

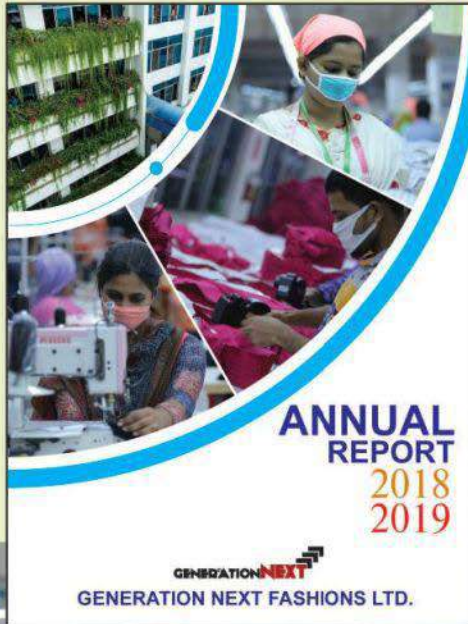


ANNUAL REPORT 2018 2019

GENERATION **NEXT** 

GENERATION NEXT FASHIONS LTD.

ANNUAL REPORT 2018 2019



GENERATION**NEXT**
GENERATION NEXT FASHIONS LTD.



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Vission

"Satisfying Buyers' Needs"
and to be a leading and sustainable
ecofriendly textile fabric apparel
manufacturer in
Bangladesh is our vision

Mission

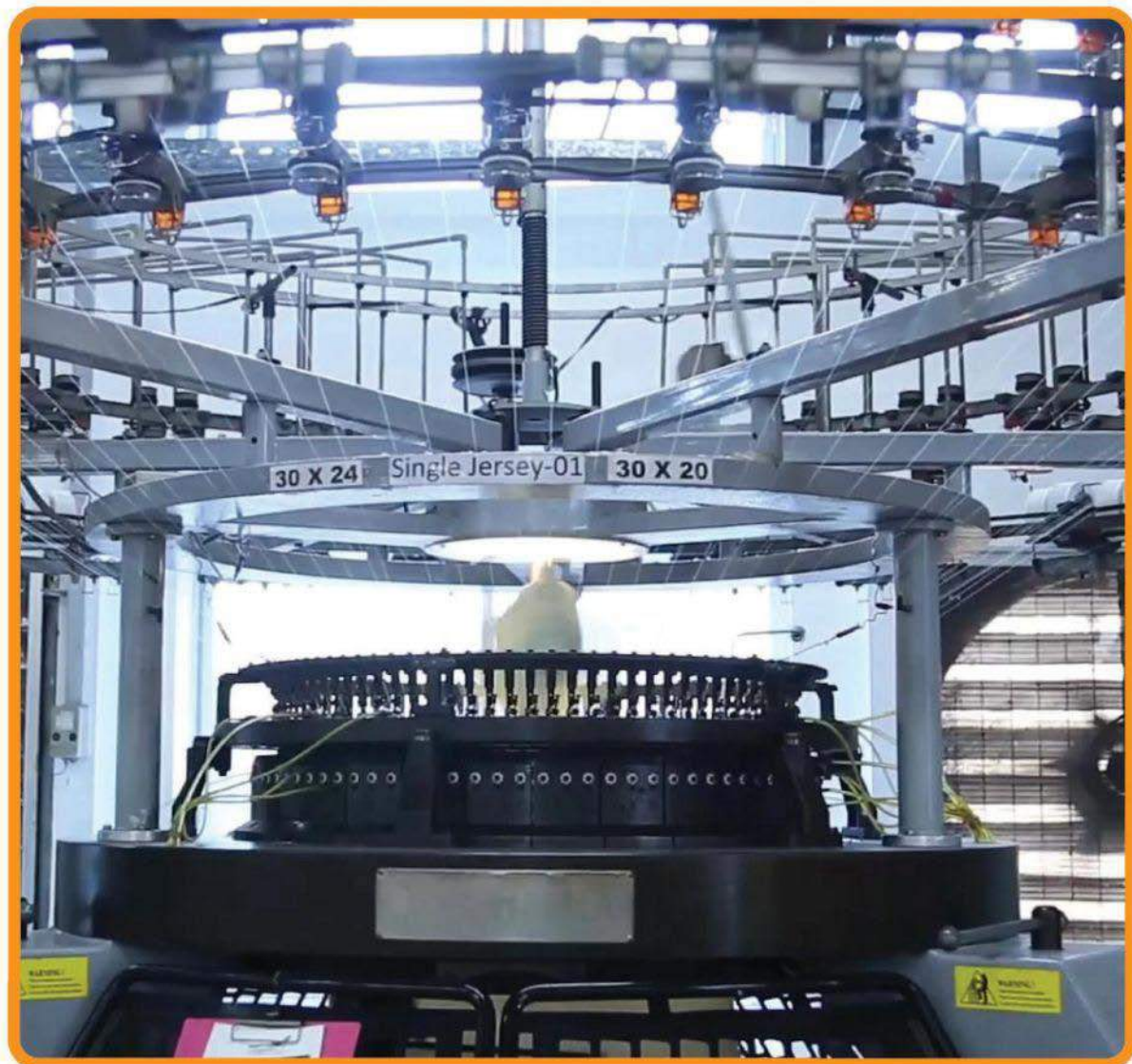
Our mission is to maximize quality
products production and services
strictly on ethical and moral standards
at minimum costs to the society
ensuring optimum benefits to
the consumers, the shareholders
and other stakeholders.

Goal

Enhance profitability through customers'
satisfaction. Maximize the value of being
of our customers,
shareholders and employees.
Optimize contribution to the society.
Ensure ecofriendly manufacturing
environment.

STRATEGIC OBJECTIVES

- ▶ Enhance productivity to extent our products
market demands;
- ▶ Ensure committed and sound supply chain;
- ▶ Maintain the strict compliance of best
governance norms to ensure long term
sustainability of the company;





Generation Next Fashions Limited

Head Office: House # 348, Road # 05, DOHS Baridhara, Dhaka- 1206

Telephone: +8802 8411623, 8412625 & Fax: +8802 8416491

Website: www.gnf-bd.com

Notice of the 15th Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting (AGM) of the Shareholders of Generation Next Fashions Limited will be held on Saturday, December 21, 2019 at 11:00 A.M. at the Factory premises at Dhonaid, Earpur, Ashulia, Dhaka to transact the following businesses: -

AGENDA

1. Report and Accounts:

To receive, consider and adopt the Financial Statements of the Company for the year ended on June 30, 2019 together with the Reports of the Board of Directors and the Auditors thereon.

2. Election of Directors:

To elect/re-elect Directors as per terms of the relevant provision of the Articles of Association of the Company.

3. Appointment of Auditors:

To appoint the Auditors of the Company for the term until the next Annual General Meeting and to fix their remuneration.

4. Amendment of Articles of Association:

To amendment of Articles of Association of the Company, a New clause to be inserted.

Dated: Dhaka

November 25, 2019

By order of the Board of Directors
Sd/-

Mohammad Shahjahan
Company Secretary

NOTES

- The Board of Directors has recommended no dividend for the year ended June 30, 2019 subject to approval in the 15th Annual General Meeting (AGM).
- The Record Date is November 24, 2019 (Sunday). The shareholders whose names appeared in the Share Register of Members of the Company or in the Depository Register (CDBL) on the Record Date are eligible to attend the meeting.
- A member eligible to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote on his/her behalf. The Proxy Form must be affixed with revenue stamp of Tk.20/- and must be submitted to the Registered Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting.
- Annual Report, Attendance Slip and Proxy Form along with the notice are being sent to all Members by Email/Courier Service/Post. The Members may also collect the "Proxy Form" from the Share Department/ www.gnf-bd.com of the Company.
- Admission into the Venue of the AGM will be allowed on production of the attendance slip attached with the Annual Report. Shareholders are requested to register their names in the counter at the entrance of the Venue from 8.30 A.M. to 10.30 A.M.

NB: No gift and no food shall be given for attending the 15th Annual General Meeting of the Company as per rules.

Letter of Transmittal

To
The Shareholders
The Bangladesh Securities and Exchange Commission
The Registrar of Joint Stock Companies & Firms
The Dhaka Stock Exchange Limited
The Chittagong Stock Exchange Limited
The Central Depository Bangladesh Limited
All Other Stakeholders

Subject: Annual Report for the year ended June 30, 2019

Dear Sirs,

We are pleased to transmit a copy of the Annual Report for the year ended June 30, 2019 containing the Director's Report, the Auditor's Report and the Audited Financial Statements, which includes the Statement of Financial Position, Statement of Cash Flows for the year ended June 30, 2019 along with notes for your record and necessary measures.

Yours sincerely,



Mohammad Shahjahan
Company Secretary

Generation Next



Fashions Limited



GNFL AT A GLANCE

Generation Next Fashions Limited (GNFL) was incorporated in Bangladesh under the Companies Act 1994 on August 19, 2004 with an authorized capital of BDT 500.00 million and paid up capital BDT 47.20 million to carry out business of Knitting, Dying and Various type of readymade Garments Manufacturing of International standard and design. At present the paid up capital of the company is BDT 4949.75 million while the authorized capital is 5000.00 million.

GNFL is a 100% export oriented Textile and Apparel Company which started its commercial operation in July 30, 2006. The Company produces composite knit fabrics and various types of ready-made garments.

Our Products	T- Shirt, Men's Polo Shirt Short Sleeve, Ladies Polo Shirt Short Sleeve, Basic T- Shirt, Printed T- Shirt, Women's Trouser, Girls' Trouser, Girls' Trouser, Ladies' Pant, Ladies' Jacket, Static T- Shirt, Ladies' Night Wear Set, Military Jogger, Women's Flannel Trouser, Basic Drive & Fusion Tee, Ladies' Tang Top, Leggings, Hoody Jackets, etc.
World Market	USA, UK, Canada, Europe and Australia.
Major Production Departments & Service	Knitting, Dyeing, Finishing and Garments. Production activities continue virtually round the clock.
Power Gas & Water	<p>Power: Rural Electrification Board (REB) connection, 1.5 MW Gas generator and one 1.70 MW diesel generator to ensure constant power supply.</p> <p>Gas: Titas Gas Transmission & Distribution Company Limited is the main source of gas supply. In addition, the company has the provision of LPG.</p> <p>Water: The company has a number of own deep tube wells installed for necessary water supply.</p>





CORE VALUES

GENERATION NEXT

Annual Report 2018-2019

EXCELLENCE

Our relentless pursuit toward excellence of performance manifested with, effective guidance and quality services is the key to quality production.

TEAMWORK

Unity in the work place in an environment of mutual support, collaboration, communication and sharing/ caring of knowledge and skills are the driving forces of the company.

INTEGRITY

Honesty and morality in service produces good governance, transparency and accountability.

INNOVATION

Our thinking is beyond traditional concepts and boundaries

CUSTOMER PRIORITY

Satisfaction, trust and confidence of our customers are of the highest priority.

COMMITMENT

The total resolve and involvement in everything is our responsibility.



CORPORATE INFORMATION

Chairman

Tauhidul Islam Chaudhury

Managing Director

Rajiv Sethi

Directors

Tauhidul Islam Chaudhury

Rajiv Sethi

Alavee Azfar Chaudhury

Shaheen Akhter Chaudhury

(Nominated by A.J Corporation Ltd.)

Independent Director

Mehdi Mahmood Haque

Chief Financial Officer

Mark Niranjana Chowdhury

Head of Internal Audit

Abdus Salam, FCA

Company Secretary

Mohammad Shahjahan

REGISTERED NAME OF THE COMPANY

Generation Next Fashions Limited

LEGAL FORM

Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange. Incorporated in Bangladesh under Companies Act, 1994.

SHARE & CORPORATE OFFICE

Building# 348, Road# 05, DOHS Baridhara
Dhaka- 1206, Bangladesh
Tel: 880-2-8412625, 8411623, 8419210
Fax: 880-2-8416491
web:www.gnf-bd.com

CORPORATE OFFICE

The Pearl Trade Centre (PTC)
Cha- 90/3, Progoti Shoroni
Uttar Badda, Dhaka 1212
Tel: 880-2-9895725, 9895752

OPERATIONAL OFFICE & FACTORY

Dhonaid, Earpur, Ashulia, Dhaka.

COMPANY'S REGISTRATION NUMBER

C-53966, August 19, 2004

LISTING RECOGNITION

Company No: 17454,
Trade Code: GENNEXT

AUDITORS

Ashraf Uddin & Co.
Chartered Accountant
Office: 142/B, Green Road (3rd & 4th Floor),
Dhaka-1215
Chamber: Rahman Chamber (5th Floor),
12-13, Motijheel C/A, Dhaka.

LEGAL ADVISOR

Mohsin Mojumder, Advocate
Mojumder & Associates
Mahtab Centre (15th Floor)
Bijoy Nagar, Dhaka 1000

Moyeen Firozee, Bar-at-Law
ABC House (4th floor)
8 Kamal Atatürk Avenue, Banani, Dhaka

LISTING

Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

INSURER

Asia Insurance Limited

BANKERS

Southeast Bank Limited
National Bank Limited
IFIC Bank Limited
Prime Bank Limited
Exim Bank Limited
Jamuna Bank Limited
Brac Bank Limited
Social Islamic Bank Limited
Agrani Bank Limited
Premier Bank Limited

MEMBERSHIP PROFILE

Bangladesh Garment Manufactures and
Export Association (BGMEA)
Bangladesh Knitwear Manufactures and
Export Association (BKMEA)
Bangladesh Textiles Mills Associations
(BTMA)
Bangladesh Association of Publicly Listed
Companies (BAPLC)
Dhaka Chamber of Commerce and Industry
(DCCI)

DIRECTORS' PROFILE



TAUHIDUL ISLAM CHAUDHURY

Chairman

Mr. Chaudhury has 35 years of extensive entrepreneurial and business development experience in successfully steering export oriented textiles and clothing manufacturing industrial and marketing ventures and projects in Bangladesh and in the USA. He successfully pioneered one of the first Bangladeshi Garment Import Houses in New York in 1990 and marketed clothing from Bangladesh to Kenya and US retailers and wholesalers.

He has strong leadership experience in RMG buying and marketing business in Bangladesh in exporting the widest variety of woven and knitted RMG to the US and European markets. He also has about 26 years of professional knowledge in human resource management, social and ethical standards for global RMG sector.

Mr. Chaudhury has professional membership with Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Textiles Mills Associations (BTMA) and Dhaka Chamber of Commerce and Industry (DCCI).



RAJIV SETHI

Managing Director

Mr. Sethi is an Indian national with residency in Bangladesh. He has been associated with the Garments & Textile sector since 1989. He has a vast experience in the field of sales, merchandising, manufacturing, sourcing of both woven and knit RMG products for exporting to European markets for retailers from various countries as Kenya, Jordan, Pakistan, India, UAE, Bangladesh, China, etc. After his graduation from Delhi University, Mr. Sethi has obtained Diploma in Fashion Designing from India Institute of Fashions Technology New Delhi.



