	-	-	35,500
EASTLAND	175	4,081	4,498	-
ESQUIRENIT	1,000	45,991	44,700	-
EXIM	-	-	-	190,400
FARCHEM	30,000	644,757	390,000	458,200
FASFIN	-	-	-	55,500
FORTUNE	2,000	72,118	72,400	-
FUANGFOOD	16,000	262,847	251,200	-
GSPFINANCE	9,000	224,316	157,500	-
IBP	32,000	823,608	774,400	-
ICB	-	-	-	163,185

SAIHAM COTTON MILLS LTD.

		Amount in Taka	
		June 30, 2019	June 30, 2018
IFIC	-	-	358,940
KPCL	-	-	236,600
KEYACOSMET	-	-	528,000
MITHUNKNIT	-	-	206,000
MIRACLEIND	-	-	85,400
NAHEEACP	-	-	232,500
PREMIERBANK	-	-	103,550
PLFSL	10,000	292,722	41,000
RAKCERAMIC	3,750	204,119	126,750
RANFOUNDRY	-	-	143,700
RUPALIINS	400	7,731	7,920
SAFKOSPINN	-	-	71,600
SHEPHERD	-	-	455,600
SAPORTL	-	-	27,300
SONARBAINS	10,505	431,919	390,786
UCB	-	-	88,000
USMANIAGL	-	-	167,100
UNITEDAIR	564,340	6,129,740	1,354,416
UNITEDFIN	11,000	216,474	206,800
UTTARABANK	10,200	294,470	288,660
WMSHIPYARD	-	-	354,000
Green Delta F. Services Ltd. BO-1203620023711436	-	90,497	90,497
BARKAPOWERS	-	-	1,999,980
BBS	-	-	42,600
BDTHAI	-	-	425,625
CITYBANK	-	-	211,680
DHAKABANK	-	-	639,000
FASFIN	-	-	305,250
GPHISPAT	-	-	3,670
ICB	2,400	405,858	278,160
ILFSL	-	-	250,320
ONEBANK	-	-	693,000
SUNLIFEINS	-	-	72,800
SAIFPOWER	26,817	905,266	520,250
SALVOCHEM	-	-	36,750
UTTARABANK	-	-	395,200
BRAC EPL BALANCE TK.	-	51,773	51,773
Total		12,993,855	6,468,884
			19,093,035

4.03 Investment in FDR

Dhaka Bank, 0010720
Bank Asia(0048960/1858)
UNICAP,0311
UFIL, 1516
UFIL, 2916
UNICAP,2015 08 211
IDLC Finance, 71201
UNICAP,2015 08 232
IDLC Finance, 71204
IDLC Finance, 71201
IDLC Finance, 71202

Purpose

Bank Guarantee	990,809	899,745
Bank Guarantee	4,021,604	1,600,000
	16,207,500	16,207,500
	21,338,000	20,000,000
	22,854,383	20,000,000
Term Loan	50,000,000	50,000,000
	-	20,000,000
	20,000,000	20,000,000
	-	50,000,000
	-	50,000,000
	-	50,000,000

SAIHAM COTTON MILLS LTD.

		Amount in Taka	
		June 30, 2019	June 30, 2018
IDLC Finance, 71203		-	50,000,000
UNICAP , 2015 01 026		-	50,000,000
Lankabangla,169	Term Loan	53,437,500	50,000,000
UFIL, 19918		50,000,000	-
UFIL, 19818		50,000,000	-
IDLC Finance, 38927		60,000,000	-
IDLC Finance, 38928		60,000,000	-
UFIL, 6919		60,000,000	-
		468,849,797	448,707,245

Out of total Tk. 468,849,797, Tk. 5,012,414 Fixed Deposit Receipts are under lien with bank against bank guarantee and Taka 103,437,500 Fixed Deposit Receipts are lien marked with HSBC Ltd. against term loan.

5.00 Trade and other receivables

Aging of Trade Debtors

Book debts aged upto 90 days	407,663,550	385,884,101
Book debts aged upto 180 days	713,858,942	629,739,813
	1,121,522,492	1,015,623,914

Details of Trade Debtors shown in **Annexure - B**

a) Trade receivable has mostly arisen from export sales which are usually received within the tenure under LC terms. As such, no expected credit loss has arisen during the year.

b) There is no such debt due by or to directors or other officers of the Company.

I. Accounts Receivable considered good in respect of which the company is fully secured.	738,700,021	786,861,266
II. Accounts Receivable considered good in respect of which the company holds no security other than the debtors personal security.	-	-
III. Accounts Receivable considered doubtful or bad.	-	-
IV. Accounts Receivable due by any director or other officer of the company.	-	-
V. Accounts Receivable due by common management.	382,822,471	228,762,648
VI. The maximum amount of receivable due by any director or other officer of the company.	-	-
Total	1,121,522,492	1,015,623,914

6.00 Inventories

This represents as follows:

	Quantity	Amount in Tk.	Amount in Tk.
Raw Materials	19,628,689 Lbs	1,598,984,728	1,476,127,425
Work in Process	135,528 Kgs	26,427,960	18,482,277
Finished Goods	1,971,811 Kgs	437,170,961	476,921,927
Stores & Spare Parts	N/A	69,280,074	45,977,103
Oil & Lubricants	N/A	599,173	421,729
Packing Materials	N/A	773,494	884,485
		2,133,236,389	2,018,814,946

Inventories are valued at lower of cost or net realizable value. Net realizable value is based on estimated selling price less any other cost anticipated to be incurred to make the sale .

	Amount in Taka	
	June 30, 2019	June 30, 2018
7.00 Advance, deposits and prepayments		
Security Deposit with Jalalabad Gas	15,072,839	15,072,839
Security Deposit with Hobigonj Palli Biddut	283,005	283,005
Advance against salary & wages	387,119	811,850
Security deposit with CDBL	500,000	500,000
Advance against local suppliers	22,228,567	12,484,800
Advance against L/C Margin and commission	38,926,120	53,779,640
	77,397,650	82,932,134

- (a) All the advances and deposits amount are considered good and recoverable;
- (b) Advance due from staffs and workers are regularly being realized through their salaries;
- (c) There is no amount due from Directors or Officers of the Company under any agreement;
- (d) Advance against suppliers due mainly to advances given to suppliers for packing materials, spare parts etc.
- (e) L/C Margin deposit against various import L/C represent margin and commission of Raw cotton, Spare Parts, Packing Materials.

8.00 Cash and cash equivalents

This consists of :

Cash in hand	8.01	117,880	2,138,296
Cash at banks	8.02	36,959,009	104,184,741
		37,076,890	106,323,037

8.01 Cash in hand

Head office	17,711	184,152
Factory Office	100,169	1,954,144
	117,880	2,138,296

8.02 Cash at banks

Janata Bank, Motijheel Branch - CD A/C # 023733012107	30,287	45,117
Janata Bank, Noyapara Branch - CD A/C # 0210005125	2,253	1,932,734
Janata Bank Ltd. SND A/C # 145	93,355	2,026,061
Dhaka Bank, Islami Branch- CD A/C # 2015	104,469	106,919
Standard Chartered Bank, A/C # 01-1183017-01	25,760	26,910
HSBC BDT Margin Account # 001 234608-095	10,568	10,568
HSBC Dividend Account # 001 234608-012	1,786,305	1,788,805
HSBC Dividend Account # 001 234608-015	1,848,488	1,850,988
HSBC Dividend Account # 001 234608-901	2,167,548	2,260,573
HSBC Dividend Account # 001 234608-902	766,359	831,472
HSBC Dividend Account # 001 234608-903	1,085,729	1,146,035
HSBC Dividend Account # 001 234608-904	1,581,059	1,793,459
HSBC Dividend Account # 001 234608-905	1,744,312	-
HSBC (SFCAM) A/C # 016	-	-
HSBC CD A/C # 001234608-013	412	412
HSBC CD A/C # 001234608-014	5,361	7,861
Bank Al Falah STD A/C # 0702 03700151	38,148	39,298
Premier Bank Ltd. A/C #1021311869	1,041,070	140,666
Mutual Trust Bank A/C # 599	77,554	4,704
Prime Bank CD A/C # 44026	-	551,042
Bkash DM -417	155,126	44,580
Dutch Bangla Bank A/C # 19259	483,876	334,978
Eastern Bank A/C # 72879	44,676	110,447
BRAC Bank A/C # 1501201985342002	1,976,329	1,943,795
Foreign Currency Accounts		
HSBC Margin Account # 001234608-091	3,509,640	231,008
HSBC FC Account # 001234608-047	1,023,857	8,142,069
HSBC Offshore A/C # 005	277,413	72,550

SAIHAM COTTON MILLS LTD.

