



GENERATION NEXT FASHIONS LIMITED

ANNUAL REPORT 2013

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VISION

“Satisfying Buyers Needs” is our vision and to be a top leading and sustainable eco friendly Textile fabric to Apparel manufacturer in Bangladesh.

MISSION

Our mission for maximization of 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 customer's satisfaction
- Maximize the value of being our customers, shareholders and employee
- Optimize contribution to the society
- Eco-friendly manufacturing environment

STRATEGIC OBJECTIVES

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



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NOTICE

OF THE 10TH ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting (AGM) of the Shareholders of Generation Next Fashions Limited will be held on Sunday June 29, 2014 at 10:30 AM at the Factory premises at Dhonaid, Earpur, Savar, 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 December 31, 2013 together with the Reports of the Board of Directors and the Auditors thereon.

2. Dividend:

To declare the dividend for the financial year ended December 31, 2013 as recommended by the Board of Directors.

3. Election of Directors:

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

4. Appointment of Auditors:

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

5. Miscellaneous:

To transact any other related business with the permission of the Chair.

All Shareholders are requested to attend the meeting on the date, time and place mentioned above.

By order of the Board of Directors



Managing Director

Dated, Dhaka
June 2, 2014

Notes:

- The Board of Directors has recommended Stock Dividend @ 15% for the year ended December 31, 2013 subject to approval in the 10th Annual General Meeting (AGM).
- The Record Date was May 12, 2014 (Monday). 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 and qualify for Stock Dividend.
- 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 Courier Service/Post. The Members may also collect the "Proxy Form" from the Share Department 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 7.30 AM to 10.00 AM

No gift, food and conveyance shall be given for attending the 10th Annual General Meeting of the Company as per rules.





GNFL AT A GLANCE



Generation Next Fashions Limited (GNFL) was incorporated in Bangladesh under the Companies Act 1994 on August 19, 2004 with an authorised capital of BDT 500.00 million and paid up capital BDT 47.20 million to carry out business of spinning, weaving and manufacturing of various types of ready-made garments of international standard and design. At present, the paid up capital of the Company is BDT 1687.17 million and the authorised capital is BDT 4000.00 million.

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

Our Products

T- Polo Shirt, T- Shirt, Men Polo Shirt, Short Sleeve, Ladies Polo Shirt, Short Sleeve, Basic T- Shirt and Printed T- Shirt, Women's or Girls Trouser, Ladies Pant, Ladies Jacket, Men's 2PK Woven Short Trial, Basic T- Shirt , Static T- Shirt, Ladies Night Wear Set, Military Jogger, Women Flannel Trouser, Basic Drive + Fusion Tee, Ladies Tank Top etc.

World Market

North America & Europe

Major Production Departments & Service

Knitting, Dyeing, Finishing and Garments. Production activities virtually round the clock in three shifts

Power, Gas & Water

Power : With the Palli Bidyut Samiti connection, GNFL owns 1.3 MW Gas generator and a 700 KW diesel generator to ensure constant power supply