Alavee Azfar Chaudhury
Director

Mr. Alavee Azfar Chaudhury is a young well known business man in Bangladesh. He is a graduate from USA.



Ms. Shaheen Akhter Chaudhury
(Nominated by A.J Corporation Ltd.)

Ms. Chaudhury is a service holder in A.J Corporation Ltd. She has over 15 years of experienced in business and commerce.



Mehdi Mahmood Haque
Independent Director

Mr. Mehdi Mahmood Haque is a dynamic asset of the company. He has played a vital role in streamlining the merchandising, production and operations of the company.

CHAIRMAN'S MESSAGE

Dear Valued Shareholders

With great honour and privilege, I place before you the Annual report along with the audited accounts of Generation Next Fashions Limited and auditor's report thereon for the year ending June 30, 2019.

Business Condition:

The year 2019 has been another successful year when the company was able to achieve sales growth in spite of extreme competition in global apparel sector. Though we overcame all odd situations but could not achieve good profit due to the down ward trend of apparels price in the global market.

Financial Aspects:

It is very encouraging to note that, despite all odds, sales revenue of this year has been increased by 28.88% compared to last period.

Human Resources:

All the above mentioned achievements would not have been possible without the dedication and selfless commitment of our employees who are the foundation and backbone of our company.

Conclusion:

Here I would like to take this opportunity on behalf of the Board of Directors to express our deepest appreciation to all of our valued customers for their confidence in our products. I also like convey our sincere thanks and gratitude to all the employees for their tireless efforts, to the suppliers for their quality goods and to the esteemed shareholders for their continuous support and interest for the welfare of the company. We also hope that the same support from all stakeholders will continue in the coming years.

May Allah bless us all.



Thanking you all,
Chairman of the Board



TAUHIDUL ISLAM CHAUDHURY

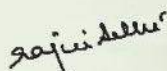
MANAGING DIRECTOR'S MESSAGE

Dear Shareholders

On behalf of the Board of Directors and on my personal behalf, I take the opportunity to welcome all of you to the 15th Annual General Meeting of our company. The Annual Report containing the audited accounts and auditor's reports thereon for the year ending June 30, 2019 has already been dispatched to you for your kind perusal. I am highly pleased to report that, this year, our company has earned a net profit of Tk. 213,440,369. During this year, sales revenue of the company has reached from Tk. 4,023,783,905 for the last year ending June 30, 2018 to 5,185,920,854 for the year ending June 30, 2019.

If we look ahead, we are striving to produce more and more value added products to enhance our retention in order to maximize profitability. Ready-made garments sector is now facing various challenges of enhanced compliance standards from customers and competitive price issues. There are new regulations as regards the building and fire safety, payment of minimum wages, introduction of social dialogue, management of chemicals and corporate social responsibilities. To overcome these difficulties and to meet the augmented costs, the management is striving to make operations more efficient. And also have installed new machinery in our newly constructed building and started operation of same already.

Let me use this platform to convey my thanks to each one of you for your continued support and cooperation. We are whole heartedly working for sustainable growth in the days to come. I would also take this opportunity to express my gratitude to our valued shareholders, all our colleagues & to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Bangladesh Limited and all regulatory bodies for the cooperation and support extended to us.



Rajiv Sethi
Managing Director



RAJIV SETHI

DIRECTOR'S MESSAGE



Dear Valued Shareholders,

With a humble heart I would like to welcome you to our 15th Annual General Meeting of Generation Next Fashions Limited. With the completion of new production unit, we have managed to significantly increase our production capacity from 150,000 RMG units to 250,000 RMG units daily for the coming fiscal year.

While having a successful tenure increasing sales from Tk.4,023,783,905 to Tk. 5,185,920,854 for our 2018-2019 period, upcoming sales are projected to grow to an estimated Tk. 7,000,000,000 for the coming year.

In order to cope up with the present market scenario, we are focused on supply chain and productivity, along with technological advancements and extensive research & development. We are planning to arise more prepared and capable than ever to optimize our assets and maximize our cashflow. We have also increased our customer base adding new buyers from the US and Africa.

I would like to thank you all for your continuous support in allowing our slogan to be a reality: "together we grow as a community."

Sincerely,

A handwritten signature in dark ink, appearing to read 'Alavee A. Chaudhury'. The signature is fluid and stylized, with a prominent loop at the end.

Alavee A. Chaudhury
Director of the Board



DIRECTOR'S REPORT





Dear Shareholders

On behalf of the Board of Directors of Generation Next Fashions Limited, I have the pleasure to welcome you all to the 15th Annual General Meeting of the company. We are pleased to submit before you the operational activities and Audited Financial Statements for the year ended June 30, 2019 as approved by the Board of Directors

Background

The textile sector is at the forefront of the Bangladesh industrial arena. More than 80% of the nation's export earning is derived from this sector. Generation Next Fashions Limited, as a vertically integrated fabric and apparel manufacturing company, is looking to tap into the rising demand by manufacturing products in a more efficient manner. We are now looking to enhance value addition to retain maximum profits. Our marketing strategy is to look for better customers in the days ahead. We have all the latest technologies and machineries to manufacture garments for the top retailers of the world

Business Activities and Contribution to National Economy

The company has earned Tk.5.19 billion in foreign exchange in the period from July 01, 2018 to June 30, 2019 as against Tk.4.02 billion in the period from July 01, 2017 to June 30, 2018. This is a significant leap forward. We are a 100% export oriented business firm and our revenues are generated in foreign currency. We also purchase our raw materials in US dollars and we also sell our products in US dollars. The fact that, we generated revenues through exports earnings, is a testament to the company's contribution to the national economy

Industry Outlook and Possible Future Developments in the Industry

The major challenges for the period from July 01, 2019 to June 30, 2020 will be inflation, high cost of funding and export order devastation. Despite these in challenges Generation Next Fashions Limited will continue to look into its potentials and development options with its business strategy. Corporate image, professionalism and quality product growth with aggressive marketing will be our priority.

Segment wise or product wise performance during the year.

Particulars	Capacity	Actual Production	Capacity Utilization
Garments	50,00,000 Dozen	44,61,600 Dozen	89.00%
Fabrics /Knitting	11,500 MT	9,775 MT	85.00%
Fabric Dyeing	12,000 MT	10,800 MT	85.00%

Risks and Concerns

1. Exchange Rate Risk

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

Management Perception

The exchange rate of US Dollar against BDT in the country has traditionally witnessed upward trends, which makes ample opportunity for increasing revenue from exports. On the other hand, appreciation of local currency against US Dollar will reduce the import cost of the company. Therefore, change in exchange rate in both ways offsets the profitability of GNFL

2. Industry Risks

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation

Management Perception

The company continuously carries out research and development (R & D) to keep pace with the customers' choices and fashions. The industry has successfully coped with the post MFA (Multi Fiber Agreement) competitive situation. The force, which is helping the sector in its strong existence, is emergence of the backward linkage industry. Backward linkage industries are supporting manufacturers in minimizing lead time and cost of production

3. Market Risks

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

Management Perception

The company has set its focus only on the export market. The management is trying to sell through direct contacts with the existing customers in selected regions by understanding their needs. The company also has established a relationship with potential buyers across the world and expects to find market for its capacity despite competition prevailing in the sector. However, the company successfully sourced new potential buyer in the world market

4. Technology Related Risks Potential

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

Management Perception

The company is aware of technological changes and has adopted new state of the art technology according to its needs. Furthermore, routine and proper maintenance of equipment carried out by the company ensures longer service life for the existing equipment and facilities.

5. Potential or Existing Government Regulations

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

Management Perception:

Unless any adverse policies are made, which may significantly affect the industry as a whole; the business of the company will not be affected. Government emphasizes on the growth of Textile Industry to boost the export of textile products. Yet the promoters and the sponsors have to convince the policy makers for adopting favorable terms and conditions, which will eventually help the textile manufacturers of Bangladesh to compete with the low cost locations in the global arena.

6. Changes in Global Policies

The performance of the company may be affected due to unavoidable situation arising from political or environment changes worldwide. These may also bring changes to world economy as a whole.

Management Perception:

To reduce the risk the company has customers from various countries of the world. The management of the company is always concerned about the prevailing and upcoming changes in the global and national policy and shall take corrective actions as required in the days to come.

Internal Control System

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

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all sector of the

Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board.

Minority Shareholders' Protection

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

Going Concern

The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future and has therefore continued to adopt the going concern basis preparing the financial statements

Discussion on Production Cost of Goods, Gross Profit Margin and Net Profit Margin

Production cost of goods sold has increased compared to last period due to high rise of labour cost and materials cost. However, the gross profit margin and net profit margin have decreased significantly.

Discussion on Continuity of any Extra-Ordinary Gain or Loss

There is no extra-ordinary gain or loss in the financial statements under report except Tk. 3,296,347/- interest from bank deposit.

Related Party Transactions

For the financial year ended 30th June, 2019 the company did not enter into any financial transactions that require separate disclosure except the remuneration paid to directors.

Taxation:

The expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination or items recognized directly in equity.

Deferred Tax:

The provision for deferred tax has been made based on the difference between accounting depreciation and tax depreciation of property, plant and equipment calculated by the tax authority. The rate of deferred tax has been applied as per Income Tax Ordinance, 1984.

Utilization of Proceeds from Public Issues, Rights Issues and/or Through any Others Instruments.

The raised fund has been fully utilized by June 30, 2018 and has been reported to regulatory authority concerned.

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.

No deterioration of financial result has been observed during the year.

Significant Variance Between Quarterly Financial Performance and Annual Financial Statements

No significant variations have occurred between quarterly and final financial results of the company during the period under report. Due to change of international Business Traed.

Remuneration to Directors Excluding Independent Directors

Remuneration paid during the period are given in notes no.22 in this Annual Report. There is no pay as Directors' Attendance Fee in the board meetings.

The Financial Statements prepared by the management of Generation Next Fashions Limited fairly present its state of affairs, the result of its operations, cash flows and changes in its equity.

Proper books of account of Generation Next Fashions Limited have been maintained.

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

International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/ International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

Significant deviations from the last period's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.

No significant deviations accord during the year ended June

Financial Highlights:

Value in Crore Taka

Particulars	2018-2019	2017-2018	2016-2017	Jan 15 to June 16	2014
Turnover	518.59	402.38	327.96	447.91	260.53
Gross Profit	81.79	89.09	64.24	82.82	72.81
Operating Profit	45.81	56.45	38.41	57.32	63.13
Net Profit/(Loss)	21.34	45.64	24.17	42.71	49.78
Earnings Per Share (in Taka)	0.43	1.01	0.59	1.14	1.54
Net Non-Current Assets	455.86	450.51	399.80	359.37	309.56

Five years' Significant Ratios

Particulars	2018-2019	2017-2018	2016-2017	Jan 15 to Jun 16	2014
Current Ratio	2.43	3.28	2.87	2.44	2.86
Quick Ratio	1.38	1.72	1.69	1.37	1.92
Debt Equity Ratio	0.50	0.25	0.23	0.22	0.19
Accounts Receivable Turnover Ratio	124	106	98	71	111
Inventory Turnover Ratio	2.83	2.76	2.5	3.78	2.76
Asset Turnover Ratio	0.59	0.57	0.51	0.74	0.48
Gross Profit Margin Ratio	0.16	0.22	0.20	0.18	0.28
Operating Profit Margin Ratio	0.09	0.14	0.12	0.13	0.24
Net Profit Margin Ratio	0.04	0.11	0.07	0.10	0.19
Return on Assets Ratio	0.02	0.06	0.04	0.07	0.09
Return on Equity Ratio	0.04	0.08	0.05	0.09	0.11
Earnings Per Share	0.43	1.01	0.59	1.14	1.54
Earnings Per Share – Diluted	0.43	0.92	0.49	0.86	1.01

If the issuer company has not declared dividend (cash or stock) for the year ended June 30, 2019 the reasons thereof shall be given.

The Board of Directors of the company has recommended no dividend for the year ended June 30, 2019.

The number of Board meetings held for the year ended June 30, 2019 and attendance by each director shall be disclosed.

The Board of Directors had 23 meetings during the period ended June 30, 2019. Name of the Directors and number of meetings attended are given below:

Name of Directors	Designation	Attained In Meeting
Tauhidul Islam Chaudhury	Chairman	19
Rajiv Sethi	Managing Director	18
Alavee Azfar Chaudhury	Director	15
Shaheen Akhter Chaudhury (Nominated by AJ Corporation Limited)	Nominee Director	14
Mehdi Mahmood Haque	Independent Director	20

Whenever Directors could not attend the meetings, they were granted leave of absence.

Shareholding Pattern

Pattern of Shareholding as at 30 June 2019

Sl. No.	Shareholder's Group	No. of Share Held
i)	Share held by Parent/Subsidiary/Associated Company etc.	NIL
ii)	Shares held by Directors:	
	Mr. Tauhidul Islam Chaudhury, Chairman	25,409,021
	Mr. Rajiv Sethi, Managing Director	9,899,489
	Mr. Alavee Azfar Chaudhury	10,481,438
	M/s A. J Corporation Limited	22,412,568
iii)	Executives	NIL
iv)	Shareholders who are holding 10% or more voting right:	
	ICB	52,021,951

Directors' Election and Re-Appointment

Mr. Rajiv Sethi, Managing Director and Mr. Mehdi Mahmood Haque, Independent Director, retired by rotation at this AGM and being eligible offered themselves for re-election under Article 128 of the company's Articles of Association.

Financial Results

The company's financial results for the year ended June 30, 2019 with recommendation of appropriations are as follows:

Particulars	Amount in Taka
Net Profit for the year June 30, 2019	213,440,369
Profit Brought Forward	521,047,345
Depreciation on Revaluation Surplus	8,093,851
Bonus Share Issued for the year 2017-2018	449,976,860
Profit Available for Appropriation	292,604,704
Appropriations:	
Proposed Stock Dividend	NIL
Transferred to Retained Earnings	292,604,704

Board of Directors

Tauhidul Islam Chaudhury

Rajiv Sethi

Alavee Azfar Chaudhury

Shaheen Akhter Chaudhury

(Nominee of M/s AJ Corporation Ltd.)

Mehdi Mahmood Haque

Auditors

The present auditors' Ashraf Uddin & Co., Chartered Accountants, will retire due to its three years' period completed

And, at this Annual General Meeting **G. Kibria & Co.**, Chartered Accountants, will be newly appointed as statutory auditors for the year to June 30, 2020





Business Expansion

The company plans to use its already expanded capacity to enhance turnover and profitability for coming years 2019-2020.

Insurance Coverage

The company has comprehensive insurance covering all risks including fire, business interruption, natural disaster, etc.