	Amount in Taka	
	June 30, 2019	June 30, 2018
Bank Asia \$ Margin A/C # 11047000002	27,031	57,992,523
Bank Asia \$ Margin A/C # 21047000002	7,758,879	
Bank Asia ERQ A/C # 11042000002	1,721,236	1,776,671
Bank Al Falah Margin A/C # 0702 4502202	1,591,357	37,098
Prime Bank BTB A/C # 19110	5,980,554	18,935,398
	36,959,009	104,184,741

09.00 Share capital

This represents:

Authorized capital

200,000,000 Ordinary shares of Tk.10 each

2,000,000,000 **2,000,000,000**

Issued, subscribed and paid up capital :

35,000,000 Ordinary Shares @ Tk. 10 each fully paid up	350,000,000	350,000,000
17,500,000 Ordinary Shares @ Tk 10 each fully paid up other than cash	175,000,000	175,000,000
15,000,000 Ordinary Shares @ Tk.10 each fully paid up	150,000,000	150,000,000
20,250,000 Ordinary Shares @ Tk.10 each fully paid up Other than cash	202,500,000	202,500,000
47,500,000 Ordinary Shares @ Tk.10 each fully paid up	475,000,000	475,000,000
13,525,000 Ordinary Shares @ Tk.10 each fully paid up Other than cash	135,250,000	135,250,000
148,775,000 Ordinary Shares	1,487,750,000	1,487,750,000

Percentage of shareholding position of different shareholders are as follows:

Name of the Shareholders	30.06.2019		30.06.2018	
	No. of shares	% of holding	No. of shares	% of holding
Sponsors	63,074,998	42.40	63,074,998	42.40
Institutions	18,751,544	12.60	37,712,934	25.35
General Public	66,948,458	45.00	47,987,068	32.25
	148,775,000	100.00	148,775,000	100.00

Classification of Shareholders by holding:

The number of shareholders and shareholding position as at June 30, 2019 are given below:

Range of holding	No. of shareholding	No. of shareholders	No. of shareholders
Upto 500 shares	1,867,433	7,307	8,725
501 to 5,000 shares	3,013,071	1,465	2,252
5,001 to 10,000 shares	2,509,208	325	511
10,001 to 20,000 shares	3,478,383	237	292
20,001 to 30,000 shares	2,341,535	92	111
30,001 to 40,000 shares	1,648,096	47	53
40,001 to 50,000 shares	1,864,910	40	32
50,001 to 100,000 shares	4,871,214	67	87
100,001 to 1,000,000 shares	27,083,910	103	60
Over 1,000,000 shares	100,097,240	16	17
Total	148,775,000	9,699	12,140

10.00 Revaluation Surplus

This calculation is arrived as follows:

Opening Balance	374,327,126	397,705,914
Add: Revaluation gain during the year	2,562,422,452	-

SAIHAM COTTON MILLS LTD.

	Amount in Taka	
	June 30, 2019	June 30, 2018
Less: Adjustment for provision of deferred tax	(378,177,258)	-
Adjustment for depreciation on revalued assets	(41,240,733)	(23,378,788)
Closing Balance	2,517,331,588	374,327,126

The revaluation of assets of Saiham Cotton Mills Limited was made on 28 April, 2019 by Ata Khan & Co., Chartered Accountants, an Independent Qualified Valuer, on Land and Land Development, Factory Building and Other Construction, Building Office Space and Plant and Machineries. The revaluation surplus was made for valuation of Land and Land Development, Factory Building and Other Construction, Building Office Space and Plant and Machineries for the Company at Tk. 2,562,422,452. The result of such revaluation was incorporated in these financial statements from its effective date which is 01 May, 2019. The surplus arising from the revaluation was transferred to revaluation reserve. Effect of deferred tax on the revaluation has been shown under Note 11.00 "Deferred Tax Liabilities".

Present valuation of the Land and land Development, Building Office Space has been arrived at by taking into consideration the location and the market price of recent transfer of the assets. Present valuation of Factory building and other construction, Plant and machineries has been arrived at by taking into consideration the current replacement cost.

11.00 Deferred tax Liabilities

This is arrived as follows:

Opening Balance		189,288,677	176,550,299
Add: Deferred Tax expenses for the year	11.1.1	12,945,179	18,055,274
Add: Deferred tax on Revalued Asset		378,177,258	-
Add: Deferred Tax expenses on unrealize gain		451,886	(1,191,227)
		580,863,000	193,414,346
Adjustment for depreciation of revalued assets		-	(4,125,669)
Closing Balance		580,863,000	189,288,677

11.01 Deferred tax liability for the period/year is arrived as follows:

	30.06.19	30.06.18
A. Property, plant and equipment		
Carrying amount	2,310,371,417	2,157,487,955
Tax base amount	1,402,049,356	1,337,467,087
Taxable temporary difference	908,322,060	820,020,868
Tax rate	15%	15%
Deferred tax liability	136,248,309	123,003,130

B. Calculation of deferred tax on revaluation of property, plant and equipment:

Revalued value of land	1,021,866,807	60,705,668
Revalued value of other than land	1,939,699,765	379,679,185
Tax Rate		
On land	15%	15%
On other than land	15%	15%

Deferred tax liabilities

For land	153,280,021	9,105,850
For other than land	290,954,965	56,951,878
	444,234,986	66,057,728

C . Deferred Tax on unrealize gain/ (loss)

Opening balance of deferred tax liability for unrealized gain	77,819	1,269,046
Addition during the year	451,886	(1,191,227)
	529,705	77,819

SAIHAM COTTON MILLS LTD.

	Amount in Taka	
	June 30, 2019	June 30, 2018
D. Deferred Tax on Gratuity Provision		
Provision for Gratuity as at June 30, 2019	1,000,000	1,000,000
Company tax rate	15%	15%
Deferred tax asset	(150,000)	150,000
Total (A+B+C+D)	580,863,000	189,288,677
Calculation of deferred tax:		
Deferred tax liability as on June 30, 2019	580,863,000	189,288,677
Deferred tax liability as on June 30, 2018	189,288,677	176,550,299
Deferred tax increased during the year 11.1.1	391,574,323	12,738,378
11.1.1 Deferred tax liability other than revalued assets as at June 30, 2019	136,248,309	123,003,130
Deferred tax liability other than revalued assets as at June 30, 2018	123,003,130	105,097,856
Net increased in deferred tax expenses for other than revalued assets for the year	13,245,179	17,905,274
Net increase in deferred tax for Unrealized Gain	451,886	(1,191,227)
Deferred tax asset on gratuity provision as at June 30, 2019	(150,000)	150,000
Deferred tax liability on gratuity provision as at June 30, 2018	150,000	-
Net increase/(decrease) in deferred tax expenses for gratuity provision	(300,000)	150,000
Total deferred expenses for the year	12,945,179	18,055,274
Adjustment of revaluation surplus for deferred tax		
Deferred tax liability for revaluation as on June 30, 2019	444,234,986	66,057,728
Deferred tax liability for revaluation as on June 30, 2018	66,057,728	70,183,397
Adjustment of revaluation surplus for deferred tax	378,177,258	(4,125,669)
	391,574,323	12,738,378
Current Tax	23,663,696	23,658,647
Deferred tax	12,945,179	18,055,274
Provision for Tax	36,608,875	41,713,921
12.00 Term Loan		
This is arrived as follows:		
Opening Balance as on July 01, 2018	484,300,857	639,804,940
Addition during the year	-	100,000,000
	484,300,857	739,804,940
Adjusted/Payment during the year	(254,731,424)	(255,504,083)
	229,569,433	484,300,857
Unrealized gain/(loss) for change in exchange rate of foreign currency	9,246,418	-
Closing Balance as on June 30, 2019	238,815,851	484,300,857
Less: Term Loan Current Maturity	115,885,071	204,113,547
	122,930,780	280,187,310

Amount in Taka	
June 30, 2019	June 30, 2018

Repayment terms:

HSBC Ltd.