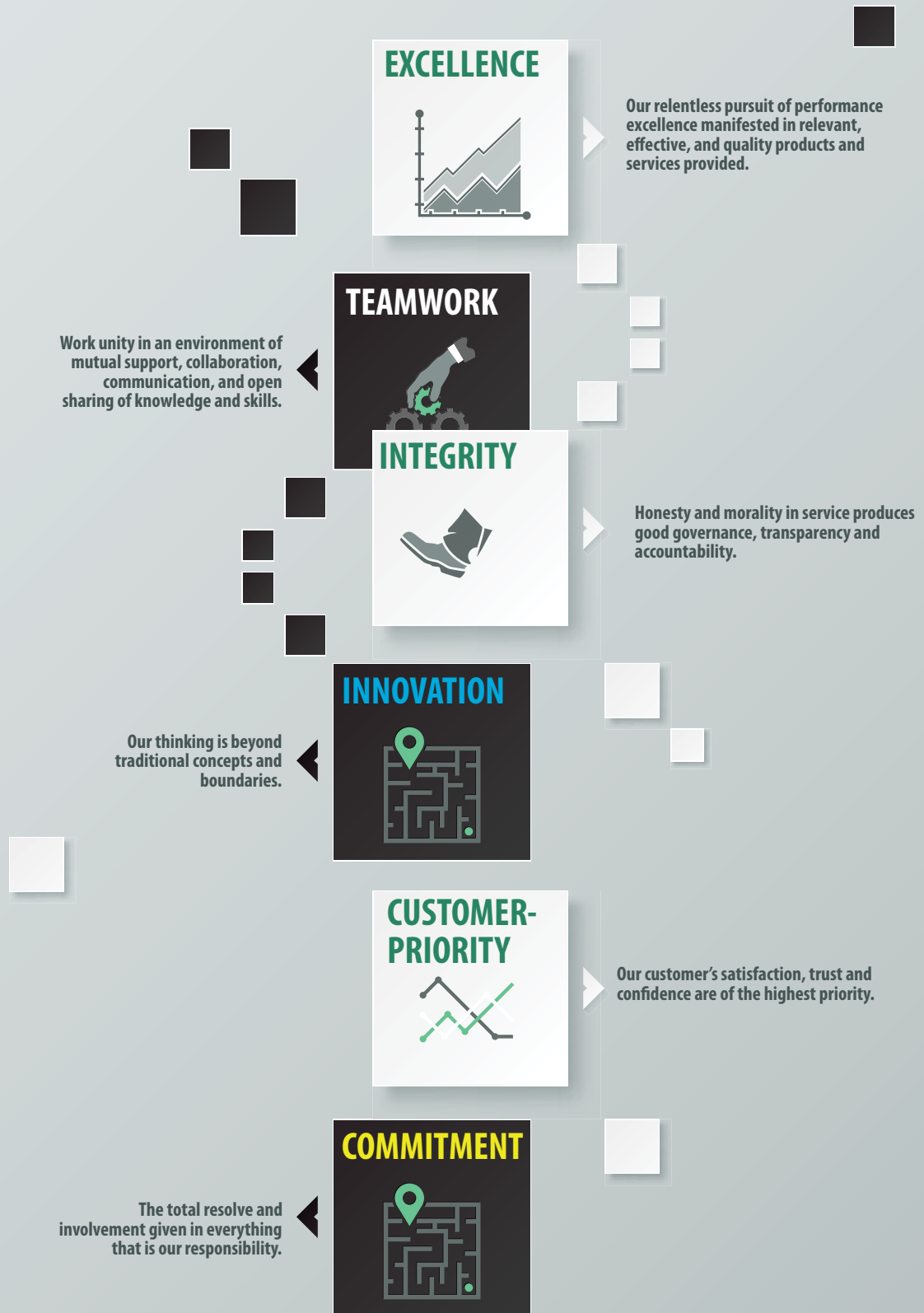
Water : Deep Tube well installed for necessary water supply

Gas : Titas Gas Transmission & Distribution Company Ltd., is the source of gas supply



CORE VALUE





CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. Tauhidul Islam Chaudhury

Managing Director

Mr. Javed Opgenhaffen

Directors

Mr. Mohd. Akhter

Mr. Rajiv Sethi

Mr. Mark Niranjana Chowdhury

(Nominated by New England Equity Ltd.)

Independent Directors

Mr. Ratan Sengupta

Mr. Atiar Rahman

Company Secretary (CC)

Mr. Shambhu Chandra Pal





REGISTERED NAME OF THE COMPANY

Generation Next Fashions Limited

LEGAL FORM

Public Limited Company, listed with Dhaka Stock Exchange and Chittagong Stock Exchange, having 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

OPERATIONAL OFFICE & FACTORY

Dhonaïd, Earpur, Savar, Dhaka

COMPANY'S REGISTRATION NUMBER

C-53966, August 19, 2004

LISTING RECOGNITION

Company No: 17454, Trade Code: GENNEXT



AUDITORS

ATA Khan & Co.
Chartered Accountants
67 Motijheel C/A, Dhaka-1000

LEGAL ADVISOR

M. Sakawat Hossain
Barrister at Law
Advocate, Supreme Court of Bangladesh

BANKERS

Southeast Bank Limited
National Bank Limited
IFIC Bank Limited
Prime Bank Limited
Exim Bank Limited
Jamuna Bank Limited

DIRECTORS' PROFILE



Tauhidul Islam Chaudhury
Chairman



Rajiv Sethi
Director



Mohd. Akhter
Director



Javed Oppenhaffen
Managing Director



Mark Niranjana Chowdhury
Director



Ratan Sengupta
Independent Director



Mr. Atiar Rahman
Independent Director

Tauhidul Islam Chaudhury

Chairman

Mr. Chaudhury has 29 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 since 90s and marketed clothing from Bangladesh and Kenya to US retailers and wholesalers.