Human Resources

The company employed a total of 5,162 people as of June 30, 2019. Currently, the management believes that it can reduce production expenses and enhance exports in future and is taking necessary steps in this regard.

Acknowledgement

The Board of Directors would like to thank all the shareholders for their continued support over the past period. We would also like to express gratitude to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, RJSC, CDBL and other business associates for their valuable suggestions, continuous support and co-operation extended during the period towards the company. We would also like to thank our auditor Ashraf Uddin & Co., Chartered Accountants for their efforts for timely completion of the audit. We also like to thank our bankers, customers, and suppliers for providing the necessary support to enhance our growth and profitability. Lastly, I would like to say that the Board, with the support of the shareholders, would continue to strive to improve the company's operation and profitability in the upcoming years.

With Best Wishes

Tauhidul Islam Chaudhury
Chairman



Generation Next Fashions Ltd.
 Declaration by CEO and CFO

Date: 03th October, 2019
 The Board of Directors,
 Generation Next Fashions Limited
 Building# 348, Road# 05,
 DOHS Baridhara, Dhaka-1206.

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

Dear Sirs,

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

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

Sincerely yours,


Rajiv Sethi

Managing Director(MD)



Mark Niranjana Chowdhury
 Chief Financial Officer (CFO)



এম, জেড, ইসলাম এন্ড কোং
M. Z. ISLAM & CO.
 chartered accountants

10 (4-10) Eastern View (10th Floor)
 50 D.I.T. Extension Road, Nayapalton
 Dhaka-1000, Tel : 880-2-9350992, 9330365
 E-mail : mzislam.ca@gmail.com, afakrul@yahoo.com

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

Report to the Shareholders of Generation Next Fashions Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Generation Next Fashions Limited for the year ended on 30th June, 2019. This Code relates to the Notification No. SEC/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:

- 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 or not complied (if not complied, specify non-compliances);
- 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 or not complied (if not complied, specify non compliances);
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws or not complied (if not complied, specify non-compliances); and
- The governance of the company is highly satisfactory or satisfactory or not satisfactory.

Place: Dhaka
 Dated: 16th October, 2019

M.Z. ISLAM & CO.
 Chartered Accountants

Generation Next Fashions Limited

Corporate Governance Compliance Status Report
Under Condition No. 7.00

Annexure-C

Status of Compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 Issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (If any)
		Complied	Not complied	
1	BOARD OF DIRECTORS:			
	Board's Size:			
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board" shall not be less than 5 (five) and more than 20 (twenty).	✓		
	Independent Directors			
1(2)	All companies shall have effective representation of independent directors on their Boards, so that the board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:-			
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 whole 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;	✓		
(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 also 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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(2) (b)(iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/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 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); and	✓		
1(2) (b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
1(2) (c)	The Independent Director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1(2) (d)	The post of independent director(s) 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) term 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 the 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			Not Applicable
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; or			Not Applicable



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(3) (b)(iii)	Former official of government are statutory or autonomous or regulatory body in the position not below 5 th Grade of the National Pay Scale, who has at least educational Background of Bachelor Degree in Economics or Commerce or Business or Law; or			Not Applicable
1(3) (b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			Not Applicable
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 & Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;			Not Applicable
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 or experiences may be relaxed subject to prior approval of the Commission.			Not Applicable
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 (MD) 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)	Industry outlook and possible future developments in the industry;	✓		
1(5) (ii)	Segment-wise or product-wise performance;	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (iii)	Risk and concerns including internal and external risk factors, threat to sustainability and negative Impact on environment, if any;	✓		
1(5) (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5) (v)	Discussion on continuity of any Extra-Ordinary activities and their implications (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 others Instruments;	✓		
1(5) (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;			Not Applicable
1(5) (ix)	An explanation of any significant variance occurs between Quarterly Financial performance and Annual Financial Statements;			Not Applicable
1(5) (x)	A statement of Remuneration paid to the directors including independent directors;	✓		
1(5) (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5) (xii)	Proper books of account of the issuer company have been maintained;	✓		
1(5) (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5) (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed;	✓		
1(5) (xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5) (xvi)	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)	There are no significant doubts upon the company's ability to continue as a going concern;	✓		
1(5) (xviii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained;	✓		
1(5) (xix)	Key operating and financial data of at least preceding 5 (five) years are summarized;	✓		

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (xx)	If the issuer company has not declared dividend (cash or stock) for the year;		√	The company has not paid any cash or stock dividend for the year ended 30 June 2019
1(5) (xxi)	Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend;	√		
1(5) (xxii)	The total number of board meetings held during the year and attendance by each director;	√		
1(5) (xxiii)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-	√		
1(5)(xxiii) (a)	Parent or Subsidiary or Associated Companies and other related parties (name wise details).	√		
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; and			Not Applicable
1(5)(xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√		
1(5) (xxiv)	In case of the appointment or re-appointment of a director the company shall disclose the following information to the shareholders:-			
1(5)(xxiv) (a)	A brief resume of the directors.	√		
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 or results and financial position as well as cash flows in absolute figure for such changes.			Not Applicable
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.	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5) (xiv) (d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario.	✓		
1(5) (xiv) (e)	Briefly explain the financial and economic scenario of the country and the globe.	✓		
1(5) (xiv) (f)	Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company.	✓		
1(5) (xiv) (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) (xiv)	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) (xiv)	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.	✓		
1(6)	Meetings of the Board of Directors 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) in so far as those standards are not inconsistent with any condition of this Code.	✓		
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.	✓		

Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.			Not Applicable
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.			Not Applicable
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.			Not Applicable
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.			Not Applicable
2 (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
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)	√		
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	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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 Board of Directors' Meetings The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board: Provided that the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to 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 shall certify to the Board that they have reviewed financial statements for the year and that 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)	The MD or CEO and CFO shall also certify that 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 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:- For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4 (i)	Audit Committee	✓		
4 (ii)	Nomination and Remuneration Committee.	✓		



Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5	Audit Committee:-			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board.	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members.	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director.	√		
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 any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before 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 shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy 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.	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(3)	Chairperson 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 of 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 No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
5(3) (c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the 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: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee.	✓		
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.			
	The Audit Committee shall:-			
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	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(5) (d)	Oversee hiring and performance of external auditors.	✓		
5(5) (e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption.	✓		
5(5) (f)	Review along with the management, the annual financial statements before submission to the Board for approval.	✓		
5(5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval.	✓		
5(5) (h)	Review the adequacy of internal audit function.	✓		
5(5) (i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report.	✓		
5(5) (j)	Review statement of all related party transactions submitted by the management.	✓		
5(5) (k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	✓		
5(5) (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors.	✓		
5(5) (m)	Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	✓		
5(6)	Reporting of the Audit Committee			
5(6) (a)	Reporting to the Board of Directors			
5(6) (a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6) (a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-	✓		
5(6)(a)(ii) (a)	Report on conflicts of interests.			Not Applicable
5(6) (a)(ii)(b)	Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not Applicable

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(6) (a)(ii)(c)	Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations.			Not Applicable
5(6) (a)(ii)(d)	Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately.			Not Applicable
5(6) (b)	Reporting to the Authorities If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			Not Applicable
5(7)	Reporting to the Shareholders and General Investors. Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.			Not Applicable
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 sub-committee 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).	✓		



Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	√		
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 or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee.	√		
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.	√		
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, either directly or indirectly, any remuneration for any advisory or consultancy 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.	√		
6(3) (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM.			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(4)	Meeting of the NRC			
6(4) (a)	The NRC shall conduct at least one meeting in a financial year.	✓		
6(4) (b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC.	✓		
6(4) (c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4) (d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	Role of the NRC			
6(5) (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	✓		
6(5) (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5) (b) (i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5) (b) (i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	✓		
6(5)(b) (i) (b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks.	✓		
6(5) (b)(i) (c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.	✓		
6(5) (b) (ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.	✓		



Condition No.	Title	Compliance Status (Put V in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(5) (b) (III)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board.	√		
6(5) (b) (iv)	Formulating the criteria for evaluation of performance of independent directors and the Board.	√		
6(5) (b) (v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.	√		
6(5) (b) (vi)	Developing, recommending and reviewing annually the company's human resources and training policies.	√		
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
7	External or Statutory Auditors:-			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-	√		
7(1) (i)	Appraisal or valuation services or fairness opinions.	√		
7(1)(ii)	Financial information systems design and 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	√		
7(1) (vi)	Internal audit services or special audit services.	√		
7(1)(vii)	Any service that the Audit Committee determines.	√		
7(1)(viii)	Audit or certification services on compliance of corporate governance as required under 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:	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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.	✓		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

Chairman
Generation Next Fashions Limited

Managing Director
Generation Next Fashions Limited



Company Secretary
Generation Next Fashions Limited

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: GN/2019/264

Date of issue : November 7, 2019

BAPLC

Renewed Certificate

This is to certify that

GENERATION NEXT FASHIONS LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2019.



[Signature]
Secretary-General



Corporate Governance

The Corporate Governance refers to the processes, structures and information used for directing and overseeing the management of the company. Corporate governance framework establishes the mechanisms for achieving accountability between the Board, senior management and shareholders, while protecting the interests of relevant stakeholders. It also sets out the structure through which the division of power in the organization is determined

It provides the company necessary directive to utilize its resources at optimum level. It also provides the Board to do their responsibility with integrity, reliability and transparency which ensure accountability to the stakeholders.

Details relating to the issuer's different Board committees, Board organization and summary of the terms of reference under which the committees operate:

Board Committees:

To maintain good and sound governance within the organization, the Board of Directors formed some special purpose committee, namely

REPORT OF THE AUDIT COMMITTEE

Generation Next Fashions Limited established an Audit Committee as a Sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the Financial Statements reflect true and fair view. There are four members in the Audit Committee including one Independent Director. The Independent Director is the Chairman of the Committee. The members of the Audit Committee possess adequate knowledge on business

management and all of them are financially literate as per regulatory requirements and also able to analyze and interpret, corporate laws, financial issues and financial statements.

During the year ended on 30th June, 2019 the Committee held 4 (four) meetings in which the Committee reviewed issues relating to business operation, administrative control, Finance and Accounts, review the financial reporting among other things. The committee has been empowered to examine the matters related to financial and internal control management and other affairs of the company. Relevant departmental heads and other members of the management also attend the meetings as required. The proceedings of the Committee meetings are regularly reported to the Board of Directors. The Attendance record of the members in the meetings was given in Annexure-F.

OBJECTIVE OF AUDIT COMMITTEE:

The principal function of the Audit Committee is to exercise and have an oversight over the Company's risk management, financial reporting and regulatory compliance functions etc.

The role and responsibilities of the Audit Committee:

The Audit committee has been playing a vital role among the Board, Members and other stakeholders of the company. The role of the Audit committee is clearly set-forth in the ToR. Audit Committee making a bridge between the Board and the Management to strengthen internal control and compliances.

1. Review and recommend to the Board to approve the quarterly, annual financial statements as well as overall financial reporting process prepared for statutory purpose.
2. Reviewed and recommended various pertaining the quarterly and annual financial statements.
3. Monitor and watch over selection of accounting policies and principles, adequacy of internal audit, internal audit & compliance plan & reports, risk management process, auditing matter, hiring, remuneration and performance of external auditors.
4. Appraise significance of related party transactions submitted by the management.
5. Carry on supervisory role to safeguard the systems of governance and independence of statutory auditors.
6. Evaluate and consider the report of internal and statutory auditor's observations on internal control.





7. Conduct audit concerning material violation by the management in carrying out operation of the company.
8. Review Management's Discussion and Analysis report before disclosing in the annual report
9. Review reports of litigation and regulatory compliance matters.

Activities carried out during the year:

1. The financial statements was reviewed by the committee after the closing of each and every quarter before submission to Board and subsequently recommended to the Board for consideration and approval.
2. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports and made suggestions for improvement.
3. Holding meeting to review the financial statements with Statutory Auditors & management before submission to the Board
4. Reviewed and recommended Board to consider few expenses from financial mode to operating mode.
5. The committee found adequate arrangement to present 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 findings/obser

vation in the areas of reporting.

6. Reviewed the appointment of external and compliance auditors and determination of audit fees and others.

7. Reviewed Management's Discussion and Analysis report before disclosing in the annual report

8. Review all related party transactions, its nature etc. submitted by the management.

REPORTING BY AUDIT COMMITTEE TO THE BOARD:

The Committee regularly reports on its work to the Board. The report includes a summary of the matters addressed in the meeting by the members present and the measures undertaken by the committee.

The name of the Members and their attendance record in the meetings in given below:

Mehdi Mahmood
Mehdi Mahmood Haque
Chairman of Audit Committee
& Independent Director

Mohammad Shahjahan
Mohammad Shahjahan
Member Secretary of Audit
Committee & Company
Secretary

The Director who could not attend in any meeting was granted leave of absence. The composition of the Audit Committee and the attendance of its members in the meetings for the yearended 30th June, 2019 are thown below:

Name of Directors	Position	Audit Committee Meeting		
		Meeting Held	Attended	Percentage (%)
Mr. Mehdi Mahmood Haque	Chairman	4	4	100
Mr. Rajiv Sethi	Member	4	4	100
Mr. Alavee Azfar Chaudhury	Member	4	4	100
Mr. Mohammad Shahjahan	Secretary	4	4	100

REPORT OF THE NOMINATION & REMUNERATION COMMITTEE

The company has formed a NRC committee as a sub-committee of the Board, has been constituted by one of the Independent Director as Chairman and two other members of the Board in line with the newly issued Corporate Governance Code. Mr. Mehdi Mahmood Haque who represent in the Board as Independent Director is the Chairman of the Committee who has eleven year's practical knowledge and professional experience in the fields of accounting, finance, audit and corporate management. The Company Secretary is the Secretary of this Committee. The NRC assist the board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence among others of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive. The NRC members nominated and appointed by the Board and also responsible to the Board of Directors for its role and responsibilities that are clearly set forth by the Company and time to time issued notifications by the regulators. During the year 1(one) NRC Meeting was held. The name of the members & their attendance record in the meetings is given below:

Nomination & Remuneration Policy

This Nomination, Remuneration Policy (the "Policy") applies to the Board of Directors (the "Board") and the Top Level Executive (TLE) of Generation Next Fashions Limited (the "Company"). The expression "Top Level