The above loan created in form of foreign currency term loan which was explained are as follows:

These long term loan are repayable in 16-20 equal installments and interest rate is LIBOR +4.5% per annum. Repayment of these loan started in between May 2014 to July 2016 and will be completed by 20.12.2021.

Security details:

HSBC Ltd.

The loan from HSBC Ltd. is secured by the hypothecation of stock of raw cotton, work in process, finished goods, book debts, term deposit, personal guarantee of all the directors, corporate guarantee of Faisal Spinning Mills Ltd, Saiham Textile Mills Ltd. and pari passu charge on all the floating assets and book debts of the company with RJSC and HSBC.

Prime Bank Ltd.

Out of total Tk. 23,88,15,851, Taka 83,549,671.74 has been taken and accounted for as long term loan against corporate office floor purchase and are repayable in 96 equal installments. Repayment of these loan started from January, 2018 and will be completed in December, 2020.

The loan from Prime Bank Ltd. is secured by the Registered Mortgage of corporate office floor space, personal guarantee of all the directors, Insurance coverage and others related charge documents.

13.00 Short Term Loan

Bank Loan and Overdraft	13.01	2,228,776,145	1,835,916,786
		<u>2,228,776,145</u>	<u>1,835,916,786</u>

13.01 Bank Loan and Overdraft

This consists of as follows:

Cash Credit (Hypo) Bank Asia Ltd.		295,716,878	297,985,915
Cash Credit (Hypo) Bank Al Falah		145,420,995	145,930,685
Overdraft A/c-Prime Bank Ltd.		47,600,759	-
HSBC CD A/C # 001234608-011		26,125,966	28,333,751
Short Term Loan - HSBC		150,000,000	-
L/C liabilities under EDF		1,090,625,463	1,201,139,280
IDBP Loan - Prime Bank Ltd.		20,574,531	13,659,438
IDBP Loan - Bank Asia Ltd.		323,604,250	68,939,025
IDBP Loan - HSBC Ltd.		129,107,303	79,928,692
		<u>2,228,776,145</u>	<u>1,835,916,786</u>

The cash credit facilities secured by the hypothecation of stock of raw cotton, work in process, finished goods, trade debtors and Directors personal security.

14.00 Liability against Capial Machinery :

This consists of as follows:

Kion Baoli Forklift	210119020004	Forklift	1,967,450	-
Kaltimex Energy	DPCDAK885173	Gas Generator & Spare Parts	89,181,384	-
Kaltimex Energy	DPCDAK887401	Gas Generator	102,273,362	-
Sunlight Electrical Pte. Ltd	DPCDAK966428	Capital Mschinery	15,426,508	-
Jiangyin Huafang	DPCDAK969435	Compector	21,702,920	-
			<u>230,551,624</u>	<u>-</u>

		Amount in Taka	
		June 30, 2019	June 30, 2018
15.00 Trade Creditors			
	This is arrived as follows:		
	LC Liabilities	235,961,821	396,269,295
	Local supplier	23,970,068	12,492,740
		259,931,889	408,762,035
	Details of Trade Creditors has been shown in Annexure- C.		
16.00 Income Tax Provision			
	Opening Balance	2,180,043	8,680,043
	Add: Provision made during the year	23,663,696	23,658,647
		25,843,740	32,338,690
	Less: Income Tax payments and Refund	(20,933,626)	(30,158,647)
	Income Tax Refundable (2015-2016)	1,331,524	-
	Advance Income Tax (2015-2016)	923,165	-
	Advance Income Tax (2019-2020)	297,268	-
	Tax deducted at source on FDR interest	670,460	-
	Tax deducted at source u/s 82C	17,711,209	30,158,647
	Closing Balance	4,910,114	2,180,043
16.01 Current Tax		23,663,696	23,658,647
	(Higher of i, ii, iii)		
	i) Regular Tax		
	Profit before Tax	206,269,420	200,283,107
	Accounting Depreciation	187,430,659	174,192,357
	Capital Allowance	(275,731,851)	(295,628,180)
	Other income	(59,545,108)	(28,770,349)
	Dividend income	(279,030)	(245,645)
	Income/(loss) from business	58,144,090	49,831,290
	Tax on business income @ 15%	8,721,614	7,474,694
	Tax on dividend income @ 20%	55,806	49,129
	Tax on Other income @ 25%	14,886,277	7,192,587
	Total tax liability	23,663,696	14,716,410
	ii) Minimum tax U/S-82C(2)		
	Tax deducted at source	17,711,209	23,658,647
	iii) Minimum tax U/S-82C(4)		
	Turnover	11,396,793	10,547,228
	Non-operating income	16,032	164,842
	Other income	358,945	174,096
		11,771,770	10,886,166
17.00 Payable and Accruals			
	This is arrived as follows:		
	Salary and wages	10,817,449	10,135,724
	Gas Charges	6,904,516	9,166,868
	Audit Fees	402,500	115,000
	Utility Bill	19,172	21,227
	Telephone bill	3,280	4,000
	Gratuity Provision	1,000,000	1,000,000
	Financial Expenses	3,931,379	12,048,489
	Credit Rating Fees	-	172,500
	Provident Fund(Head Office)	122,080	48,080
	Provident Fund(Factory Office-Company Cont.)	192,537	102,659
	Provident Fund(Factory Office-Staff Cont.)	189,662	99,784
	Unclaimed dividend	10,979,800	9,671,332
	Unpaid share money deposit	1,976,329	1,943,795

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		Amount in Taka	
		June 30, 2019	June 30, 2018
VAT expenses		-	27,000
WPPF	17.01	17,855,034	16,643,773
		54,393,737	61,200,232
17.01 Workers Profit Participation Fund (WPPF)			
This is arrived as follows:			
Opening Balance		16,643,773	15,360,873
Provision made during the period/year		10,224,001	10,014,155
		26,867,774	25,375,028
Payment made during the period/year		(9,012,740)	(8,731,255)
Closing Balance		17,855,034	16,643,773
18.00 Cost of Goods Sold			
This is made up as follows:			
Materials Consumption			
Raw Cotton	18.01	2,281,644,292	2,249,526,999
Packing Materials	18.02	31,958,282	30,932,821
Stores and Spares	18.03	38,054,608	53,853,017
Total materials consumption		2,351,657,183	2,334,312,837
Direct Wages and Salaries		119,229,666	114,178,403
Prime cost		2,470,886,849	2,448,491,240
Add. Factory Overhead	18.04	315,412,789	322,320,873
Total manufacturing cost		2,786,299,637	2,770,812,114
Add. Opening Work-in-process		18,482,277	22,090,603
Cost of goods available for use		2,804,781,915	2,792,902,717
Less. Closing Work-in-process		26,427,960	18,482,277
Cost of Production		2,778,353,955	2,774,420,439
Add. Opening Stock of Finished Goods		476,921,927	327,814,201
Cost of goods available for sales		3,255,275,882	3,102,234,640
Less. Closing Stock of Finished Goods		437,170,961	476,921,927
Cost of Goods Sold		2,818,104,921	2,625,312,713
18.01 Raw Cotton			
This is arrived as follows:			
Opening Stock of Raw Cotton		1,476,127,425	711,102,361
Add. Purchase during the year		2,412,054,673	3,030,005,179
Less: Short Weight Claim		(7,553,078)	(15,453,116)
Raw Cotton available for use		3,880,629,020	3,725,654,424
Less. Closing Stock of Raw Cotton		1,598,984,728	1,476,127,425
Consumption during the year		2,281,644,292	2,249,526,999
18.02 Packing Materials			
This is arrived as follows:			
Opening Stock of Packing Materials		884,485	1,973,916
Add. Purchase during the year		31,847,291	29,843,390
Packing Materials available for use		32,731,776	31,817,306
Less. Closing Stock of Packing Materials		773,494	884,485
Consumption during the year		31,958,282	30,932,821

SAIHAM COTTON MILLS LTD.