He has over 20 years of leadership experience in RMG buying and marketing business in Bangladesh exporting the widest variety of woven and knitted RMG to the US and European markets. He also has about 20 years of professional knowledge in human resource management, social and ethical standards for global RMG sector.

Rajiv Sethi

Director

Mr. Sethi is an Indian national resident in Bangladesh. He has been associated with the Garment 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 United and European markets for retailers from various countries as Kenya, Jordan, Pakistan, India, UAE, Bangladesh and China, etc. After his graduation from Delhi University, Mr. Sethi has Diploma in Fashion Designing from IIFT New Delhi.

Mohd. Akhter

Director

Mr. Akhter is a well-known industrialist in Bangladesh. He has an experienced background in the textile industry for over 30 years. His experience includes the management of textile enterprises such as GMG Industrial Corporation Ltd, Palash Industrial Enterprise Ltd. and Rahim Textile Ltd. He is also very active in the real estate and trading sectors in Bangladesh.

Javed Opgenhaffen

Managing Director

Mr. Javed Opgenhaffen graduated in management from Queen Mary University of London and in Employment relations from London School of Economics and Political Science. He joined Generation Next Fashions Limited in 2008 as Chief Executive Officer. Later on, he was appointed as the Managing Director of the company. He is also a director of A.J. Corporation Limited. Prior to joining GNFL, Mr. Opgenhaffen worked as a Management Trainee at Deutsche Bank GMBH, London. He has dual citizenship in Bangladesh and Belgium.

Mark Niranjana Chowdhury

Director (Nominated by New England Equity Ltd.)

Mr. Mark Niranjana Chowdhury is a service holder in Generation Next Fashions Limited. He has an experience in the Banking sector for over 14 years. He has worked with Muslim Commercial Bank Limited, Dhaka Branch (a Pakistan based bank) and then he has served with Bank Asia Limited about 10 years and during the last 4 years he was a Bank Manager. Presently he is working with GNFL as a General Manager (Finance & Accounts).

Ratan Sengupta

Independent Director

Mr. Ratan Sengupta is a dynamic asset of the company.

Mr. Atiar Rahman

Independent Director

Mr. Atiar Rahman is a dynamic asset of the company.



CHAIRMAN'S MESSAGE

Dear valued Shareholders

It is indeed a great honor and privileges for me to greet you all, once again, to this 10th annual General Meeting of your Company. It also gives me immense pleasure to place before you the Annual Report along with the audited accounts of your Company and auditors' reports and directors' thereon for the year 2013.

Business Condition:

2013 experienced yet another successful year both in terms of sales and profitability despite the volatile political situation and economy of the country. We were able to overcome all odds situation prevailed during the year.

Financial aspects:

- Sales revenue has increased by 27.45% compared to last year;
- Net profit before tax has increased by 23.80% compared to last year;
- Net Assets Value Per Share has gone up to Tk.17.30 per share;
- Total assets rose to Tk.443.81 Crore.

Human resources:

The achievement would not have been possible without the dedication and commitment of our employees who are the foundation and the backbone of our company.

Conclusion:

Here I would like to take this opportunity on behalf of the Board of Directors and express my deepest appreciation to all our valued customers for their confidence in our products, to the employees for their tireless efforts, to the suppliers for their quality goods, to the fellow honourable shareholders for their continuous support and interest for the welfare of the Company. We hope that the same support from all Stack Holders would continue in the coming years.

Thank you all.



Chairman of the Board



Tauhidul Islam Chaudhury
Chairman

MANAGING DIRECTOR'S MESSAGE





Dear Shareholders

It is with great pleasure that I welcome you on behalf of the Board of Directors to the 10th Annual General Meeting of your company. The Annual Report containing audited accounts and directors' and auditors' reports thereon for the year ended 31st December 2013 has already been dispatched to you for your kind perusal. I am also pleased to report that your company has earned a net profit of Tk.363,586,330 against Tk.282,130,815 in the previous year, constituting profit growth of 27.45%. During this period, sales revenue of the Company has increased from Tk.1,674,087,945 in 2012 to 2,133,758,830 in 2013, in the financial year under review. The consistent growth in sales and profits is a testament to the resolve and hard work of the management.