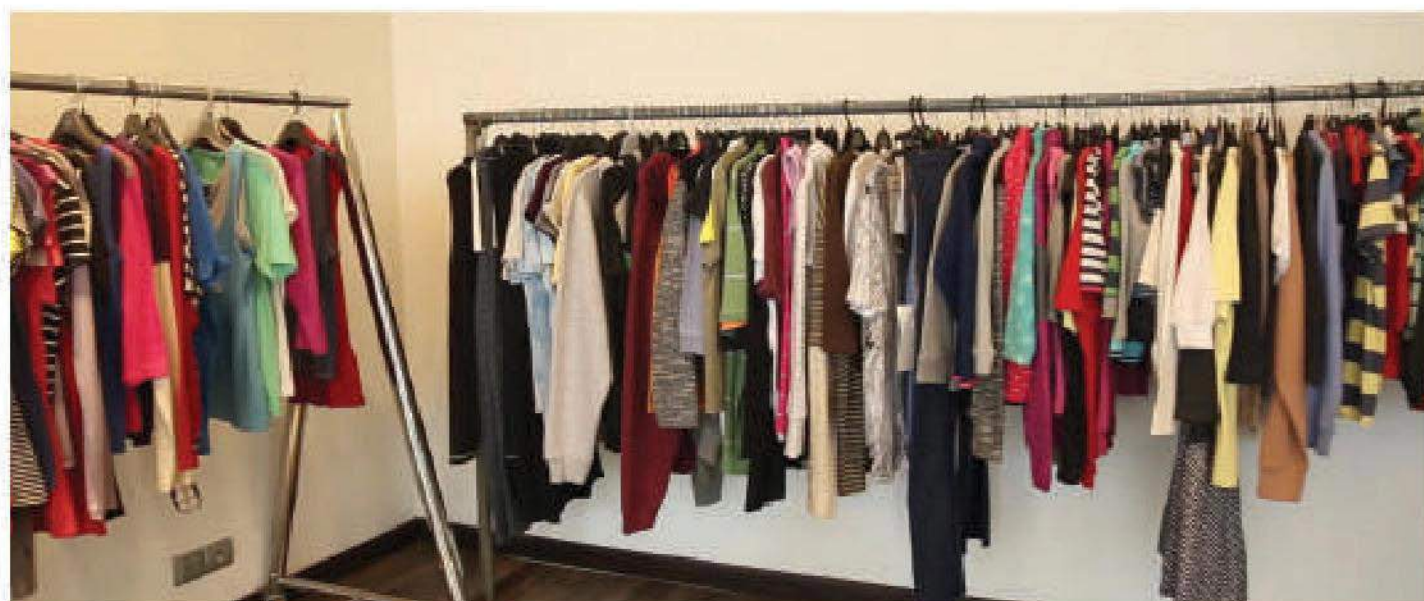
executive" means executive of the Company who are members of its core management team excluding Board of Directors, comprising all members of management, including the functional heads. This Policy is in compliance with Clause 6 of the Corporate Governance Code, 2018 read along with the applicable rules and regulation of applicable laws thereto. Sub-clause (b) of Clause 6 of the Corporate Governance Code, 2018 states that the Nomination and Remuneration Committee 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;

Role of the NRC

The roles and responsibilities of the NRC have been clearly mentioned in the Terms and References (ToR) of the Committee as approved by the Board of Directors of Generation Next Fashions Limited. The committee discharged its responsibility by holding a meeting and provide the Board, management based on its observation considering current situation and suggest what need to be adopt/insert/amend by the company. In the meeting the committee assist/recommended the Board to determine the qualifications, attributes, experiences etc. of directors and top level executives and determine their remuneration and as well.

Evaluation Criteria of Directors/Top Level Executive of The Company:

The evaluation/assessment of the Directors and the Top



Level Executive of the Company is to be conducted as and when required and to satisfy the requirements of the Corporate Governance Code and as well as company's policy.

- i. Leadership & stewardship abilities;
- ii. Contributing to clearly define corporate objectives & plans;
- iii. Communication of expectations & concerns clearly with subordinates;
- iv. Obtain adequate, relevant & timely information from external sources;
- v. Review & approval achievement of strategic and operational plans, objectives, budgets;
- vi. Regular monitoring of corporate results against projections;
- vii. Identify, monitor & mitigate significant corporate risks;
- viii. Assess policies, structures & procedures;
- ix. Direct, monitor & evaluate KMPs, senior officials;
- x. Review management's succession plan;
- xi. Effective meetings;
- xii. Assuring appropriate board size, composition, Independence, structure;
- xiii. Clearly defining roles & monitoring activities of committees;
- xiv. Review of corporation's ethical conduct;

The following criteria may assist in determining how effective the performances of the Directors/TLE have been:

Activities of NRC during the year:

During the year the NRC accomplished the following activities:

- i. Reviews the status of the Board composition along with their qualification, experience, attributes, Independence of board members made recommendation thereof;
- ii. Reviewed the top level executives of the company and placed at different levels and determine their selection criteria, remuneration based on performance among others etc.

The composition of the Nomination & Remuneration Committee and the attendance of its members in the meetings for the year ended 30th June, 2019 are shown below:

Name of Directors	Position	Audit Committee Meeting		
		Meeting Held	Attended	Percentage (%)
Mr. Mehdi Mahmood Haque	Chairman	1	1	100
Mr. Atiar Rahman	Member	1	1	100
Mr. Habibur Rahman	Member	1	1	100
Mr. Mohammad Shahjahan	Secretary	1	1	100

iii. Putting recommendation on the draft code of conduct of the Chairperson, other Board members & Chief Executive Officer to Board.

iv. Reviews the company's human resources policy and recommended on it.

v. Overseen other issues within the Code of Conduct of the NRC.

Reporting by the NRC to the board:

The NRC Committee regularly reports on its work to the Board and the report includes a summary of the matters addressed in the meeting. The NRC expressing its view to the Board that the nomination, retirement, re-election & remuneration of directors & top level executives are adequate for presetting true and fair view of the Administration & HR department and also expressed that the internal control of the company is quite well.

Mehdi Mahmood
Mehdi Mahmood Haque
Chairman of Audit Committee
& Independent Director

Mohammad Shahjahan
Mohammad Shahjahan
Member Secretary of Audit
Committee & Company
Secretary



Purchase & Procurement Committee, includes:

1. Rajiv Sethi, Chairman
2. Tauhidul Islam Chaudhury, Member
3. Shaheen Akhter Chaudhury, Member Secretary

Operation & Maintenance Committee, includes

1. Tauhidul Islam Chaudhury, Chairman
2. Mr. Alavee Azfar Chaudhury, Member
3. Rajiv Sethi, Member Secretary

The main goal to form these committees is to assess how to minimize the risk in various sector of operation and how to maximize the performance and how to achieve the ultimate objective of the company. To govern the objectives, governance framework is based on the following principles:

- That the Board size is appropriate and the members of the board are aware about their responsibilities and duties.

- That the internal control system is sound to avoid error and omission of information and risk management is effective to minimize risk in different level of operation.

- That all material information is timely flow to the board and other committees to ensure efficiency of decision making.

- That all material information concerning to the capital market will flow to the shareholder as well as to the stakeholders to determine their investment decision.

- That all transactions are transparent and accountable.

- That all regulatory and statutory rules and regulations are complied.

BOARD ORGANIZATION & STRUCTURE

a) Role of the Board and its composition

The Directors of the Board are appointed by the shareholders at Annual General Meeting consist of 05 Directors including an Independent Director, who are appointed by the Board. They are responsible for guiding the company to accomplish its ultimate goal set by the shareholders. Roles of the Board are:

- To ensure proper guidance to the company to achieve its goal.

- To ensure maintaining good governance throughout the company.

- To monitor the effectiveness of Internal Control System and risk management.

- To ensure the optimum utilization of company's resources to achieve maximum profit and also concentrate on minimize cost.

- To make sure transparency, accountability and timely flow of accounting information.

- To protect the interest of shareholders and stakeholders as well as the employees of the company.

- To comply with all regulatory and statutory rules & regulations.

b) Board Meeting

In pursuant with the Articles of Association of the company, the Board meets at least four times in a year and at least once in a quarter when duly called for in writing by a Board member. Dates for Board Meeting in the ensuing year are decided in advance and notice of each Board Meeting is served in writing well in advance.

MANAGEMENT TEAM

The management team is the executive committee of the company who managing the company. The team is lead by the Managing Director of the company and other members are directors of executive committee and key managers throughout the organization. Management team endeavors to achieve the goal of the company set by the Board of Directors

GNFL believes in integrity, reliability and transparency to the nation by following good, effective and sound corporate governance within the organization. The company also believes that, corporate governance can play a vital role in making bridges among the management, the shareholders and the statutory bodies.





Auditors' Report & Financial Statements

FOR THE YEAR ENDED 30TH JUNE, 2019


Ashraf Uddin & Co.

CHARTERED ACCOUNTANTS

Since 1979

Member of



Alliance of Independent firms

MANAGING PARTNER:
 MD. ASHRAF UDDIN AHMED
 LLB, CFC, FCA

PARTNERS:
 ENAMUL KABIR, FCA
 MD. MOHIUDDIN AHMED, FCA, CFC

Corporate Address : 142/B, Green Road (3rd & 4th Floor)
 Dhaka- 1215, Bangladesh.

Registered Address : Rahman Chamber (5th Floor)
 12-13, Motijheel Commercial Area, Dhaka, Bangladesh.

Independent Auditors' Report To the Shareholders Generation Next Fashions Limited Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Generation Next Fashions Limited ('the company') which comprise the Statement of Financial Positions on 30th June, 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other Explanatory Notes to the Financial Statement.

In our opinion, the financial statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) give a true and fair view of the financial position of Generation Next Fashions Limited as of 30th June, 2019 and results of its financial performance and its cash flows for the year then ended & comply with the Companies Act 1994, & other applicable laws & 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 ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgments, were of most significant 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.

1. Recognition of Revenue

Ref: Note 20

Key audit matters	How our audit address the matter
<p>Export Sales Revenue is recognized for 3,957,509 Dozens at USD 61,737,153 @ average Tk.84.00 equivalent to Tk. 5,185,920,854; (2017-2018: 23,085,392 Dozens at USD 48,479,324.16 @ average Tk.83.00 equivalent to Tk. 4,023,783,905) when delivery challan is issued.</p> <p>Revenue recognition have significant and widespread influence over the financial statements and plays a vital role in calculating Corporate Tax. Since, revenue recognition is one of the performance indicator in almost all sector, there always exist risk of revenue smoothing or window dressing.</p>	<p>-Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts.</p> <p>-We tested the completeness of journal entries compared to financial statements and make sure that there are no unusual items.</p> <p>-On sample basis, we tested the export proceed documents and other supporting like bill of lading, bill of export, challan and also check some receivables balances of material figure to match against balance sheet date. We also review the sales contract agreements with different buyer.</p>

Under IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service.

-We further performed testing for to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. When doing this, we specifically put emphasis on those transactions occurring close before or after the balance sheet date to obtain sufficient evidence over the accuracy of cut-off.

-We call for a bank confirmation from Southeast Bank (Gulshan Avenue, Dhaka) to verify that appropriate deductions were made on account of Advance Income Tax (AIT) on revenue from export.

2. Significant Deviation in Gross Profit, Operating profit and Profit before Tax
Ref: Note 31

Key audit matters	How our audit address the matter
<p>In the analysis of financial statements, it was revealed that there occurred significant deviation in profit margin of the company. The Gross Profit margin has come to 15.44% from 22.14% last year which is a 30% decrease. Net profit margin comes to 8.50% by falling almost 40% (last year 14.03%).</p> <p>Significant deviation in profit margin also decreases the earning capacity of Equity Shares. It may also have an impact over the economic decision of stakeholders.</p>	<p>-We carefully reviewed the amount of Cost of Goods sold by confirming that ,the correct amount of current year purchase is carried forward and actual figure was transferred as opening inventory. We collect the purchase documents, BTB L/C and make sure those are supported by authorized purchase order, goods received from approved supplier and payments are made through L/C or added to payables.</p> <p>-We collect information from published sources about the raw material prices in foreign and local market of that particular period and compare the results with last year. We also monitor the industry averages to verify the reliability of price increment shown in financial statements.</p> <p>-We collect the salary statements of employee and payments to workers, to compare the total number of manpower utilized the increments in salary/wages/bonus and verify that the operating expenditure increased compared to last year.</p> <p>-We review the utility bills and current year finance cost and recalculates the amounts to confirm the substantial increment in expenditure.</p>



3. Restatement of EPS , NAVPS , NOCFPS
Ref : Note 28,29 &30

Key audit matters	How our audit address the matter
<p>In the previous year(2017-2018) FS,NAVPS for year ended 30th June,2018 was 12.60 , EPS was 1.01 but in current year (2018-2019) FS NAVPS is 11.46 and EPS is 0.92 for the year ended 30th June, 2019.</p> <p>Changes in earning capacity of shares and the net value of assets of equity shares are very important for investors for making financial decisions. We call for management presentation on this restatement and found that this because of issue of Bonus Shares at the year end.</p>	<p>-We collect the Board meeting resolution where the decision for Bonus Share issue was taken.</p> <p>-We recalculate the number of share allotted, the total amount transferred to share capital, increased position of shareholding due to bonus issue.</p> <p>-We verify the method used in calculating weighted average number of shares.</p> <p>-We further verified that ,the disclosures are appropriately made and restated figures are accurately calculated</p>

4.Valuation of Inventory
Ref: Note 05 & 21

Key audit matters	How our audit address the matter
<p>Closing inventory of Tk. 1,856,873,123/- represents 43% of current assets and almost 21% of total assets .The closing inventory figure have significant impact in determining the cost of goods sold.</p> <p>Inventories are usually carried in financial statements at the lower of cost and net realizable value. Since frequent changes in customer demand is unavoidable in manufacturing industry and a large quantity of raw material is held. As a result, there is risk that the carrying value of inventory exceeds net realizable value.</p>	<p>Our audit procedures were designed to challenge the adequacy of the company's provisions against inventory includes:</p> <p>-Corroborating on a sample basis that items on the stock aging listing by items were classified in the appropriate bracket.</p> <p>-Assessed the appropriateness of the provision percentages applied to each item and challenged the assumptions made by the Directors on the extent to which old inventory can be sold through various channels.</p> <p>-Considered the historical accuracy of provisioning and using the information obtained as evidence for evaluating the appropriateness of the assumptions made in the current year; and</p> <p>-We have also considered the adequacy of the company's disclosures in respect of the levels of provisions against inventory.</p>

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the Group and the Company so far as it appeared from our examination of these books;
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

Place: Dhaka
Date: 27/10/2019



Ashraf Uddin & Co.
Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Financial Position