		Amount in Taka	
		June 30, 2019	June 30, 2018
18.03	Stores and Spares		
	This is arrived as follows :		
	Opening Stock of Spare Parts	45,977,103	44,625,783
	Add. Purchase during the year	61,357,579	55,204,337
	Stores and Spares available for use	107,334,683	99,830,120
	Less. Closing Stock of Spare Parts	69,280,074	45,977,103
	Consumption during the year	38,054,608	53,853,017
18.04	Factory Overhead		
	Gas Charges	108,526,980	112,207,990
	Fuel and Lubricants	3,365,372	13,750,564
	Insurance Premium	9,521,172	7,798,978
	Covered Van and Lorry expenses	7,693,530	5,024,457
	Factory Repair & Maintenances of Capital Assets	9,641,107	13,843,750
	Staff Quarter exp	1,319,826	798,841
	Misc. Expenses	192,120	46,440
	Depreciation (Annexure- A)	175,152,681	168,849,853
		315,412,789	322,320,873
19.00	Administrative and Marketing Expenses		
	This consists of as follows:		
	Directors Remuneration	2,100,000	2,100,000
	Salary and Allowances	30,308,958	28,094,772
	Festival Bonus	1,533,061	1,556,563
	Provident Fund Expenses	1,251,821	1,283,088
	Office Rent	-	345,000
	Rest house Exp.	-	375,930
	Staff Quarter Exp	9,340	12,320
	Grauity	565,410	2,053,930
	Entertainment	1,332,955	1,545,527
	Electric Bill	-	263,590
	Rent a car	1,587,080	1,600,381
	Fuel & Lubricants	3,545,936	4,504,612
	Fees, Forms, and others	4,482,423	4,020,770
	Board Meeting Fees	115,000	75,000
	Maintenance of Vehicles	3,060,941	7,015,886
	IT Expenses	3,749,894	3,291,151
	Insurance Premium	1,167,286	988,416
	Printing & Stationery	1,373,856	1,825,318
	Donation and Subscription	424,340	454,898
	Miscellaneous Expenses	1,004,575	747,017
	Office Maintenance	713,571	682,077
	Traveling and Conveyance	414,697	462,829
	Transportation cost	15,910	103,730
	Telephone and Mobile Expenses	229,050	224,196
	Utility expenses	247,706	139,466
	Audit fees	425,500	115,000
	Credit Rating Fee	160,500	-
	CSR Activities	-	5,000
	Uniform and Upkeep	67,224	317,905
	Medical and Welfare	1,420	298,250
	Postage and Stamp	13,832	75,946
	Selling & Distribution Exp.	52,900	963,116
	Business Development Exp	201,174	28,110
	Advertisement	326,085	317,570
	VAT Exp.	11,550	135,621
	AGM Expenses	835,000	957,250
	Depreciation (Annexure- A)	12,277,978	5,342,505
		73,606,973	72,322,740

		Amount in Taka	
		June 30, 2019	June 30, 2018
20.00 Financial Expenses	The following amount comprise of as follows:		
	Interest on Cash Credit Hypo (BA)	29,458,470	18,959,103
	Interest on Term Loan (HSBC)	23,527,387	32,602,239
	Interest on Term Loan (Prime Bank)	9,779,694	4,561,876
	Interest on Bank Asia Ltd.	14,120,443	6,266,293
	Interest on HSBC Ltd.	9,603,441	11,415,826
	Interest on CC Hypo (HSBC Ltd.)	2,512,860	611,931
	Interest on Bank Al Falah	19,307,445	16,121,033
	Interest on OD (Prime Bank)	3,248,999	
	Interest on Prime Bank	2,234,030	154,891
	Bank Charges and Commission	6,666,567	5,782,901
	Overdue Interest	11,236	2,575
	Interest on EDF	3,166,967	-
		123,637,538	96,478,668
21.00 Non operating income			
	Interest on FDR against bank gurantee and term loan	4,100,000	13,744,700
	Interest on STD A/C	14,646	20,052
	Insurance claim	9,800,635	2,949,740
	Overdue Interest	162,327	-
	Gain on dollar fluctuation	(2,481,198)	32,891,245
	Realised gain/(loss) on marketable securities	(7,143,015)	(3,816,305)
		4,453,395	45,789,432
22.00 Other income			
	Dividend Income	279,030	245,645
	Interest on FDR	59,545,108	28,770,349
		59,824,138	29,015,994
23.00 Earnings per share (EPS)	The computation of EPS is given below:		
	Net profit after tax	169,660,545	158,569,186
	Number of total outstanding shares	148,775,000	148,775,000
	Earnings per share (EPS)	1.14	1.07
24.00 Net asset value (NAV) per share			
	Total assets	9,176,989,489	6,349,866,520
	Total outside liabilities	3,598,242,360	2,981,648,631
	Net assets	5,578,747,129	3,368,217,889
	Divided by number of ordinary shares	148,775,000	148,775,000
	Net assets value (NAV) per share	37.50	22.64
25.00 Related Party Transactions			
	During the year under review, the company carried out a number of transactions with related party in the normal course of business. The name of the related parties, nature of business.and their value have been set out below in accordance with the provisions of IAS 24 "Related Party Disclosures".		

Name of Party	Nature of Transaction	Relationship	30.06.2019	30.06.2018
Faisal Spinning Mills Ltd	Trade & other receivables	Group Company	148,231,852	109,182,940
Saiham Knit Composite Ltd.	Trade receivables	Group Company	234,590,620	119,579,708
Director's Remuneration	Remuneration	MD/Director	2,100,000	2,100,000
Board meeting fess	Meeting fee	MD/Director	115,000	75,000

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26.00 Disclosures as per requirement of Schedule XI, part II of the Companies Act 1994:

Attendance Status of Board Meeting of Director

During the period/year the following Board Meeting were held.

The attendance status of all meeting is as follows :

Name of Director	Position	2018-2019		2017-2018
		Meeting Held	Attended	Attended
Mr. S. M. Faisal	Chairman	8	8	6
Mr. Syed Ishtiaq Ahmed	Managing Director	8	8	6
Mr. S. F. A. M. Shahjahan	Director	8	8	6
Mr. Syed Shafqat Ahmed	Director	8	8	6
Mr. Mostafa Moin	Independent Director	1	1	6
Mr. Syed Nasir Uddin Haider	Independent Director	7	7	Nil

27.00 Disclosures as per requirement of Schedule XI, part II of the Companies Act 1994:

A. Disclosure as per requirement of schedule XI, part II, Note 5 of Para 3

Number of Employees for the period ended June 30,2019

Salary Range (Monthly)	Officer & Staff		Worker	Total Employees
	Head Office	Factory		
Below 4,100	-	-	-	-
Above 4,100	18	197	1,096	1,311
Total	18	197	1,096	1,311

Disclosure as per requirement of schedule XI, part II , para 4

Name	Designation	Amount in Taka	
		June 30, 2019 Remuneration	June 30, 2018 Remuneration
Mr. S. M. Faisal	Chairman	-	-
Mr. Syed Ishtiaq Ahmed	Managing Director	2,100,000	2100000
Mr. S. F. A. M. Shahjahan	Director	-	-
Mr. Syed Shafqat Ahmed	Director	-	-
Total		2,100,000	2,100,000

B. Disclosure as per requirement of schedule XI, Part II , Para 7

Details of production capacity & utilization

Year	Installed capacity p.a in kgs	Actual Production p.a in kgs	% of Capacity Utilization	%of Shortage
June 30, 2019	13,492,000	12,504,053	93	7
June 30, 2018	13,492,000	12,457,379	92	8

C. Disclosure as per requirement of schedule XI, Part II, para 8

Value of Raw Cotton, Packing Materials and Stores and Spares for the period ended June 30,2019.