Looking ahead we are striving to produce more value added products in the year ahead to enhance our retention and maximize profitability. Our sector has faced various external difficulties recently with political turmoil, enhanced compliance standards from customers, new regulations in regard to building and fire safety, negative publicity due to Rana Plaza collapse, increase in minimum wages, among others. To offset these difficulties and augmented costs, the management is striving to make operations more efficient. As the company has raised approximately Tk.1,124,784,000 through its rights offer in early 2014, we expect significant growth in sales and profits in the upcoming year as well as reduction in overall costs due to repayment of debt from right proceeds. We thank you for your continued support and are working for further growth in coming days. I would also take this opportunity to express my gratitude to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, and all regulatory bodies for the cooperation and support.



Javed Opgenhaffen
Managing Director

DIRECTORS' 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 10th Annual General Meeting of the company. We are pleased to submit before you the operational activities and Audited Financial Statements for the year ended December 31, 2013 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 is derived from this sector. Generation Next Fashions, as vertically integrated fabric and apparel company, is looking to tap into the rising demand and manufacture products in a more efficient manner. We are now looking to enhance value addition to retain maximum profits and our marketing strategy is looking for better customers in the days ahead. We have all the latest technologies and machinery to manufacture for the top retailers in the world.

BUSINESS ACTIVITIES AND CONTRIBUTION TO NATIONAL ECONOMY

The company has earned Tk.2.134 billion in foreign exchange in the year 2013 as against Tk. 1.674 billion in 2012. This is significant as we are a 100% export oriented firm and revenues are generated in foreign currency. We also purchase our raw materials 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 year 2014 will be inflation, high cost of funding and export order devastation. Despite the challenge, Generation Next Fashions Limited will continue to look into its potentials and development options with its business strategy. Corporate image, professionalism and product quality growth with enhanced buyer will be priority.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

Particulars	Capacity	Actual Production During 2013	Capacity Utilization
Garments *	13,10,000 Dozens	1,192,682 Dozens	91.04%
Fabrics	5,000 MT	3,750 MT	75.00%
Dyeing	5,000 MT	3,750 MT	75.00%

Reason: Actual Production as per market demand.

*Based on present product mix.

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 risk of deflating 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 customer 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:

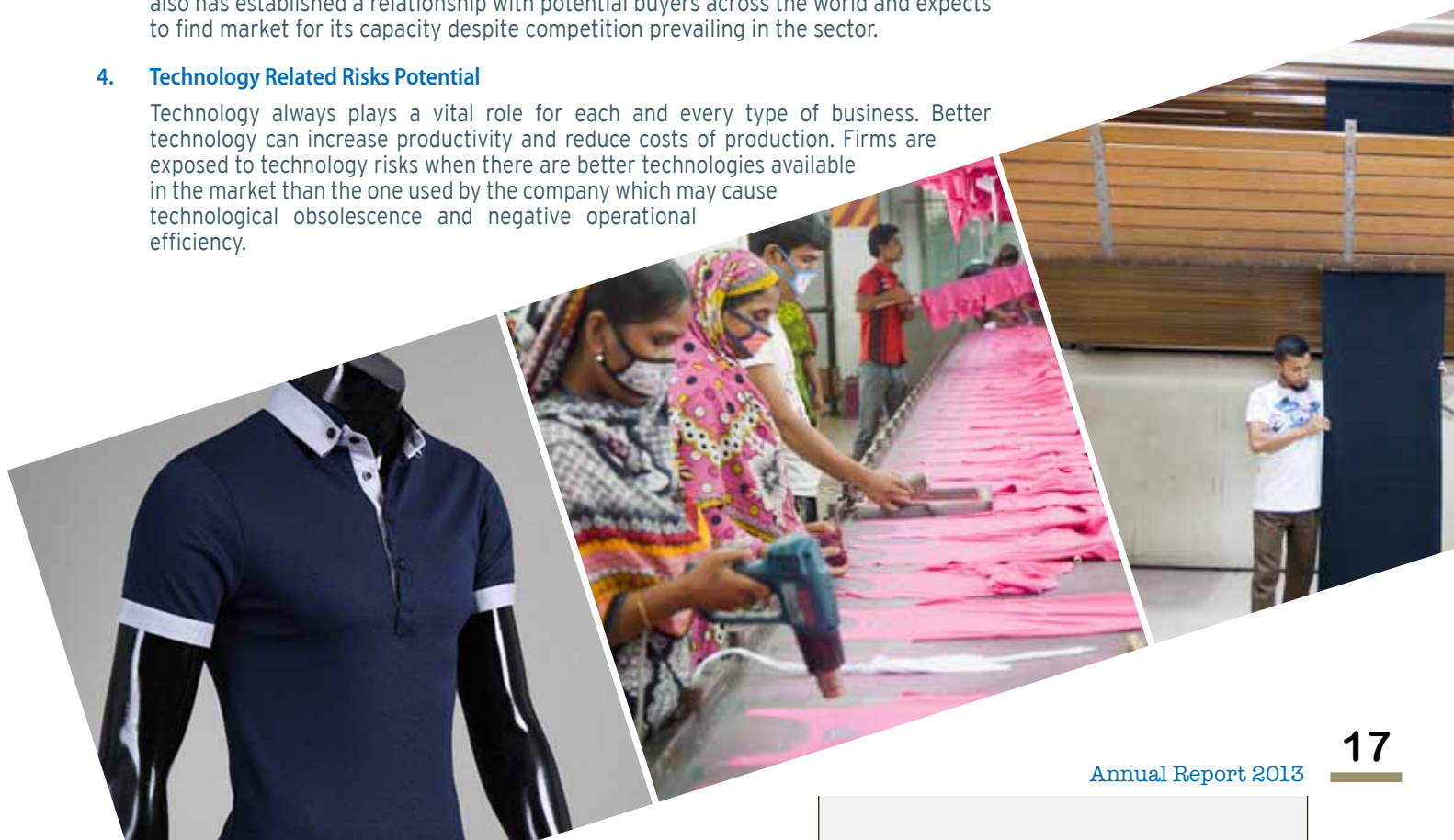
Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help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