As at June 30, 2019

ASHRAF UDDIN & CO.
Chartered Accountants

Particulars	Notes	Amount in Taka	
		30.06.2019	30.06.2018
A. NON-CURRENT ASSETS		4,558,636,500	4,505,145,853
Property, Plant & Equipment	Annexure-1	4,264,145,243	4,246,973,702
Capital Works-in-Progress	04	294,491,257	258,172,151
B. CURRENT ASSETS		4,287,726,216	2,588,986,428
Inventories	05	1,856,873,123	1,227,778,662
Accounts Receivable	06	1,757,541,912	1,171,674,567
Advances, Deposits and Pre-Payments	07	152,941,823	131,724,403
Cash & Cash Equivalents	08	520,369,358	57,808,796
C. CURRENT LIABILITIES & PROVISIONS		1,766,007,330	790,161,182
Accounts & Other Payables	09	94,689,622	32,292,830
Accrued Expenses	10	447,189,926	353,571,424
Bank Overdraft	11	46,360,125	41,968,033
Short Term Bank Credits	12	835,973,142	297,414,301
Deferred L/C Liabilities	13	62,374,642	45,186,260
Share Money Refundable	14	2,641,876	2,592,334
Current Maturity of Long Term Loans	15	276,777,997	17,136,000
D. NET CURRENT ASSETS (B-C)		2,521,718,886	1,798,825,246
E. NET ASSETS (A+D)		7,080,355,386	6,303,971,099
F. SHAREHOLDERS' EQUITY		5,883,875,942	5,670,435,574
Share Capital	16	4,949,745,550	4,499,768,690
Share Premium		236,779,111	236,779,111
Revaluation Surplus	17	404,746,577	412,840,428
Retained Earnings	18	292,604,704	521,047,345
G. LONG TERM LOAN	19	1,196,479,444	633,535,525
H. LIABILITIES & SHAREHOLDERS' EQUITY (F+G)		7,080,355,386	6,303,971,099
Net Assets Value Per Share (NAVPS) (Previous period restated)		11.89	11.46

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


Chairman


Managing Director


Company Secretary

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

Date : 27/10/2019

Place: Dhaka




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Profit or Loss and Other Comprehensive Income For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		30.06.2019	30.06.2018
Sales Revenue	20	5,185,920,854	4,023,783,905
Less: Cost of Goods Sold	21	4,368,046,250	3,132,843,549
Gross Profit		817,874,604	890,940,356
Less: Administrative & Selling Expenses	22	359,744,320	326,432,028
Operating Profit		458,130,284	564,508,328
Add: Other Income	23	123,021,752	133,752,026
		581,152,036	698,260,354
Less: Financial Expenses	24	274,805,141	163,068,174
Net Profit Before Tax and WPWFs		306,346,895	535,192,180
Less: Contribution to Central Fund (RMG Sector)	25	1,444,943	1,194,569
Net Profit Before Tax		304,901,952	533,997,611
		91,461,583	77,624,350
Less: Current Year Tax Expenditure	26	24,028,862	36,070,992
Deferred Tax Expenditure	27	67,432,721	41,553,358
Net Profit After Tax		213,440,369	456,373,261
Earning Per Share (EPS) (Previous period restated)	28	0.43	0.92

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


Chairman


Managing Director


Company Secretary

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

Date : 27/10/2019
Place : Dhaka




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Changes in Equity For the year ended June 30, 2019

For (01 July 2018 to 30 June 2019):
(Amount in Taka)

Particulars	Share Capital	Share Premium	Retained Earnings	Revaluation Surplus	Total
Balance at July 01, 2018	4,499,768,690	236,779,111	521,047,345	412,840,428	5,670,435,574
Depreciation on Revaluation Surplus	-	-	8,093,851	(8,093,851)	-
Net Profit during the year	-	-	213,440,369	-	213,440,369
Issue of Bonus Shares	449,976,860	-	(449,976,860)	-	-
Balance at June 30, 2019	4,949,745,550	236,779,111	292,604,704	404,746,577	5,883,875,942

For (01 July 2017 to 30 June 2018):

Particulars	Share Capital	Share Premium	Retained Earnings	Revaluation Surplus	Total
Balance at July 01, 2017	4,090,698,810	236,779,111	465,346,811	421,237,582	5,214,062,313
Depreciation on Revaluation Surplus	-	-	8,397,154	(8,397,154)	-
Net Profit during the year	-	-	456,373,261	-	456,373,261
Issue of Bonus Shares	409,069,880	-	(409,069,880)	-	-
Balance at June 30, 2018	4,499,768,690	236,779,111	521,047,345	412,840,428	5,670,435,574


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


Chairman


Managing Director


Company Secretary

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


Ashraf Uddin & Co.
Chartered Accountants


GENERATION NEXT FASHIONS LIMITED

Statement of Cash Flows For the year ended June 30, 2019

Particulars	Amount in Taka	
	30.06.2019	30.06.2018
A. CASH FLOWS FROM OPERATING ACTIVITIES:	(723,595,453)	44,311,951
Cash Received from Customers	4,587,590,909	3,735,548,748
Received from Other Income	135,484,352	133,752,026
Paid Suppliers	(4,917,680,537)	(3,388,348,354)
Paid for Operating Expenses	(505,003,675)	(403,007,237)
Income Tax Paid/(Deducted)	(23,986,503)	(33,633,232)
B. CASH FLOWS FROM INVESTING ACTIVITIES:	(174,252,698)	(618,614,867)
Acquisition of Fixed Assets	(137,933,792)	(663,656,699)
Expenditures for Capital Work-in-Progress	(36,319,106)	45,041,832
C. CASH FLOWS FROM FINANCING ACTIVITIES:-	1,365,586,391	262,697,018
Bank Overdraft (Adjusted)/Received	4,392,092	5,381,691
Short Term Bank Credit (Adjusted)/Received	538,558,841	(7,082,946)
Long Term Loan (Adjusted)/Received	822,585,916	264,176,801
Share Money Deposit (Adjusted)/ Received	49,541	221,472
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	467,738,039	(311,605,899)
E. Cash & Cash equivalents at the beginning of the year	57,808,796	373,927,379
Effect of foreign exchange rate change on cash and cash equivalent	(5,177,478)	(4,512,684)
F. Cash & Cash equivalents at the end of the year (D+E)	520,369,358	57,808,796
Net Operating Cash Flow Per Share (NOCFPS) (Previous period restated)	(1.46)	0.09

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



Chairman


Managing Director


Company Secretary

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




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITEDSchedule of Property, Plant and Equipment
As at June 30, 2019

Annexure : 1

Particulars	Cost or Valuation		Rate of Dep. (%)	Depreciation		
	Balance as on 01.07.2018	Addition or valuation during the period		Balance as on 01.07.2018	Charged during the period	Balance as on 30.06.2019
Land & Land Development	249,687,532		-	-		249,687,532
Building	3,186,076,774	102,516,500	2%	226,913,633	59,756,232	3,001,923,409
Plant & Machinery	1,282,983,267	580,000	5%	354,972,578	46,419,523	401,392,101
Vehicles	80,203,266	-	10%	23,455,447	5,674,782	51,073,037
Other Assets	78,623,764	34,837,292	10%	25,259,243	8,911,714	79,290,099
Total	4,877,574,603	137,933,792	-	630,600,901	120,762,251	4,264,145,243
Total as on June 30, 2018	4,213,917,903	663,656,699	-	519,146,729	111,454,171	4,246,973,702

Particulars	Amount In Taka	
	30.06.2019	30.06.2018
Charge during the year	120,762,251	111,454,171
Head of Accounts:		
Factory Overhead (Note: 21.2)	114,724,139	105,881,462
Administrative & Selling Expenses (Note: 22)	6,038,113	5,572,709
Total	120,762,251	111,454,171



GENERATION NEXT FASHIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 2019

1. INCORPORATION AND BUSINESS ACTIVITIES

1.1. Reporting Entity

Generation Next Fashions Limited was incorporated in Bangladesh under the Companies Act 1994 vide Registration No-C-53966(661)/2004 as a Private Limited Company on August 19, 2004. Later the company converted from private company into public limited company on September 19, 2010. The principal place of business and registered office of the company is located at Building # 348, Road# 05,, DOHS Baridhara, Dhaka-1206, Bangladesh.

1.2. Nature of business

The principal activities of the company are Spinning, weaving, manufacturing of textile, various types of ready-made garments of International standard and design.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Statement of Compliance

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

2.2. Measurements of the elements of financial statements

These financial statements have been prepared based on going concern, consistency and accrual concepts and such other convention as required by IAS-1 for fair presentation of financial statements.

2.3. Components of Financial Statements:

The financial Statements of the company consist of the following components:

- Statement of Financial Position;
- Statement of Profit or Loss and Other Comprehensive Income;
- Statement of Changes in Equity;
- Statement of Cash flows and
- Accounting Policies & Explanatory Notes to the Financial Statements.

2.4. Functional and presentation currency

The financial statements are presented in Bangladesh Taka (BDT/Tk.) except where indicated otherwise, which is both functional currency and presentation currency of the company. The figures of financial statements have been rounded off to the nearest BDT/Tk. Figures in brackets indicate deductions.

2.5. Use of estimates and judgments

The preparation of the financial statements in conformity with Bangladesh Financial Reporting Standards requires measurements to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and disclosure requirements of contingent assets and liabilities during and at the date of financial statements.



Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8: Accounting policies, Changes in accounting estimates and Errors.

In Particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect of the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses and tax provision.

2.6. Reporting period

These financial statements of the company cover a period of one year from 1st July 2018 to 30th June, 2019.

2.7. Comparative information and rearrangements thereof

In accordance with the provisions of IAS-34: Interim Financial Reporting, Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

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

2.8. Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reason the Directors continue to adopt Going Concern Basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to make the present requirement of its existing business. Neither the management nor any other authority of the company has the intension to cease or liquidate the company in near future. During the year the company has achieved a good of profit of Tk. 213,440,369/- net to which significantly indicates the company's ability to run as a going concern in the foreseeable future.

2.9. Accrual Basis of Accounting

An entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting. When the accrual basis of accounting is used, an entity recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the framework.

2.10. Offsetting

An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by a IFRS.

2.11. Events after reporting Period

According to IAS- 10: "Events after Reporting Period", events after the reporting period are those events, favorable or unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

Adjusting Events: Those that provide evidence of conditions that existed at the end of the reporting period;

Non-adjusting Events: Those are indicative of conditions that arose after the reporting period.

There was no events after reporting period of such importance for which accounting or disclosure is required.

2.12. Date of Authorization for Issue of The Financial Statements

On October 27, 2019 the Board of Directors reviewed the financial statements and authorized them for issue.

2.13. Revenue Recognition

In compliance with the requirements of IFRS-15 "Revenue from Contracts with Customers", an entity shall account for a contract with a customer only when all of the following criteria are met:

- The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- The entity can identify each party's right regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or service to be transferred;
- The contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or service that will be transferred to the customer.

2.14. Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities approximate their carrying value.

2.15. IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non financial items. This standard replaces IAS 39 Financial Instruments.

2.16. IFRS 12 Interest in Other Entities

IFRS 12 requires all disclosures that were previously required by IAS 27 Consolidated Financial Statements, IAS 31 Interest in Joint Ventures and IAS 28 Investment in Associates. The company neither have any subsidiary or associate, nor does it possess any joint agreement with any unconsolidated structured entity.

2.17. Operating Segment

IFRS 8 Operating Segments requires particular classes of entities (essentially those with publicly traded securities) to disclose information about their operating segments, products and services, the geographical areas in which they operate, and their major customers. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information.

The company not yet went for segmented operations and thus no such information is available now.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in preparation of financial statements for the year ended 30th June, 2019 are consistent with the policies and methods adopted in preparing the financial statements for the year ended 30th June, 2018.

3.1. PROPERTY, PLANT & EQUIPMENT

Recognition and measurement

Property, plant and equipment are recognized at cost amount less accumulated depreciation in compliance with International Accounting Standard (IAS)-16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price including import duties and non-refundable taxes and any direct attributable cost of bringing the assets to its working condition for its intended use.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that future benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they incurred.



Addition during the year

Name of Property, plant and equipment	(Amount in Tk.) 2019	(Amount in Tk.) 2018
Land and Land Development	0	0
Building	102,516,500/-	377,819,685/-
Plant and Machinery	580,000/-	260,536,582/-
Vehicles	-	-
Other Assets	34,873,292/-	25,300,432/-
Total	137,933,792/-	663,656,699/-

There is no intangible asset during the period and the fixed assets do not include any assets held under lease. On retirement or otherwise disposal of fixed assets, the cost and accumulated depreciation are eliminated and any gain or loss on such disposal is reflected in the income statement which is determined with reference to the net book value of assets and net sales proceeds.

Depreciation:

Depreciation on Property, plant and equipment has been charged on Reducing balance method at the following rates:

Name of Property, plant and equipment	Depreciation Rate (%)
Land and Land Development	-
Building	2%
Plant and Machinery	5%
Vehicles	10%
Other Assets	10%

3.2. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recorded on judgmental basis, for which provision may differ in the future years based on the actual experience. An impairment loss is recognized whenever the carrying amount of the asset exceeds recoverable amount. Impairment losses, if any, are recognized in the statements of profit and loss and other comprehensive income. It was confirmed that no such fixed asset has been impaired during the period and therefore no provision has been made for that for the asset.

3.3. Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to Statement of Profit or Loss and Other Comprehensive Incomes.

3.4. Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash at bank which are held and available for use by the company

without any restriction. Cash at bank again comprises of –

On current/ Short notice Deposit Accounts with the following banks:-

- | | |
|------------------------|----------------------------|
| 1. EXIM Bank Ltd. | 5. Social Islami Bank Ltd. |
| 2. National Bank Ltd. | 6. IFIC Bank Ltd. |
| 3. Prime Bank Ltd. | 7. Jamuna Bank Ltd. |
| 4. Southeast bank Ltd. | 8. BRAC Bank Ltd. |
| 9. Agroni Bank Ltd. | 10. Premier Bank Ltd. |

And FDR Accounts with Social Islami Bank Ltd.

3.5. Receivables

Accounts receivables are recognized and stated at original invoiced amounts and carried at anticipated realizable values in which goods are exported. Bad debts are written off when it is established that they are irrecoverable.

3.6. Accrued Expense and Other Payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

3.7. Borrowing Costs

Interest bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs directly attributable to the acquisition and construction of plant and equipment are capitalized as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs incurred during the period was recognized as revenue expenses in accordance with IAS-23: Borrowing Costs.

3.8. Responsibility for preparation and presentation of Financial Statements

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 the provision of the Framework for the Preparation and Presentation of Financial Statements issued by the International Accounting Standards Board (IASB). Accordingly the management has fulfilled the above provision.

3.9. Provisions and Accruals

Provisions

Provision are recognized when Generation Next Fashions Limited has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If a transfer of economic benefit is no longer probable the provision should be reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure required to settle the obligation.

Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but the financial impact of the event will only be confirmed by the outcome of some future event not wholly within the entity's control.

3.10. Foreign Currency

Foreign currencies are translated into BDT at the rates ruling on the transaction dates. Monetary assets and liabilities are reconverted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate at the date of respective transactions. Differences arising on conversion are charged to statement of profit and loss and other comprehensive income.



3.11. Taxation

The expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit and loss except to the extent that it relates to a business combination or items recognized directly in equity.

Current tax

Current tax is, as per BAS- 12: Income Taxes, the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to the tax payable in respect of the previous year. Provision for current income tax has been made on 12% on business income as per Finance Act 2017 and SRO for Garments industries and also made 25% on other income for public limited company as prescribed on the Income Tax Ordinance 1984. The calculation has been shown in the note 26.