Particulars	Amount in Taka			
	June 30, 2019		June 30, 2018	
	Local Purchase	Import	Total purchase	Consumption
Raw Cotton	109,182,940	2,302,871,733	2,412,054,673	2,281,644,292
Packing Material	31,847,291	-	31,847,291	31,958,282
Spares parts	26,499,956	34,857,623	61,357,579	38,054,608

Schedule XI, Part II, Para 8(b) & para 8(d) Foreign currencies remitted during the period :

During this period, the company did not remit any amount as dividend, technical know-how, royalty, professional consultation fees, interest and other matters either its shareholder or others.

28.00 Contingent Liability

Nature of contingent liability

Bank Guarantee - Jalalabad Gas T & D System Ltd.	899,745	899,745
Bank Guarantee - Jalalabad Gas T & D System Ltd.	1,831,701	1,831,701
Bank Guarantee - Jalalabad Gas T & D System Ltd.	1,354,412	1,354,412
Bank Guarantee - Jalalabad Gas T & D System Ltd.	3,729,071	3,729,071
Bank Guarantee - Jalalabad Gas T & D System Ltd.	27,303	27,303
Bank Guarantee - Jalalabad Gas T & D System Ltd.	2,564,947	2,564,947
Bank Guarantee - Jalalabad Gas T & D System Ltd.	4,105	4,105
Bank Guarantee - Jalalabad Gas T & D System Ltd.	10,379,877	10,379,877
Bank Guarantee - Jalalabad Gas T & D System Ltd.	4,753	4,753
Bank Guarantee - Jalalabad Gas T & D System Ltd.	3,128,862	3,128,862
	23,924,776	23,924,776

29.00 Contingent Assets

There was no Contingent Assets as on June 30, 2019.

30.00 Claim against the Company

There was no claim against the company which is to be acknowledged as debt as on June 30, 2019.

31.00 Event after reporting period

The Board of Directors at their board meeting held on October 28, 2019 recommended to the shareholders 10% cash dividend for the year ended June 30, 2019. This will be considered for approval by the shareholders at the next Annual General Meeting (AGM).

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

32.00 General Comments & Observations

- There was no preference share issued by the company.
- The company has not incurred any expenditure in foreign currency against royalties and technical fees.
- Auditors are paid only statutory audit fees.
- No foreign exchange remitted to the any shareholders during the period.
- No amount of money was expended by the company for compensating any members of the Board for special service rendered.

Amount in Taka	
June 30, 2019	June 30, 2018

33.00 Reconciliation of cash flows from operating activities under indirect method

Profit before Tax	206,269,420	200,283,107
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Adjustment to Reconcile Profit before Tax provided by operating activities:

Less: Depreciation	187,430,659	174,192,357
Less: Finance Expenses	123,637,538	96,478,668
Less: Unrealized gain/(loss) for change in exchange rate of foreign currency	(1,789,405)	179,643
Add: Loss on dollar fluctuation for term loan	2,481,198	-

Changes in current assets and liabilities:

(Increase) / Decrease Inventories	(114,421,443)	(910,253,598)
(Increase) / Decrease Advance, deposits & prepayments	5,534,486	(12,829,715)
Income Tax Paid	(19,602,102)	(30,158,647)
(Increase) / Decrease Trade Receivable	(103,871,572)	93,883,016
Increase/ (Decrease) In trade credits	(147,053,313)	376,323,409
Increase / (Decrease) payables & Accruals	(6,806,495)	20,154,862
Net cash flow from operating activities	<u>131,808,972</u>	<u>8,253,103</u>

Saiham Cotton Mills Ltd.
Property, plant and equipment
As at June 30, 2019

Annexure -A

Particulars	Cost			Rate %	Depreciation			W.D.V. as at 30.06.2019
	Balance as at 01.07.2018	Addition during the year	Balance as at 30.06.2019		Balance as at 01.07.2018	Charge during the year	Balance as at 30.06.2019	
	Land and Land Development	95,583,193	1,117,475		96,700,668	-	-	
Factory Building & Other Construction	576,052,359	4,998,376	581,050,735	5%	141,918,274	21,727,531	163,645,805	
Office Building	126,361,395	-	126,361,395	5%	526,506	6,291,744	6,818,250	
Plant and Machineries	2,171,849,202	276,433,269	2,448,282,471	7.50%	786,488,780	105,629,890	892,116,669	
Furnitures & Fixtures	22,773,944	8,000	22,781,944	10%	3,617,906	1,915,670	5,533,577	
Motor Vehicles	29,945,950	16,296,163	46,242,113	15%	16,389,512	2,237,168	18,626,680	
Office Equipments	22,786,860	201,205	22,988,065	10%	5,725,041	1,707,859	7,432,900	
Sundry Assets	92,963,762	18,900	92,982,662	10%	26,164,690	6,680,065	32,844,755	
Sub - Total	3,138,316,665	299,073,388	3,437,390,053		980,828,710	146,189,926	1,127,018,636	

Revaluation of property, plant and equipment

Particulars	Cost			Rate %	Depreciation			W.D.V. as at 30.06.2019
	Balance as at 01.07.2018	Addition during the year	Balance as at 30.06.2019		Balance as at 01.07.2018	Charge during the year	Balance as at 30.06.2019	
	Land and Land Development	60,705,668	961,161,139		1,021,866,807	-	-	
Building & Other Construction	179,528,126	1,046,637,175	1,226,165,301	5%	61,418,021	14,627,482	76,045,503	
Plant and Machineries	492,633,171	554,624,138	1,047,257,309	7.50%	231,901,002	26,487,714	258,388,716	
Motor Vehicles	3,150,093	-	3,150,093	15%	2,313,182	125,537	2,438,719	
Sub - Total	736,017,058	2,562,422,452	3,298,439,510		295,632,205	41,240,733	336,872,938	
Grand Total	3,874,333,723	2,861,495,840	6,735,829,563		1,276,460,915	187,430,659	1,463,891,574	

As per decision of the Board new revaluation was effective from May 01, 2019.

Allocation of depreciation:

Cost of Production	175,152,681
Administrative and Marketing Expenses	12,277,978
	187,430,659

Saiham Cotton Mills Ltd.

Statement of Trade and Other Receivables

As at June 30, 2019

Annexure - B

Name of Party	L/C #	Amount in Taka
5F APPARELS LTD	314019041041-0	4,114,671
5F APPARELS LTD	090919040037-0	1,958,493
5F APPARELS LTD	090919040037-0	3,530,798
ABC BANGLA APPARELS LTD.	0000100190400101-0	4,299,974
AJI APPARELS LTD.	2228190400452-0	1,596,224
AKH Knitting & Dyeing Ltd.	0000194918044497-0	836,670
AKIJ TEXTILES MILLS LTD	088719040013-0	663,825
ALEMA TEXTILE LTD	0686190400079-2	847,525
ANAM GARMENTS LTD	045719040021-0	3,110,367
APPAREL VILLAGE LTD	135419040416-0	526,050
APS APPARELS LTD.	1008190400269-0	2,609,626
APS APPARELS LTD.	1008190300011-0	4,495,306
APS APPARELS LTD.	1008190400432-0	2,491,724
APS APPARELS LTD.	1008190400538-0	1,992,227
APS APPARELS LTD.	1008190400549-0	4,886,003
APS APPARELS LTD.	1008190400549-0	3,691,994
APS APPARELS LTD.	1008190400590-0	2,653,693
Advanced Composite Textile Ltd.	0000001180402368-01	2,755,500
Advanced Composite Textile Ltd.	0000001180402704-0	10,728,790
Advanced Composite Textile Ltd.	0000001180402704-0	10,351,829
Advanced Composite Textile Ltd.	0000001180402704-0	3,487,378
Advanced Composite Textile Ltd.	0000001180402704-0	5,499,435
Advanced Composite Textile Ltd.	0000001180402704-0	5,253,862
Asrotex	0000194718041676-0	1,934,069
Asrotex	0000194718041676-0	3,658,761
BRITEX SPORTSWEAR LTD	209319040043-0	4,291,274
BRITEX SPORTSWEAR LTD	209319040044-0	3,723,056
BRITEX SPORTSWEAR LTD	209319040044-1	2,059,528
BRITEX SPORTSWEAR LTD	209319040174-0	924,345
COMPTEx BANGLADESH LIMITED	1759190400172-0	1,469,600
COMPTEx BANGLADESH LIMITED	1759190400252-0	7,181,000
COMPTEx BANGLADESH LIMITED	1759190400388-0	2,672,000
COMPTEx BANGLADESH LIMITED	1759190400460-0	4,425,500
COMPTEx BANGLADESH LIMITED	209019041946-0	3,365,050
CROSSLINE KNIT FABRICS LTD.	1211190400213-0	2,229,450
CROSSLINE KNIT FABRICS LTD.	1211190400214-0	2,226,194
DRESDEN TEXTILES LTD.	1066190400055-0	2,571,800
DRESDEN TEXTILES LTD.	1066190400055-0	3,857,700
DRESDEN TEXTILES LTD.	1066190400056-0	3,600,520
DRESDEN TEXTILES LTD.	1066190400056-0	4,114,880
DRESDEN TEXTILES LTD.	1066190400716-0	4,759,500
DRESDEN TEXTILES LTD.	1066190401185-0	3,444,375