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.



DIRECTORS' REPORT

Management Perception:

The Company is aware of technological changes and has adopted new technology according to its needs. Furthermore, routine and proper maintenance of equipments 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 Companies Act, 1994 and other related regulations, Income Tax Ordinance 1984, Income Tax Rules, 1984, Customs Act, 1969, Value Added Tax (VAT) Act, 1991 and Value Added Tax (VAT) Rules, 1991. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the Company.

Management Perception:

Unless any adverse policies are made, which may materially affect the industry as a whole; the business of the company will not be affected. 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 or National Policies

The performance of the Company may be affected due to unavoidable circumstances both in Bangladesh and worldwide, such as war, tourism, political unrest in the country or customer countries. Changes in global or national policies may also adversely affect the economy in general.

Management Perception:

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

DISCUSSION ON COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN

Cost of Goods sold has increased compared to last year, due to increased sales volume, adverse currency exchange rate and quality raw materials. As a result, Gross Profit in 2013 stood at Tk.67.14 crore compared to 55.15 crore in 2012

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.399,952/- as interest from bank deposit against IPO refund amount.

RELATED PARTY TRANSACTIONS

There were no related party transactions, except regarding share capital, during the year ended December 31, 2013.

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND/OR THROUGH ANY OTHERS INSTRUMENTS

IPO of Generation Next Fashions Limited was made in 2012 and the fund raised thereby has already been utilized for repayment the loan as reported to regulators. The Company also decided in EGM dated September 29, 2013 to raise up paid up through rights issue 112,478,400 shares @ tk. 10/- each totaling Tk. 1,124,784,000/-.



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 occurred 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 year under report.

REMUNERATION TO DIRECTORS INCLUDING INDEPENDENT DIRECTORS

Remuneration paid during the year are given in notes no.35 in this Annual Repot and there is no pay to Directors attendant fee regarding Board meeting.

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.

The system of internal control is sound in design and has been effectively implemented and monitored

There are no significant doubts upon the issuer company's ability to continue as a going concern.