Deferred Tax

The provision for deferred tax has also been made based on the temporary difference amount between Accounting depreciation and tax depreciation of property, plant and equipment calculated by the tax authority in the assessment year 2009-10. The rate of deferred tax has been applied as per Income Tax Ordinance, 1984.

The calculation has been shown in note 27.

As per reference to the tribunal order I.T.A. NO.4391 OF 2018-2019, difference in between tax base and accounting base is considered to be permanent in nature and no temporary. Thus, following the order of the Honorable Tribunal, we did not consider for any Income Tax effect in the preparation of accounts.

3.12. Finance expense

Finance expense comprises interest expenses on term loan, overdraft, and bank charges. All finance expenses are recognized in the statement of profit or loss and other comprehensive income except those that are capitalized in accordance with IAS-23: Borrowing Costs.

3.13. Earnings per share

This has been calculated in compliance with the requirements of IAS 33: Earnings per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the period.

Basic Earnings

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

3.14. Weighted Average Number of Shares

The basis of computation of number of shares is in line with the provisions of IAS-33: Earnings Per Share. Therefore the total number of shares outstanding at the end of the period multiplied by a time weighting factor which is the number of days the specific shares were outstanding as proportion of total number of days in the period. Generation Next fashions Limited has issued bonus shares of Tk. 449,976,860/- during the year and has been accounted for in calculating the EPS in accordance with IAS-33.

2.15. Diluted Earnings per Share

Diluted earnings per share are calculated by dividing the earning attributable to the ordinary shareholders of the Company by the number of ordinary share outstanding during the year as per IAS-33 Anti-Dilution Para.

2.16. Employee Benefits

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

The Company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19:



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

Short Term Employee Benefits

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

Contribution to central depository scheme Workers' Welfare Participation Funds

As per Government rule, an amount representing 0.03% of total export revenue of one financial year has been deducted at source for the purpose of welfare fund of RMG sector.

3.17. Compliance with Financial Standards as applicable in Bangladesh

The following IAS & IFRS are applicable to the Financial Statements for the period under review:

IAS	TITLE	REMARKS
1	Presentation of Financial Statement	Complied
2	Inventories	Complied
7	Statement of Cash Flows	Complied
8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
10	Events after the Reporting Period	Complied
12	Income Taxes	Complied
16	Property, Plant & Equipment	Complied
18	Revenue	Complied
19	Employee Benefits	Complied
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied
24	Related Party Disclosures	Complied
33	Earnings per Share (EPS)	Complied
37	Provisions, Contingent Liabilities and Contingent Assets	Complied
IFRS	TITLE	
7	Financial Instruments	Complied
8	Operating Segment	Complied
12	Interest in Other Entities	Complied
13	Fair Value Measurement	Complied
15	Revenue from Contracts with Customer	Complied



3.18. Related party Disclosure

For the financial year ended 30th June, 2019 the company did not enter into any financial transactions that require separate disclosure except the remuneration paid to directors.

3.19. Long Term loan

Long term loan consists of loans and financial obligations lasting over one year. The long term loan outstanding of Generation Next Fashions Limited, as on 30th June, 2019 are fully secured by first charge on the fixed assets of the company.

Nature of Security of Loans :

Bank Overdraft	Fully secured by 1 (one) undated cheque to cover the entire the limit along with a letter of authority to insert date on the cheque and personal guarantee of the Directors of the Company.
Long Term Loan	Fully secured by first charge on the fixed assets of the Company.
Packing Credit & Bill Purchase	Lien on Master/Export L/C
Time Loan	Fully secured by first charge on the fixed assets of the Company.

Interest on Bank Loan

Bank interest on the above loan has been charged in the Income Statement as Financial Expenses.

Bank Overdraft	13.50% p.a. with Quarterly rests subject to revision from time to time.
Long Term Loan	13.00% p.a. with Quarterly rests subject to revision from time to time.
Time Loan , Packing Credit & Bill Purchase	Time Loan: 13.50 % p.a. with Quarterly rests subject to revision from time to time. Packing Credit: 7.00% p.a. with Quarterly rests subject to revision from time to time. Bill Purchase: 13.50 % p.a. with Quarterly rests subject to revision from time to time.

3.20. Short Term Loan

Short term loan refers to a loan scheduled to be repaid in less than a year. The company obtains short term loan from various sources to finance the temporary working capital needs.

These are secured; falling due within one year. The security and other term are specified as follows:

Time Loans are fully secured by first charge on the fixed assets of the company.

Packing Credit, Bill Purchase and other Loans are against Lien on Master/Export L/Cs.

3.21. Capital Expenditure Aailed

There was no Capital expenditure contracted but not incurred or provided for as on 30.06.2019.

There was no material capital expenditure authorized by the Board but not contracted for as on 30.06.2019

3.22. Contingent Liabilities And Contingent Assets

Contingent liabilities

A contingent liability arises where a past event may lead to an entity having a liability in the future but the financial impact of the event will only be confirmed by the outcome of some future event will only be

confirmed by the outcome of some future event not wholly within the entity's control. A contingent liability should be disclosed in the financial statements unless the possible outflow of resources is thought to be remote.

Contingent Asset

A contingent asset is a potential asset that arise from past events but whose existence can only be confirmed by the outcome of future events not wholly within an entity's control. A contingent asset should be disclosed in the financial statements only when the expected inflow of economic benefits is probable.

The company does not have any contingent liability or contingent assets as on 30.06.2019.

3.23. Claims not Acknowledged

There was no claim against the Company not acknowledged as debt as on 30.06.2019.

3.24 Credit Facilities Availed

Credit facilities available to the Company were from banks as on 30.06.2019 and Trade credit available in the ordinary course of business. No other credit facilities were available to the company as on 30.06.2019.

3.25. Commission, Brokerage or Discount Against Sales

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

3.26. Employees

Number of employees whose salary was below Tk. 8,000 is 2,328 as on 30.06.2019

Number of employees whose salary was above Tk. 8,000 is 2,834 as on 30.06.2019.

3.27. Capacity utilization

Particulars	Capacity	Actual Production	Percentage
Garments*	50,00,000 Dozens	44,61,600 Dozens	89%
Fabrics/ Knitting	11,500 MT	9,775 MT	85%
Dyeing	12,000 MT	10,800 MT	85%

Reason: Actual production as per market demand

*Based on present product mix.

3.28. Managerial Remuneration

3.28.1. Total remuneration of managers aggregates during the year ended June 30, 2019 at Tk. 41,133,225/- (2017-2018; Tk. 39,174,500/-).

3.28.2. Total remuneration of Managing Director for the year ended June 30, 2019 stood at Tk. 2,400,000/- (2017-2018; Tk. 2,400,000/-).

3.29. Risk Factors and Management's Perceptions about the Risks

The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on its business, result of its operations and financial condition, as follows:



(a) Interest rate risks

Interest rate is concerned with borrowed funds of short term & long-term maturity. Interest rate risk is the risk that the company faces due to unfavorable movements in the interest rates. Volatility in money market & increased demand for loans/ investment funds raise the rate of interest. A change in the government's policy also tends to increase the interest rate. High rate of interest enhances the cost of fund of a company. Such rises in interest rates however mostly affect companies having floating rate loans.

Management perception

The Company maintains a reasonable debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation will not adversely affect the Company's performance as the Company emphasizes on equity base financing to reduce the dependency on borrowing. Therefore, management perceives that the fluctuation of interest rate on borrowing would have little impact upon the performance of the Company

(b) Exchange rate risks

If exchange rate increases against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand, if exchange rate goes down, margin is squeezed in local currency.

Management perception

The products of the company are sold in foreign currency and payment for raw materials are made mostly in foreign currency. Therefore, volatility of exchange rate will have little impact on profitability of the Company.

(c) Industry risks

Industry risks refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and result of operation.

Management perception

The Company has established its brand name in the market with its quality products, range of products and customer services. Therefore, industry risks will be limited.

(d) Market and technology-related risks**(i) Market risks**

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the Company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. One the other hand, strong marketing and brand management would help the company to increase their customer base.

Management perception

Market for the Company's products is growing at an exponential rate with growth of urbanization and incremental income level of consumers along with their preference to convenience. Therefore, market risks will be minimal.

ii) Technology-related Risks

Technology always plays a vital role for the existence of any industrial concern, ensuring better service to the customers and minimizing the cost in various aspects. Any invention of new and more cost involving technology may cause technological obsolescence and negative operational efficiency. Any serious defects in the plant and machinery may affect production and profitability calling for additional investment

for replacement.

Management perception

The company utilizes its Market Research Team that is continuously working for in-depth understanding of the customer needs and preferences and accordingly, arranging its technology

(e) Potential or existing government regulations risks

The Company operates under Companies Act, 1994, Income Tax Rules, 1984; Value Added tax (VAT) Act, 1991 and Value Added Tax (VAT) Rules, 1991. Any abrupt changes of the policies made by the regulatory authorities may affect its activities.

Management perception

Unless any policy change that may negatively and materially affect the industry as a whole, the business of the Company is expected not to be affected significantly. It is highly unlikely that the Government will initiate any fiscal measure that may have adverse effect on the growth of the industry.

(f) Potential changes in global or national policies

The performance of the Company may be affected by the political and economical instability, both in Bangladesh and worldwide. Any instance of political turmoil and disturbance in the country may adversely affect the economy in general.

Management perception

The Company can prosper in a situation of political stability and a congenial business environment. Political turmoil and disturbance are bad for the economy and so also for this sector. The Company is always aware of all types of turmoils and if the smooth supply of material is hampered or faces any kind of disruptions, it will supply it in future and try to keep its operation smooth.

(g) Operational Risks

Operational risks refer to the possibility of plant shut down due to disruption in supply of gas, technological failure, natural calamities, human errors and other unforeseen events. Such incidences may lead to non operation, large overhauling costs and financial losses.

Management perception

Bangladesh Government is meeting this challenge by opening the energy generation to private sector; and also making massive investment, which is expected to ensure availability of energy for uninterrupted operation. The Company perceives that allocation of its resources properly with contingency approaches can reduce this risk factor to great extent

(h) Input Cost Risks

Input cost risk is the risk of a business when procuring materials or commodities in high global demand. Increasing demand and supply shortages create volatility in these commodity values; and therefore, the timing, quantity and price of purchase must be closely planned.

Management perception

Management of the Company would hedge their exposure to input price volatility by adjusting its selling price.



04 Capital Works-in-Progress

Buildings

Total

Opening Works-in-Progress

Add: Addition during the year

Less: Adjustment during the period

Closing Balance during the period

05 Inventories

Raw Materials (Note-5.1)

Work-in-Process

Finished Goods (411,052 Dozens; 2017-2018: Dozens 272,986)

Materials in Transit

Total**05.1 Raw Materials**

Yarn (1,487,461 Kgs; 2017-2018: 869,630 Kgs)

Fabrics (402,136 Kgs; 2016-2017: 211,891 Kgs)

Chemicals (505,399 Kgs; 2016-2017: 234,766 Kgs)

Accessories

Total**06 Accounts Receivables**

Cromo Diffusion INC

Distra Warenhandeksges. MBH

NKD Services GMBH

G. Enpfenning GMBH

G. Pfennig

NTD Apparel Inc.

KIK TEXTILIEN UND NON-FOOD GMBH

Miles Fashions GMBH

Veront Teddy Bear Company Inc.

Other Receivables (Note: 06.1)

Primark Stores Limited

Total

These are unsecured, considered good. No amount is due from any directors or related parties.

Dues upto 6 months

Dues above 6 months

Total

Amount in Taka	
30 June 2019	30 June 2018
294,491,257	258,172,151
294,491,257	258,172,151
258,172,151	303,213,983
36,319,106	145,637,118
294,491,257	448,851,101
-	190,678,950
294,491,257	258,172,151
703,163,427	400,650,846
440,639,225	329,180,543
662,944,166	458,617,306
50,126,305	39,329,967
1,856,873,123	1,227,778,662
386,739,885	224,364,474
123,053,600	68,110,644
80,863,794	44,071,593
112,506,148	64,104,135
703,163,427	400,650,846
-	808,296
36,529,658	62,964,561
9,276,017	-
13,781,388	100,919,854
-	150,464,658
8,639,617	-
22,603,327	47,821,003
10,573,055	25,189,652
47,226,100	-
2,229,861	15,179,800
1,606,682,889	768,326,743
1,757,541,912	1,171,674,567
790,893,860	632,704,266
966,648,052	538,970,301
1,757,541,912	1,171,674,567

06.1 Other Receivables

Fashions FX Limited
JMS Composite Knitware Ltd.
Korooni Knit Composite Ltd.
Rahman Composite
SA Sourcing Ltd.
Scandex Textile Ltd.
Cash Subsidy from the Government.
Total

Amount in Taka	
30 June 2019	30 June 2018
186,812	225,276
-	317,226
-	20,016
-	11,951
2,043,049	2,043,049
-	99,682
-	12,462,600
2,229,861	15,179,800

07 Advances, Deposit and Prepayments

Advances (Note: 07.1)
Deposits
Total

151,691,023	130,473,603
1,250,800	1,250,800
152,941,823	131,724,403

These are unsecured, considered good. No amount is due from any directors or related parties.