SAIHAM COTTON MILLS LTD.

DRESDEN TEXTILES LTD.	1066190401185-0	2,254,500
DRESDEN TEXTILES LTD.	1066190401185-0	3,569,625
DRESS UP LTD	1624190400129-0	2,992,682
DRESS UP LTD	1624190400147-0	1,328,861
DRESS UP LTD	1624190400191-0	2,203,148
DRESS UP LTD	1624190400189-0	1,133,930
DRESS UP LTD	1624190400189-0	3,862,919
DRESS UP LTD	1624190400186-0	3,246,480
DRESS UP LTD	1624190400186-0	3,393,190
DRESS UP LTD	1624190400186-0	3,991,091
DRESS UP LTD	1624190400186-1	4,646,274
DRESS UP LTD	1624190400186-2	999,495
DRESS UP LTD	1624190400186-2	2,591,757
DRESS UP LTD	1624190400186-3	1,632,843
DRESS UP LTD	1624190400186-4	3,226,858
DRESS UP LTD	1624190400284-0	664,243
DRESS UP LTD	1624190400284-1	2,445,715
DRESS UP LTD	162419040285-0	1,371,529
DRESS UP LTD	1624190400484-0	3,438,530
DRESS UP LTD	1624190400478-0	1,787,109
Dowas Land Apparels Ltd.	216219040247-0	839,175
ELHAM FASHION LTD	313719040118-0	1,102,200
ELHAM FASHION LTD	313719040118-0	3,707,400
ELHAM FASHION LTD	313719040140-0	668,000
ELHAM FASHION LTD	313719040280-0	1,282,560
EMAZ FASHION WEAR LTD	2369190400002-0	2,225,275
EVERWAY YARN DYEING LTD.	0000181219990013-0	4,726,100
EVERWAY YARN DYEING LTD.	0000181219990014-0	4,726,100
EVERWAY YARN DYEING LTD.	0000181219990016-0	4,676,000
EVERWAY YARN DYEING LTD.	0000181219990017-0	4,676,000
FIAT FASHION LTD	ILC0802190402964-2	1,753,500
FIAT FASHION LTD	ILC0802190303316-1	1,794,415
FIAT FASHION LTD	ILC0802190405491-0	1,772,288
FIAT FASHION LTD	ILC0802190405491-1	1,273,375
FRIENDS KNITWEAR AND ACCESSORIES LTD	091518041274-0	668,000
Fariha Knittex Ltd.	0000194719040052-0	6,667,955
GUMTI TEXTILES LTD	1208190400262-0	3,610,523
GUMTI TEXTILES LTD	1208190400641-0	824,980
Green Life Knittex Ltd	1066190400439-0	844,185
Green Life Knittex Ltd	1066190400706-0	1,298,843
Green Life Knittex Ltd	1066190400709-0	2,957,153
Green Life Knittex Ltd	1066190401000-0	277,846
Green Life Knittex Ltd	1066190401063-0	3,390,726
Green Life Knittex Ltd	1066190401132-0	571,766
Green Life Knittex Ltd	1066190401361-0	490,354
HANDZ CLOTHING BD LTD	215919040012-0	2,545,915
HANDZ CLOTHING BD LTD	215919040129-0	1,654,970
HANDZ CLOTHING BD LTD	215919040127-0	2,009,845
HANDZ CLOTHING BD LTD	215919040237-0	4,161,640

SAIHAM COTTON MILLS LTD.

IMPRESS - NEWTEX COMPOSITE TEXTILES LTD	1478190403015-0	2,003,900
IMPRESS - NEWTEX COMPOSITE TEXTILES LTD	1478190403015-0	4,515,263
Interstoff Apparels Ltd.	1746190400066-0	628,755
JAROMS INDUSTRIES LTD	1013190401195-0	4,380,410
KAIZER KNITWEARS LTD	134719040321-0	5,469,250
KAIZER KNITWEARS LTD	134719040321-0	7,110,025
KDS TEXTILE MILLS LTD.	155419040028-0	2,498,738
KDS TEXTILE MILLS LTD.	155419040038-0	707,663
KDS TEXTILE MILLS LTD.	155419040038-1	1,736,800
Knit Horizon Ltd.	304519040153-0	1,106,166
LIBAS KNITWEAR LTD.	086219041973-0	616,021
LIFE TEXTILE (PVT) LTD.	1066190400631-0	2,200,225
LINK TEX SPORTSWEAR LTD	142019040017-0	2,104,200
LINK TEX SPORTSWEAR LTD	142019040020-0	2,104,200
LINK TEX SPORTSWEAR LTD	142019040019-0	1,701,521
LINK TEX SPORTSWEAR LTD	142019040031-0	1,615,516
LINK TEX SPORTSWEAR LTD	142019040054-0	781,769
LINK TEX SPORTSWEAR LTD	142019040064-0	690,128
LINK TEX SPORTSWEAR LTD	142019040076-0	613,725
LINK TEX SPORTSWEAR LTD	142019040085-0	2,304,600
Lantabur Apparels Ltd.	086218047263-0	1,337,670
Lantabur Apparels Ltd.	086218047262-0	1,078,611
Lantabur Apparels Ltd.	086219040879-0	2,395,072
Lantabur Apparels Ltd.	086219042694-0	1,467,928
Lantabur Apparels Ltd.	086219042694-0	4,146,193
Lantabur Apparels Ltd.	086219042692-0	2,068,504
Lantabur Apparels Ltd.	086219042692-0	3,959,153
Lantabur Apparels Ltd.	086219043135-0	818,300
Lantabur Apparels Ltd.	086219043133-0	2,799,338
Lantabur Apparels Ltd.	086219043133-0	3,974,391
Lantabur Apparels Ltd.	086219043136-0	462,173
Lantabur Apparels Ltd.	086219043136-0	4,046,828
Lantabur Apparels Ltd.	086219043134-0	2,317,960
Lantabur Apparels Ltd.	086219043134-0	2,693,501
MIDLAND KNITWEAR LTD	1007190400367-0	6,598,061
MIDLAND KNITWEAR LTD	1007190400367-0	8,251,888
MIDLAND KNITWEAR LTD	1007190400506-0	3,118,725
MOF FASHIONS LTD.	2359190400114-0	829,990
MOF FASHIONS LTD.	2359190400114-0	2,856,535
MOF FASHIONS LTD.	2359190400114-1	2,171,000
MOF FASHIONS LTD.	2359190400114-1	4,342,000
MOF FASHIONS LTD.	2359190400137-0	3,444,375
MOF FASHIONS LTD.	2359190400137-1	4,324,883
MOF FASHIONS LTD.	2359190400158-0	789,075
MOF FASHIONS LTD.	2359190400215-0	2,129,459
MOMTEX EXPO. LTD.	1084190400019-0	1,477,950
MOMTEX EXPO. LTD.	1676190400203-0	2,463,250
MOMTEX EXPO. LTD.	1676190400251-0	4,843,000
MULTITEX KNIT COMPOSITE LIMITED	086219042842-0	1,531,390