SIGNIFICANT DEVIATIONS FROM THE LAST YEAR'S OPERATING RESULTS OF THE ISSUER COMPANY SHALL BE HIGHLIGHTED AND THE REASONS THEREOF SHOULD BE EXPLAINED

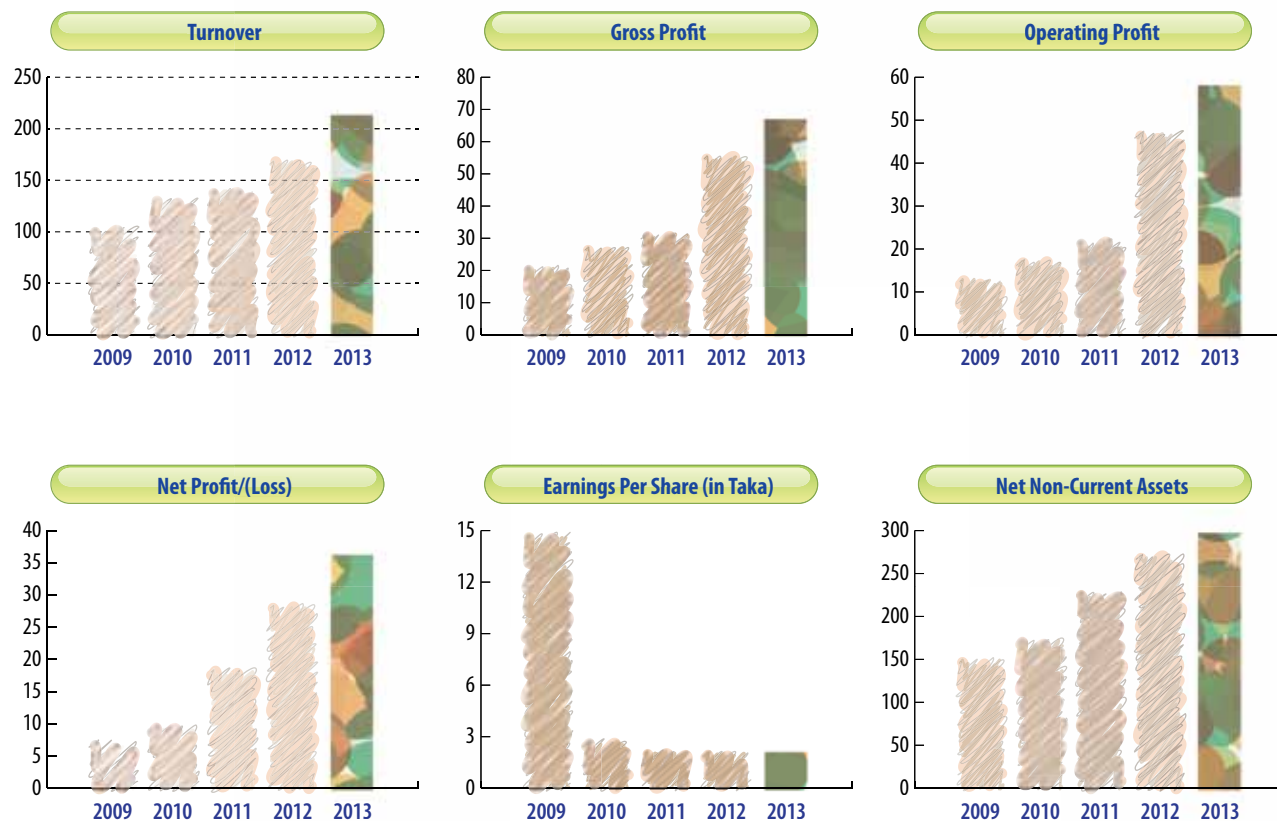
Gross profit has increased in 2013 compared to last year due to increased sales volume and quality raw materials.

DIRECTORS' REPORT

FINANCIAL HIGHLIGHTS

Value in Crore Taka

Particulars	2013	2012	2011	2010	2009
Turnover	213.38	167.41	139.36	128.95	101.45
Gross Profit	67.15	55.15	31.11	26.85	20.71
Operating Profit	58.30	46.71	21.60	16.97	12.75
Net Profit/(Loss)	36.36	28.21	18.24	9.38	6.95
Earnings Per Share (in Taka)	2.15	2.01	2.09	2.68	14.72
Net Non-Current Assets	298.18	269.77	226.72	171.80	148.48