Dues upto 6 months
Dues above 6 months
Total

73,412,075	59,275,981
79,529,748	72,448,422
152,941,823	131,724,403

07.1 Advances

Advance against Salary
Advance Income Tax Note: 07.1(a)
Advance against Purchase / Expenses Note: 07.1(b)
Advance against House Rent
Advance for Construction & Others Note: 07.1(c)
Gas Line and Other Instalation
Total

911,205	547,500
114,012,691	90,026,188
13,851,313	16,751,313
2,375,122	3,875,122
16,370,942	15,103,730
4,169,750	4,169,750
151,691,023	130,473,603

07.1(a) Advance Income Tax

Opening Balance
Add: Addition During the Year
Total

90,026,188	56,392,956
23,986,503	33,633,232
114,012,691	90,026,188



07.1(b) Advance against Purchase / Expenses

Mr. Ainal Haque
Mr. Basek Hossen
Hi Tech Colour Chem
Word of Techonology
Khan Enterprise
Total

Amount In Taka	
30 June 2019	30 June 2018
2,524,131	3,024,131
1,812,500	2,512,500
6,164,682	7,364,682
2,500,000	2,500,000
850,000	1,350,000
13,851,313	16,751,313

07.1(c) Advance for Construction & Others

Azim Engineering Workshop & Thai Aluminum
Brothers Builders
Hasib Thai
M/S. Happy Enterprise
Prepaid Insurance
Millenium Enterprise
Boiler Solutions Point
360 Total Solution Ltd
Genesis Technologies Ltd.
Source International Ltd.
Total

1,745,300	3,045,300
-	912,460
4,006,090	2,506,090
-	641,150
5,725,865	5,265,780
-	517,200
1,665,020	1,050,000
1,361,917	-
1,866,750	766,750
-	399,000
16,370,942	15,103,730

08 Cash & Cash Equivalents

Cash in Hand (Note-08.1)
Cash at Banks (Note-08.2)
Total

206,317	245,408
520,163,041	57,563,388
520,369,358	57,808,796

08.1 Cash In Hand

Balance in Central Cash
Balance in Factory Cash
Total

138,502	197,845
67,815	47,563
206,317	245,408

08.2 Cash at Banks

On Current/Short Notice Deposit Accounts Note: 08.2(a)
On Fixed Deposit Receipt (FDR) Accounts Note: 08.2(b)
Total

490,163,041	16,393,388
30,000,000	41,170,000
520,163,041	57,563,388

08.2(a) On Current/Short Notice Deposit Accounts

Bank Name	A/c Number	Branch Name
EXIM Bank Ltd.	711100038467	Gulshan Br.
National Bank Ltd.	00036000534/1067001867322	Gulshan Br.
Prime Bank Ltd.	11831020024366/2118313015706	Gulshan Br.
Southeast Bank Ltd.	101110011987	Gulshan Br.
Southeast Bank Ltd.	1015200000041	Gulshan Br.
Southeast Bank Ltd.	1015400000003	Gulshan Br.
Southeast Bank Ltd.	10154000000041	Gulshan Br.
Southeast Bank Ltd.	10154000000043	Gulshan Br.
Southeast Bank Ltd.	10154000000044	Gulshan Br.
Southeast Bank Ltd.	10154000000045	Gulshan Br.
Southeast Bank Ltd.	10154000000046	Gulshan Br.
Southeast Bank Ltd.	10154000000049	Gulshan Br.
Southeast Bank Ltd.	10154000000051	Gulshan Br.
Southeast Bank Ltd.	10154000000056	Gulshan Br.
Southeast Bank Ltd.	10154000000058	Gulshan Br.
Southeast Bank Ltd.	10154000000063	Gulshan Br.
Southeast Bank Ltd.	10154000000075	Gulshan Br.
Southeast Bank Ltd.	10154000000082	Gulshan Br.
Southeast Bank Ltd.	10154000000086	Gulshan Br.
Southeast Bank Ltd.	10154000000095	Gulshan Br.
Southeast Bank Ltd.	10154000000097	Gulshan Br.
Southeast Bank Ltd.	10154000000119	Gulshan Br.
Southeast Bank Ltd.	10154000000120	Gulshan Br.
Southeast Bank Ltd.	10154000000122	Gulshan Br.
Southeast Bank Ltd.	10154000000132	Gulshan Br.
Southeast Bank Ltd.	10154000000134	Gulshan Br.
Southeast Bank Ltd.	10154000000139	Gulshan Br.
Southeast Bank Ltd.	10154000000143	Gulshan Br.
Southeast Bank Ltd.	10154000000152	Gulshan Br.
Southeast Bank Ltd.	10154000000154	Gulshan Br.
Southeast Bank Ltd.	10154000000187	Gulshan Br.
Southeast Bank Ltd.	10154000000188	Gulshan Br.
Southeast Bank Ltd.	10154000000201	Gulshan Br.
Southeast Bank Ltd.	10154000000202	Gulshan Br.
Southeast Bank Ltd.	10154000000203	Gulshan Br.
Southeast Bank Ltd.	10154000000204	Gulshan Br.
Southeast Bank Ltd.	10154000000212	Gulshan Br.
Southeast Bank Ltd.	10154000000216	Gulshan Br.
Southeast Bank Ltd.	10154000000218	Gulshan Br.
Southeast Bank Ltd.	10154000000249	Gulshan Br.
Southeast Bank Ltd.	10154000000250	Gulshan Br.
Southeast Bank Ltd.	10154000000251	Gulshan Br.
Southeast Bank Ltd.	10154000000269	Gulshan Br.
Southeast Bank Ltd.	10154000000288	Gulshan Br.
Southeast Bank Ltd.	10154000000289	Gulshan Br.
Southeast Bank Ltd.	10154000000290	Gulshan Br.
Southeast Bank Ltd.	10154000000291	Gulshan Br.
Southeast Bank Ltd.	10154000000327	Gulshan Br.
Southeast Bank Ltd.	10154000000328	Gulshan Br.
Southeast Bank Ltd.	10155000000256	Gulshan Br.

Amount in Taka	
30 June 2019	30 June 2018
74,878	76,028
20,599	20,953
6,374	7,524
1,288,046	4,381,927
3,775,941	3,461,100
54,813,951	104,756
419,210	-
4,417,257	-
1,653,539	-
2,877,984	-
875,159	-
2,669,263	-
50,922,291	-
2,954,634	-
206,825	-
755,462	-
4,175,635	-
935,400	-
215,375	-
303,853	-
957,617	-
11,358,412	-
355,876	-
84,763,742	-
726,986	-
21,265	-
2,430,982	-
2,406,865	-
20,330,019	-
2,870,681	-
1,994,985	-
14,356,724	-
16,483,900	-
1,624,856.52	-
11,543,903	-
3,626,088	-
8,191,137	-
7,772,969	-
10,985,666	-
2,142,584	-
4,308,552	-
1,501,162	-
9,711,686	-
4,696,343	-
1,062,352	-
15,823,228	-
70,721,086	-
5,470,102	-
9,689,229	-
176,763	-



Southeast Bank Ltd.	1015600000040	Gulshan Br.	47,028	5,302,389
Southeast Bank Ltd.	1015600000100	Gulshan Br.	39,415	-
Social Islami Bank Ltd.	0181360001416	Foreign Ex. Br	154,333	252,444
IFIC Bank Ltd.	1002390905001	Gulshan Br.	33,755	51,343
Jamuna Bank Ltd.	00060210017279	Dilkusha Br.	93,478	93,478
Agrani Bank Limited	0200012747551	Banani Corporate Br.	2,853,953	-
Premier Bank Limited	018911100000067	Gulshan Br.	22,763,232	-
BRAC Bank Ltd.	1501201918541001	Gulshan Br.	2,343,691	2,304,544
BRAC Bank Ltd.	1501201918541002	Gulshan Br.	238,830	236,137
BRAC Bank Ltd.	1501201918541003	Gulshan Br.	4,200	4,370
BRAC Bank Ltd.	1501201918541004	Gulshan Br.	4,512	4,645
BRAC Bank Ltd.	1501201918541006	Gulshan Br.	68,537	69,112
BRAC Bank Ltd.	1501201918541007	Gulshan Br.	50,643	42,638
Total			490,163,041	16,393,388

The above balances are reconciled with Bank Statements and ledger balances.

08.2(b) On Fixed Deposit Receipt (FDR) Accounts

<u>Bank Name</u>	<u>A/c Number</u>	<u>Branch Name</u>		
Brac Bank Limited	1526303797247001		-	10,292,500
Brac Bank Limited	1526303797247002		-	10,292,500
Brac Bank Limited	1526303797247003		-	10,292,500
Brac Bank Limited	1526303797247004		-	10,292,500
Social Islami Bank Ltd.	0185310071694	Foreign Ex. Br	5,000,000	-
Social Islami Bank Ltd.	0185310071705	Foreign Ex. Br	5,000,000	-
Social Islami Bank Ltd.	0185310071716	Foreign Ex. Br	5,000,000	-
Social Islami Bank Ltd.	0185310071727	Foreign Ex. Br	5,000,000	-
Social Islami Bank Ltd.	0185310071738	Foreign Ex. Br	5,000,000	-
Social Islami Bank Ltd.	0185310071749	Foreign Ex. Br	5,000,000	-
Total			30,000,000	41,170,000

09 Accounts & Other Payables

M/s Hasina Enterprise	-	58,336
Chemitex	-	3,585,440
Chowdhury Trading	19,775,660	3,540,650
City Chemical	767,845	2,859,230
Gulshan Spinning Mills Ltd.	4,076,000	-
Delta Spinning Mills Ltd.	3,485,040	3,046,364
Israq Spinning Mills Ltd	3,673,165	-
Metro Spinning Mills Ltd.	9,258,607	-
Gumti Textile Limited	4,576,742	-
Jaba Textile Mills Ltd.	1,144,238	-
Tamijuddin Textile Mills Ltd.	-	7,661,636
Other Payables (Note: 9.1)	47,932,325	11,541,174
Total	94,689,622	32,292,830

These are unsecured, payable within one year.



09.1 Other Payables

KM Serviceing Center
Shimanta Paribahan
Global Way
The Daily New Age
The Daily Somokal
Total

Amount in Taka	
30 June 2019	30 June 2018
1,940,980	965,260
24,296,597	6,474,957
21,058,078	3,759,244
294,225	159,840
342,445	181,873
47,932,325	11,541,174

10 Accrued Expenses

Audit fees
Salaries and Wages Payable
Gas Bill
Electricity Bill
GAS Secure Solutions Bangladesh (Pvt.) Ltd.
Telephone Bill and Others Utilities
Annual Listing Fees & Other
Workers' Participation/Welfare Funds (Note: 10.1)
Provision for tax (Note: 10.2)
Provision for deferred tax
Total

500,000	550,000
74,325,132	49,874,828
7,799,591	9,971,577
897,976	639,121
813,447	593,175
166,144	313,236
3,056,452	-
47,846,900	70,800,287
170,329,097	146,806,735
141,455,186	74,022,465
447,189,926	353,571,424

10.1 Workers' Participation/Welfare Funds

Opening Balance
Add: During the year Workers' Participation/Welfare Funds

70,800,287	87,805,891
-	-
70,800,287	87,805,891
22,953,387	17,005,604
47,846,900	70,800,287

Less: Adjustment during the year

These are unsecured, falling due within one year.

No interest has been provided on, and payments made from, Workers' Participation/Welfare Funds.

10.2 Provision for tax

Accounting Year	Assessment Year	Amount
July 2018 to June 2019	2019-2020	24,028,862
July 2017 to June 2018	2018-2019	36,070,992
July 2016 to June 2017	2017-2018	29,106,971
Jan 2016 to June 2016	2016-2017	16,131,959
2015	2016-2017	26,033,710
Amount after Adjustment up to assessment year upto 2015-2016		46,463,103
		177,835,597
Less: Tax Paid		7,506,500
Total		170,329,097

Status

Return not yet due.
Return not yet due.
Return submitted.
Under appeal
Under appeal

Assessment Completed/ Agreed.

11 Bank Overdraft

Bank Name	Br Name
Southeast Bank Ltd. CC A/c 01073300000167	Gulshan Br.
Total	

Amount in Taka	
30 June 2019	30 June 2018
46,360,125	41,968,033
46,360,125	41,968,033

Fully secured by 1 (one) undated cheque to cover the entire the limit along with a letter of authority to insert date on the cheque and personal guarantee of the Directors of the Company.

12 Short Term Bank Credits :

Southeast Bank Ltd.:

Time Loan	536,898,668	71,517,658
Packing Credit	141,048,485	66,703,909
Bill Purchase	2,217,285	80,502,024
Other Loans	155,808,704	78,690,710
Total	835,973,142	297,414,301

These are secured, falling due within one year. The security and other term are specified as follows:

Time Loans are fully secured by first charge on the fixed assets of the Company.

Packing Credit, Bill Purchase and other Loans are against Lien on Master/Export L/C.

13 Deferred L/C Liabilities:

AIR Apperals Ltd.	1,234,169	1,252,500
Alim Printing	2,539,099	5,635,184
Basic Thread Industries Ltd.	1,065,335	1,291,211
Akbar Cotton Mills Ltd	8,384,000	-
Chemitex	4,633,920	4,861,800
Saiham Cotton Miles Ltd	6,929,000	-
Corus Knit Composite Ltd.	2,490,000	5,016,000
Bengal Lavel & Accessories	1,837,224	-
Dalas Fashion	2,076,037	4,616,165
Alraze Spinning Mills Ltd	11,605,938	-
I. M. CHEMICAL	2,466,450	3,452,500
Alplast Bangladesh Limited	2,188,308	-
Moral Fashions Ltd.	-	1,675,000
Nassa Taipei Spinners Ltd.	4,201,680	3,661,225
Other Deferred L/C Liabilities	3,824,682	4,752,632
Pakiza Cotton Mills Ltd	2,865,000	3,598,015
Taipei Knit and Composite Ltd.	-	598,455
Tamijuddin Textile Mills Ltd.	4,033,800	4,775,574
Total	62,374,642	45,186,260

These are unsecured except by letters of credit, falling due within one year.



14 Share Money Refundable

These have been deposited against public issue of capital approved by SEC vide SEC letter no.SEC/CI/IPO-138/2010-1488 dated August 08, 2012 and BSEC/CI/RI-90/2013/93 dated February 04, 2014.

Bank Name	A/C No.	Branch	Amount in Taka	
			30 June 2019	30 June 2018
BRAC Bank Ltd	1501201918541001	Gulshan Br.	2,343,691	2,304,544
BRAC Bank Ltd	1501201918541002	Gulshan Br.	238,830	236,137
BRAC Bank Ltd	1501201918541003	Gulshan Br.	4,200	4,370
BRAC Bank Ltd	1501201918541004	Gulshan Br.	4,512	4,645
BRAC Bank Ltd	1501201918541007	Gulshan Br.	50,643	42,638
Total			2,641,876	2,592,334

15 Current Maturity of Long Term Loans

Current portion of Long Term Bank Loans Tk. 276,777,997 (2017-2018; Tk.17,136,000) has been shown under the head Current Liabilities which is payable within June -2020.

Total	276,777,997	17,136,000
	276,777,997	17,136,000

16 Share Capital

16.1 Authorised Capital

500,000,000 Ordinary shares of Tk.10/- each

16.2 Issued, Subscribed, Called-up & Paid-up Capital

224,363,400 Ordinary Shares of Tk. 10/- each issued for cash
 270,611,155 Bonus Shares of Tk.10/- each

Total

The Shareholding position of the Company are as under :

Name of Shareholders	No. of Shares	Percentages (%)	Amount (Tk.)
Tauhidul Islam Chaudhury	25,409,021	5.13	254,090,210
Alavee Azfar Chaudhury	10,481,438	2.12	104,814,380
Shaheen Akhter Chaudhury	190,932	0.04	1,909,320
AJ Corporation Limited	22,412,568	4.53	224,125,680
Rajiv Sethi	9,899,489	2.00	98,994,890
Others	426,581,107	86.18	4,265,811,070
Total	494,974,555	100	4,949,745,550

Particulars	No. of Shareholders	No. Of Shares	Percentage	Amount in Taka
Less than 500 Shares	5,218	993,371	0.20	9,933,710
501 to 5,000 Shares	13,043	26,190,753	5.29	261,907,530
5,001 to 10,000 Shares	3,465	25,140,654	5.08	251,406,540
10,001 to 20,000 Shares	2,890	40,886,048	8.26	408,860,480
20,001 to 30,000 Shares	1,124	27,726,536	5.60	277,265,360
30,001 to 40,000 Shares	593	20,709,574	4.18	207,095,740
40,001 to 50,000 Shares	393	17,931,691	3.62	179,316,910
50,001 to 100,000 Shares	763	53,342,404	10.78	533,424,040
100,001 to 1,000,000 Shares	463	98,537,860	19.91	985,378,600
Above 1,000,000 Shares	29	183,515,664	37.08	1,835,156,640
Total	27,981	494,974,555	100.00	4,949,745,550

17 Revaluation Surplus

Land & Land Development
Building
Plant & Machinery
Less: Depreciation on Revaluation Surplus
Total

Amount in Taka	
30 June 2019	30 June 2018
136,740,234	136,740,234
190,371,985	194,257,128
85,728,209	90,240,220
412,840,428	421,237,581
8,093,851	8,397,154
404,746,577	412,840,428

S.F. Ahmed & Co, Chartered Accountants revalued the fixed assets of the Company as of 31 December 2008, following "depreciated current cost method", resulting in a revaluation surplus at Tk.506,889,888.