MULTITEX KNIT COMPOSITE LIMITED	086219043316-0	1,749,743
Muazuddin Knit Fashion Ltd	209019041231-0	881,760
Muazuddin Knit Fashion Ltd	209019041227-0	1,028,720
Muazuddin Knit Fashion Ltd	209019041341-0	4,285,220
Muazuddin Textile Ltd.	1066190400071-1	753,379
Muazuddin Textile Ltd.	0000001190400260-0	601,618
Muazuddin Textile Ltd.	0000001190400626-0	2,245,524
Muazuddin Textile Ltd.	1066190401064-0	3,352,316
Muazuddin Textile Ltd.	0000001190400960-0	7,965,900
Muazuddin Textile Ltd.	0000001190400960-0	7,523,350
Muazuddin Textile Ltd.	0000001190400960-0	7,744,625
Muazuddin Textile Ltd.	1066190401618-0	6,961,395
Muazuddin Textile Ltd.	1066190401618-0	7,117,540
Muazuddin Textile Ltd.	1066190401780-0	313,125
Muazuddin Textile Ltd.	1066190401782-0	701,400
Muazuddin Textile Ltd.	1066190401781-0	4,964,701
N.A.Z Bangladesh Ltd.	1478190300746-0	7,194,569
N.A.Z Bangladesh Ltd.	1478190300746-0	6,659,751
N.A.Z Bangladesh Ltd.	1478190300746-0	7,818,523
NORTHERN FASHION LTD.	1478190402614-0	3,235,625
NORTHERN FASHION LTD.	1478190403480-0	3,173,000
NORTHERN FASHION LTD.	1478190403480-1	2,129,250
Nexus Fashion Ltd.	1349180401462-0	3,999,650
Nexus Fashion Ltd.	1349180401620-0	1,224,528
Nexus Fashion Ltd.	1349180401620-0	3,419,325
Orion Knit Textiles Ltd.	088019040117-2	2,952,351
PACIFIC COTTON LTD.	1618190400343-0	4,138,260
PACIFIC COTTON LTD.	1618190400343-0	4,143,688
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190400464-0	4,132,052
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190400464-0	3,873,122
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190400464-0	3,481,762
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190400809-0	2,430,614
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190401263-0	2,572,218
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190401263-0	1,012,333
POLO COMPOSITE KNIT INDUSTRY LIMITED	2228190401263-0	2,546,750
RAHMAN KNIT GRAMENTS LTD	0108190400147-0	303,606
RAHMAN KNIT GRAMENTS LTD	0108190300034-0	254,675
RAHMAN KNIT GRAMENTS LTD	0108190300035-0	1,962,250
RAZ APPARELS	216219042582-0	3,086,160
RAZ APPARELS	216219042582-0	5,143,600
RBSR FASHIONS LTD	1618190400130-0	677,185
RBSR FASHIONS LTD	091519040143-0	2,876,575
ROBINTEX BANGLADESH LIMITED	209019040662-0	668,000
S.B. KNITTING LTD.	1757190400055-0	496,616
S.B. KNITTING LTD.	1757190400065-0	2,456,988
S.B. KNITTING LTD.	1757190400098-0	1,037,696
S.B. KNITTING LTD.	1757190400248-0	2,969,886
SAIHAM KNIT COMPOSITE LTD.	208118040212-5	3,682,350
SAIHAM KNIT COMPOSITE LTD.	208118040356-2	12,316,250

SAIHAM COTTON MILLS LTD.

SAIHAM KNIT COMPOSITE LTD.	208118040479-3	3,770,025
SAIHAM KNIT COMPOSITE LTD.	208118040479-4	10,501,252
SAIHAM KNIT COMPOSITE LTD.	208119040005-1	2,697,050
SAIHAM KNIT COMPOSITE LTD.	208119040005-1	10,746,450
SAIHAM KNIT COMPOSITE LTD.	208119040005-2	9,042,633
SAIHAM KNIT COMPOSITE LTD.	208119040005-3	1,306,775
SAIHAM KNIT COMPOSITE LTD.	208119040031-1	5,210,400
SAIHAM KNIT COMPOSITE LTD.	208119040031-1	5,210,400
SAIHAM KNIT COMPOSITE LTD.	208119040031-0	6,596,500
SAIHAM KNIT COMPOSITE LTD.	208119040031-0	6,596,500
SAIHAM KNIT COMPOSITE LTD.	208119040031-2	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040031-2	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040031-2	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040032-3	6,943,860
SAIHAM KNIT COMPOSITE LTD.	208119040032-2	2,442,793
SAIHAM KNIT COMPOSITE LTD.	208119040032-2	1,699,225
SAIHAM KNIT COMPOSITE LTD.	208119040032-2	5,610,156
SAIHAM KNIT COMPOSITE LTD.	208119040032-4	1,381,090
SAIHAM KNIT COMPOSITE LTD.	208119040032-4	3,619,725
SAIHAM KNIT COMPOSITE LTD.	208119040032-4	4,171,451
SAIHAM KNIT COMPOSITE LTD.	208119040032-4	2,608,123
SAIHAM KNIT COMPOSITE LTD.	208119040032-4	574,898
SAIHAM KNIT COMPOSITE LTD.	208119040137-0	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040137-0	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040137-0	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040137-0	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040137-0	6,575,625
SAIHAM KNIT COMPOSITE LTD.	208119040137-2	1,064,625
SAIHAM KNIT COMPOSITE LTD.	208119040137-1	1,578,150
SAIHAM KNIT COMPOSITE LTD.	208119040137-1	8,517,000
SAIHAM KNIT COMPOSITE LTD.	3355190400097-2	2,438,618
SAIHAM KNIT COMPOSITE LTD.	3355190400109-0	2,341,340
SAIHAM KNIT COMPOSITE LTD.	208119040163-1	6,158,125
SAIHAM KNIT COMPOSITE LTD.	208119040184-0	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-0	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-0	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-0	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-1	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-1	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-1	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-1	4,342,000
SAIHAM KNIT COMPOSITE LTD.	208119040184-1	4,342,000
SAIHAM KNIT COMPOSITE LTD.	3355190400145-0	2,313,368
SAIHAM KNIT COMPOSITE LTD.	208119040224-0	825,606
SAIHAM KNIT COMPOSITE LTD.	208119040224-0	2,759,884
SAIHAM KNIT COMPOSITE LTD.	3355190400181-0	3,507,000
SAIHAM KNIT COMPOSITE LTD.	3355190400181-0	4,676,000
SQUARE FASHIONS LIMITED	1478190403985-0	4,133,250
STYLUS TOWELS LTD.	090719040008-0	1,736,800

JAIHAM COTTON MILLS LTD.