18 Retained Earnings

Opening Balance
Add: Current Period Profit
Add: Depreciation on Revaluation Surplus
Less: Bonus Share Issue
Total

521,047,345	465,346,811
213,440,369	456,373,261
734,487,713	921,720,072
8,093,851	8,397,154
742,581,564	930,117,225
449,976,860	409,069,880
292,604,704	521,047,345

19 Long Term Loans

Term Loan	Southeast Bank Ltd.
Office Space	LankaBangla Finance Ltd.
Office Space	IPDC Bangladesh Ltd.
Car Loan	IPDC Bangladesh Ltd.
Total	

897,964,344	330,134,694
144,675,395	142,193,571
138,536,122	142,335,315
15,303,583	18,871,945
1,196,479,444	633,535,525



20 Sales Revenue

Export Sales Revenue is recognised for 3,957,509 Dozens at USD 61,737,153 @ average Tk.84.00 equivalent to Tk. 5,185,920,854; (2017-2018: 23,085,392 Dozens at USD 48,479,324.16 @ average Tk.83.00 equivalent to Tk. 4,023,783,905) when delivery challan is issued

Total

Amount In Taka	
30.06.2019	30.06.2018
5,185,920,854	4,023,783,905
5,185,920,854	4,023,783,905

21 Cost of Goods Sold

Opening Stock of Raw Materials
 Add: Purchases (Note : 21.1)
 Less: Closing Stock of Raw Materials (Note : 05.1)
Material Consumed
 Add: Direct Labour
Prime Cost
 Add: Factory Overhead (Note : 21.2)
Cost of Manufacturing
 Add: Opening Work-In-Process (Note: 05.00)
 Less: Closing Work-In-Process (Note: 05.00)
Cost of Goods Manufactured
 Add: Opening Stock of Finished Goods (Note: 05.00)
 Less: Closing Stock of Finished Goods (Note: 05.00)
Cost of Goods Sold

400,650,846	359,063,402
3,933,833,674	2,547,849,213
703,163,427	400,650,846
3,631,321,093	2,506,261,769
731,712,338	545,139,808
4,363,033,431	3,051,401,577
320,798,361	229,074,613
4,683,831,792	3,280,476,190
329,180,543	264,712,500
440,639,225	329,180,543
4,572,373,110	3,216,008,147
458,617,306	375,452,708
662,944,166	458,617,306
4,368,046,250	3,132,843,549

21.1 Purchases of Raw Materials

Yarn (8,926,777 Kgs; 2017-2018: 5,996,384 Kgs)
 Fabrics (1,928,350 Kgs; 2017-2018: 1,053,599 Kgs)
 Chemicals (3,442,104 Kgs; 2017-2018: 2,011,239 Kgs)
 Accessories
Total

2,320,961,868	1,529,077,825
590,075,051	305,543,683
550,736,714	311,742,090
472,060,041	401,485,614
3,933,833,674	2,547,849,213

21.2 Factory Overhead

Rent
Security Service
Depreciation
Utility Charges
Transport
Repair and Maintenance
Fuel & Lubricant
Carriage Inward
C & F Charge Import
Entertainment
Lab Test & Inspection Charge
Insurance Premium
Other Expenses
Total

Amount in Taka	
30.06.2019	30.06.2018
3,934,870	7,245,321
7,503,899	7,521,183
114,724,139	105,881,463
72,963,310	59,177,602
9,412,050	9,015,765
6,662,865	11,519,678
16,890,500	8,163,280
13,572,568	10,567,680
58,836,056	
3,419,335	2,754,556
5,003,043	3,589,538
7,174,402	3,026,233
701,324	612,314
320,798,361	229,074,613

21.3 CIF costs of Imported Items from aboard aggregated

550,736,714	356,698,890
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22 Administrative & Selling Expenses

Staff Salaries
Directors' Remuneration
Bonus
Freight Charge
Buying House Expenses
Utility Charge
Entertainment
C & F Charges
Courier & Postage
Telephone and Other
Office Rent
Service Charges
Car Repair and Maintenance
Depreciation
Insurance Premium
Annual Audit Fee
Professional, Consultancy, Listing and Other Fee
Travelling & Conveyance
Stationeries
Fuel & Lubricant
Carriage Outward
Sample Expenses
Advertisement
License & Renewals
Commercial Expenses
AGM and EGM Expenses
Bond Expenses
Compliance Expenses
Exchange Loss/Gain
Donation
Other Expenses

177,636,709	149,140,179
9,600,000	9,600,000
18,781,218	36,626,670
54,230,570	33,335,607
1,476,939	1,723,800
1,098,432	1,014,682
873,267	2,131,117
17,576,719	17,192,527
3,394,838	3,318,978
2,425,004	2,550,723
2,361,600	2,188,800
-	22,570
305,485	8,283,949
6,038,113	5,572,709
-	33,660
550,000	750,000
3,709,162	2,125,500
3,572,952	2,301,717
1,161,590	1,149,627
3,221,706	522,365
28,297,487	24,559,203
5,185,921	1,247,506
1,778,257	2,081,360
160,350	216,985
7,556,070	7,442,548
903,178	1,592,757
-	1,010,000
1,483,382	2,023,192
5,302,478	4,512,684
30,000	105,000
1,032,894	2,055,613
359,744,320	326,432,028



23 Other Income

Income from Cash Incentive
Other Revenues
Interest on Bank Deposits
Total

Amount In Taka		
30.06.2019		30.06.2018
118,930,600		115,186,200
794,805		2,181,535
3,296,347		16,384,291
123,021,752		133,752,026
20,770,320		20,762,199
25,104,886		8,943,782
-		8,210,843
143,974,427		51,577,112
29,955,920		39,427,933
54,999,588		34,146,306
274,805,141		163,068,174

24 Financial Expenses

Bank Charges & Commission
Interest on Time Loan
Interest on Packing Credit
Interest on Term Loan
Interest on Bill Purchase
Interest on Other Loans
Total

25 WPFs/ Contribution to Central Fund (RMG Sector)

As per Government Order & Circulars Bangladesh Bank vide FEPD (Raptani Nitee) 220/2016-18. The concern Bank deduct @ 0.03% from 100% export oriented Garments Business as Central Fund (RMG Sector) which will deposit to Sonali Bank Limited, Ramna Corporate Branch, A/c: 0442636001018.

26 Current Year Tax Expenditure (Provision)

Particulars	Amount	Rate	Amount
Other Than Business Income:			
Other Revenues	794,805	25.00%	198,701
Income from Cash Incentive	118,930,600	3.00%	3,567,918
Interest on Investment and Deposits	3,296,347	25.00%	824,087
	123,021,752		4,590,706
Tax on Business Income:			
Business Income Tax			19,438,156
Total Provision for Income Tax			24,028,862
27 Provision for Deferred Tax:			
Deferred Tax for Property Plant & Equipment Note: 27.1			Amount
			1,178,793,221
			1,178,793,221
Particulars	Rate	Amount	Tax Provision
Deferred Tax	12%	1,178,793,221	141,455,186
Less: Opening Balance			74,022,465
			67,432,721
27.1 Deferred Tax for Property Plant & Equipment			
Written down Value as per Accountancy Policy			4,264,145,243
Less: Written down Value as per Third Schedule			3,085,352,022
			1,178,793,221

27.2 As per reference to the tribunal order I.T.A. NO.4391 OF 2018-2019, difference in between tax base and accounting base is considered to be permanent in nature and no temporary. Thus, following the order of the Honourable Tribunal, we did not consider for any Income Tax effect in the preparation of accounts.

28 Earning Per Share (EPS)

Profit attributable to Ordinary Shareholders

Total Weighted Average Number of Ordinary Shares 28.2

Earnings per share - Basic

Amount in Taka		
30.06.2019		30.06.2018
213,440,368		456,373,261
494,974,555		494,974,555
0.43		0.92

28.1 Earning Per Share (EPS) -Diluted

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during these years.(e.g no preference shareholders or loan note holder or employees/directors are not entitled to any equity share option.)

28.2 Weighted Average Number of Ordinary Share:

Opening No. of Share in existence

Share Allotment from Opening Share Money Deposit

Share Allotment from New Share Money Deposit

Issuance of Bonus Share

Weighted Average Share Money Deposits (in share)

Total Weighted Average Number of Ordinary

494,974,555	224,363,400
-	-
-	-
-	270,611,155
-	-
494,974,555	494,974,555

29 Net Assets Value per Share (NAV)

Net Asset Value (NAV)

Total Weighted Average Number of Ordinary Shares 28.2

Net Asset Value per Share (NAV) (a/b)

5,883,875,942	5,670,435,574
494,974,555	494,974,555
11.89	11.46

30 Net Operating Cash Flows per Share (NOCFPS) - Basic

Net Operating Cash Flows

Weighted Average Number of ordinary shares 28.2

Net Operating Cash Flows per Share (NOCFPS) (a/b) - Basic

(723,595,453)	44,311,951
494,974,555	494,974,555
(1.46)	0.09

30.1 Net Operating Cash Flows per Share (NOCFPS) - Diluted

No diluted earnings per share is required to be calculated for the year as there is no scope for dilution during these years.(e.g no preference shareholders or loan note holder or employees/directors are not entitled to any equity share option.)

30.2 Restatement of EPS , NAV & NOCFPS

According to company policy, declaration for the issue of Bonus share is made on AGM date. It is assumed that all the newly allotted bonus shares were in existence throughout the relevant year. Thus, EPS, NAV & NOCFPS require restatement in the prior year financial statements.

31 Significant Deviation in Gross Profit Margin, Net Profit Margin & Profit Before Tax

	30.06.2019	30.06.2018
Gross Profit Margin	15 %	22 %
Net Profit Margin	8 %	14 %
Profit Before Tax	6 %	13 %
Operating Cash Flow Per Share	(1.46)	0.09

Higher raw material price in international & local market in comparison with previous years, incremental salary & bonus, higher wages & interest rates impose a combined effect on the financial performance of the company. The Operating Cash Flows incurred negative due to concentrating on increasing sales rather than lessor effort in collecting receivables.



32 Reconciliation of Net Income or Net Profit with Cash Flows from Operating Activities (Indirect-Method) the requirement of Bangladesh Securities and Exchange Commission notification no. BSEC/CMRRCD/2006-158/308/Admin/81, Dated 08 August 2018.

Particulars	Amount In Taka	
	30.06.2019	30.06.2018
Net Profit before Tax		
Adjustments to reconcile net income to net cash	304,901,952	533,997,611
Depreciation on Property, Plant and Equipment	520,034,087	409,468,940
Financial Expenses	120,762,251	111,454,171
Other Income	274,805,141	163,068,174
Contribution to Central Fund (RMG Sector)	123,021,752	133,752,026
	1,444,943	1,194,569
Changes in Operating Activities:	(1,371,316,859)	(835,010,651)
Less: Decrease in Advance, Deposit & Prepayments	(21,217,420)	(30,804,501)
Less: Increase in Accounts Receivable	(585,867,345)	(288,235,157)
Less: Increase in Inventories	(937,435,570)	(493,690,008)
Add: Increase in Trade and Other Payables	62,396,792	(4,533,071)
Add: Increase in Deferred L/C Liabilities	17,188,382	(64,264,212)
Add: Increase in Accrual Expenses	93,618,502	46,516,298
	(177,214,835)	(64,143,949)
Financial Expenses	(274,805,141)	(163,068,174)
Other Income	123,021,752	133,752,026
Income Tax Paid	(23,986,503)	(33,633,232)
Contribution to Central Fund (RMG Sector)	(1,444,943)	(1,194,569)
Net Cash Generated from Operating Activities	(723,595,453)	44,311,951



Generation Next Fashions Limited

Building#348, Road#5, DOHS Baridhara, Dhaka- 1206, Bangladesh

PROXY FORM

I/We of **Generation Next Fashions Limited** hereby appoint Mr./MS of as my proxy to attend and vote for me on my behalf at the 15th Annual General Meeting of the company to be held on Saturday, the 21th day of December 2019 at Factory premises, Dhonaid, Earpur, Ashulia, Savar, Dhaka at 11.00 A.M. and at any adjournment thereof.

As witness my hand this day of 2019 signed by the said in presence of

Signature of the Proxy
Date:

Revenue
Stamp of
Tk. 20/=

Signature of the Shareholder(s)

Register BO ID.....

Dated

Note: A member entitled to attend and vote at the Annual General Meeting may appoint at Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office/Corporate Office of the company not later than 48 hours before the time appointed for the meeting.

Signature verified

Authorized Signatory



Generation Next Fashions Limited

Building#348, Road#5, DOHS Baridhara, Dhaka- 1206, Bangladesh

ATTENDANCE SLIP

I/We hereby record my attendance at the 15th Annual General Meeting being held on Sunday, the 21th day of December 2019 at Factory premises, Dhonaid, Earpur, Ashulia, Savar, Dhaka at 11.00 A.M.

Name of Member/Proxy

Register BO ID holding of Ordinary
Shares of Generation Next Fashions Limited.

N. B.

Signature of Shareholder(s)

1. Please note that AGM can only be attended by the honorable shareholder or properly constituted proxy. There fore, any friend or children accompanying with honorable shareholder or proxy cannot be allowed into the meeting.
2. Please present this slip at the reception desk.



SHARE & REGISTERED OFFICE

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Dhaka- 1206, Bangladesh,
Tel: 880-2-8412625, 8411623, 8419210
Fax: 880-2-8416491
web:www.gnf-bd.com

CORPORATE OFFICE:

The Pearl Trade Centre (PTC)
Cha- 90/3, Progoti Shoroni,
Uttar Badda, Dhaka 1212.
Tel: 880-2-9895725, 9895752

OPERATIONAL OFFICE & FACTORY

Dhonaid, Earpur, Ashulia, Savar, Dhaka