Skylark Knit Composite Ltd	215419040073-0	2,156,054
Skylark Knit Composite Ltd	215419040079-0	1,972,688
TAQWA FABRICS LTD.	086218045969-1	3,876,989
TAQWA FABRICS LTD.	350218040174-0	3,173,000
TAQWA FABRICS LTD.	086219041602-0	2,174,925
TAQWA FABRICS LTD.	086219043991-0	2,784,308
TEEN AGE MODERN FASHION LTD	3035190400432-0	1,897,120
TEEN AGE MODERN FASHION LTD	3035190400479-0	1,757,675
TEEN AGE MODERN FASHION LTD	3035190400544-0	1,768,530
TEEN AGE MODERN FASHION LTD	3035190400567-0	2,784,725
TEEN AGE MODERN FASHION LTD	3035190400566-0	1,889,396
TEEN AGE MODERN FASHION LTD	3035190400642-0	4,108,618
UNISENSE APPARELS LTD.	1622190300098-0	474,489
Zaara-Sara Knit Ind. Ltd	091519040619-0	1,028,303
JIM AND JESSI COMPOSITE LTD.	340118040653-0	1,763,520
JIM AND JESSI COMPOSITE LTD.	340119040021-0	3,272,365
JIM AND JESSI COMPOSITE LTD.	340119040021-0	3,540,400
Jointex Knitwears Ltd.	0000138190400079-0	3,206,400
Jointex Knitwears Ltd.	0000138190400079-0	1,870,400
Jointex Knitwears Ltd.	0000138190400079-0	2,939,200
KDS TEXTILE MILLS LTD.	155419040105-0	2,830,650
KDS TEXTILE MILLS LTD.	155419040106-0	3,925,335
KUSHIARA COMPOSITE KNIT IND. LTD.	1003190401454-0	6,053,750
KUSHIARA COMPOSITE KNIT IND. LTD.	1003190401454-0	6,780,200
KUSHIARA COMPOSITE KNIT IND. LTD.	1003190401454-0	5,085,150
KUSHIARA COMPOSITE KNIT IND. LTD.	1003190401454-0	6,295,900
KUSHIARA COMPOSITE KNIT IND. LTD.	1003190401623-0	4,164,980
KUSHIARA COMPOSITE KNIT IND. LTD.	1003190401623-0	3,704,895
MOMTEX EXPO. LTD.	1676190400120-0	619,570
MOMTEX EXPO. LTD.	1676190400120-0	6,394,430
MOMTEX EXPO. LTD.	1676190400129-0	3,167,364
MOMTEX EXPO. LTD.	1676190400178-0	5,691,360
MOMTEX EXPO. LTD.	1676190400178-0	7,615,200
MOMTEX EXPO. LTD.	1676190400184-0	1,476,698
MOMTEX EXPO. LTD.	1676190400250-0	2,725,440
MOMTEX EXPO. LTD.	1676190400250-0	4,008,000
MOMTEX EXPO. LTD.	1676190400284-0	1,010,350
MOMTEX EXPO. LTD.	1676190400344-0	1,897,538
MOMTEX EXPO. LTD.	1676190400352-0	3,686,108
MOMTEX EXPO. LTD.	1676190400386-0	1,123,701
Muazuddin Textile Ltd.	0000001180402561-0	1,573,975
Muazuddin Textile Ltd.	0000001180402561-0	2,954,230
Muazuddin Textile Ltd.	0000001180402561-0	1,767,695
Muazuddin Textile Ltd.	0000001180402563-0	7,264,500
Muazuddin Textile Ltd.	0000001180402563-0	2,430,685
Muazuddin Textile Ltd.	0000001180402563-0	4,986,829
Nexus Fashion Ltd.	1349180401617-0	3,323,300
Nexus Fashion Ltd.	1349180401617-0	4,187,525
PIANGKA FASHION LTD	0000100190400021-0	3,214,750

SAIHAM COTTON MILLS LTD.

PIANGKA FASHION LTD	0000100190400021-0	3,674,000
PIANGKA FASHION LTD	0000100190400044-0	3,097,850
PIANGKA FASHION LTD	0000100190400044-0	3,540,400
SAMSONS KNIT WEAR INDS. LTD.	1009190400260-0	1,596,938
SAMSONS KNIT WEAR INDS. LTD.	1009190400400-0	1,803,391
WINTER DRESS LTD.	2087190400192-0	4,193,120
WINTER DRESS LTD.	2087190400238-0	1,967,260
WINTER DRESS LTD.	2087190400242-0	2,339,169
WINTER DRESS LTD.	2087190400327-0	2,011,515
WINTER DRESS LTD.	2087190400334-0	3,371,939
WINTER DRESS LTD.	3503190400145-0	2,796,123
WINTER DRESS LTD.	2087190400356-0	555,275
WINTER DRESS LTD.	2087190400417-0	295,173
WINTER DRESS LTD.	2087190400418-0	2,093,345
WINTER DRESS LTD.	3503190400283-0	339,845
FAISAL SPINNING MILLS LTD.		148,231,852
Total		1,121,522,492

Saiham Cotton Mills Ltd.
Statement of Trade Creditors
As at June 30, 2019

Annexure - C

Name of Party		Amount in Taka
Glencore Agriculture B. V.	LC Liabilities	156,876,455
ICT Trading S.A.	LC Liabilities	79,085,365
Amina Traders	Local supplier	41,000
Assl Textile	Local supplier	4,826
Bearing Sales Corporation	Local supplier	53,180
BILAL TRADING PTE LTD	Local supplier	76,400
Citizen Cables	Local supplier	245,680
Color Woven Bag Ind. Ltd.	Local supplier	835,000
Compass Industrial Services	Local supplier	23,200
Delcot Limited	Local supplier	270,570
Electric Power	Local supplier	42,820
Energypac	Local supplier	28,760
FIROZA Hardware & Packaging	Local supplier	41,000
FLASH POINT	Local supplier	25,800
Global Spintex Ltd	Local supplier	8,148
Ha-Meem Corporation	Local supplier	45,386
Hera Electric	Local supplier	192,950
Lipika	Local supplier	23,725
Louhajang Hardware Store	Local supplier	24,600
Lube Asia	Local supplier	161,700
Lucky Textile Engineering	Local supplier	36,000
Marium International	Local supplier	28,420
Maysa Enterprise	Local supplier	164,201
Monir Enterprise	Local supplier	66,000
Mr. Burma(Saurer Schlafhorst)	Local supplier	65,000
New Ali Tyre	Local supplier	81,600
New Diamond Plastic & Engeneering Works	Local supplier	477,249
Rotation Engineering Ltd	Local supplier	989,230
Sail International	Local supplier	8,000
Saurer Components Gmbh	Local supplier	18,330,058
Shakil Trade International (C& F)	Local supplier	400,000
SMH Corporation	Local supplier	19,765
Sohan Engineering Works	Local supplier	195,100
STANDARD ELECTRIC STORE	Local supplier	95,905
T M Trade Corporation	Local supplier	342,690
Tanha Electrics	Local supplier	25,730
Texmark Associates Ltd	Local supplier	31,500
Texus International	Local supplier	437,375
United Trade centre	Local supplier	31,500
Total		259,931,889



SAIHAM COTTON MILLS LTD.

Saiham Tower, House # 34 (11th Floor), Road # 136, Gulshan-1, Dhaka-1212

PROXY FORM

I/ Weof.....
.....being a Shareholder of **Saiham Cotton Mills Ltd.**
and entitled to vote hereby appoint Mr./Mrs./Miss
as my/our proxy to attend and vote for me / us and on my / our behalf at the 18th ANNUAL GENERAL MEETING
of the Company to be held on December 12, 2019 and /or at any adjustment thereof.

As witness my/ our hand this.day of2019

(Signature of the Shareholder)

(Signature of Proxy)

Revenue
Stamp
Tk. 20.00

BO ID No.

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No. of Shares held Dated.....

Note:

- 01. A member entitled to attend and vote at the meeting may appoint any person as his/ her Proxy to attend and vote on his / her behalf.
- 02. Stamp Proxy Form must be deposited at the Company's Dhaka Office before 48 hours of the meeting.



SAIHAM COTTON MILLS LTD.

Saiham Tower, House # 34 (11th Floor), Road # 136, Gulshan-1, Dhaka-1212

ATTENDANCE SLIP

I / we hereby record my / our attendance at the 18th ANNUAL GENERAL MEETING of the Company being held on December 12, 2019 at 11:00 A.M. at Mill Premises, Noyapara, P.O.- Saiham Nagar, U.Z. - Madhabpur, Dist. - Habiganj.

BO ID No.

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No. of Shares held Dated.....

(Signature of Proxy)

(Signature of the Shareholder)

Date

N.B.: Please present this slip duly signed at the entrance of the Meeting Place.



SAIHAM COTTON MILLS LTD.

Dhaka Office : Saiham Tower, House # 34 (11th Floor), Road # 136
Gulshan-1, Dhaka-1212, Phone : 9862284, 9863323, 9887441
Fax : 880-2-9894607, 8826254, E-mail : info@saihamcotton.com
website : www.saihamcotton.com