FIVE YEARS' SIGNIFICANT RATIOS

Name of ratios	2013	2012	2011	2010	2009
Liquidity Ratios					
Current Ratio	1.04	1.06	1.06	1.12	1.29
Quick Ratio	0.61	0.61	0.52	0.67	0.66
Debt Equity Ratio	0.52	0.56	0.66	1.56	2.05
Operating Ratios					
Accounts Receivable Turnover Ratio	106	110	104	104	98
Inventory Turnover Ratio	2.54	2.10	2.45	3.17	3.18
Asset Turnover Ratio	0.48	0.42	0.42	0.49	0.49
Profitability Ratios					
Gross Profit Margin Ratio	0.31	0.33	0.22	0.21	0.20
Operating Profit Margin Ratio	0.27	0.28	0.15	0.13	0.13
Net Profit Margin Ratio	0.17	0.17	0.13	0.07	0.07
Return on Assets Ratio	0.08	0.07	0.05	0.04	0.03
Return on Equity Ratio	0.12	0.11	0.09	0.09	0.08
Earnings Per Share	2.15	2.01	2.09	2.68	14.72
Earning Per Share - Diluted	2.15	1.67	1.08	0.56	0.41

IF THE ISSUER COMPANY HAS NOT DECLARED DIVIDEND (CASH OR STOCK) FOR THE YEAR, THE REASONS THEREOF SHALL BE GIVEN

The Board of Directors of the company has recommended stock dividend @ 15% for the year ended December 31, 2013.

The number of Board meetings held during the year and attendance by each director shall be disclosed.

The Board of Directors had 14 meetings during the year ended December 31, 2013. Name of the Directors and number of meetings attended are given below:

Mr. Tauhidul Islam Chaudhury	11
Mr. Javed Opgenhaffen	14
Mr. Rajiv Sethi	10
Mr. Mohd Akhter	14
Mr. Mark Niranjana Chowdhury (Nominated by New England Equity Ltd.)	14
Mr. Ratan Sengupta	11
Mr. Atiar Rahman	02

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

DIRECTORS' REPORT

SHAREHOLDING PATTERN

Pattern of Shareholding as at 31 December 2013		
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	8,660,949
	Mr. Javed Opgenhaffen, Managing Director	9,310,091
	Mr. Mohd. Akhter, Director	11,812,290
	Mr. Rajiv Sethi, Director	3,374,352
	New England Equity Ltd., Director	18,720,000
iii)	Executives	NIL
iv)	Shareholders who are holding 10% or more voting right:	
	New England Equity Ltd.	18,720,000

DIRECTORS' ELECTION AND RE-APPOINTMENT

Mr. Tauhidul Islam Chaudhury, Mr. Rajiv Sethi and Mr. Mark Niranjana Chowdhury nominated by New England Equity Limited 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 December 31, 2013 with recommendation of appropriations are as follows:

Net Profit for the year 2013 :	Tk. 363,586,330
Profit Brought Forward :	Tk. 392,599,603
Depreciation on Revaluation Surplus:	Tk.53,719,552
Bonus Share Issued for the year 2012 :	Tk.(281,196,000)
Profit Available for Appropriation :	Tk. 528,709,485
Appropriations:	
Proposed Stock Dividend:	Tk. 421,794,000
Transferred to Retained Earnings:	Tk. 106,915,485



BOARD OF DIRECTORS

Mr. Tauhidul Islam Chaudhury
Mr. Javed Opgenhaffen
Mr. Mohd. Akhter
Mr. Mark Niranjana Chowdhury (nominee of New England Equity Ltd.)
Mr. Rajiv Sethi
Mr. Ratan Sengupta
Mr. Atiar Rahman

AUDITORS

The present auditors, Ata Khan & Co., will retire at this Annual General Meeting and being eligible, offered themselves for re-election for the year to December 31, 2014.

BUSINESS EXPANSION

The company plans to use its already expanded capacity to enhance turnover and profitability during the years 2014 and 2015.

INSURANCE COVERAGE

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

HUMAN RESOURCES

The company employed a total of 2855 people as of December 31, 2013. Currently, the management believes that it can reduce manpower and enhance exports in future and is taking necessary steps in this regard.

ACKNOWLEDGEMENT

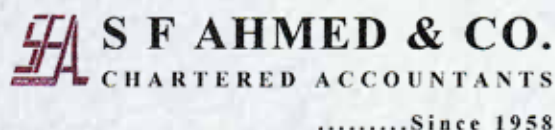
The Board of Directors would like to thank all the shareholders for their continued support over the past year. I would also like to express gratitude to the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, RJSC and other business associates for their valuable suggestions, continuous support and co-operation extended during the period in the company. We would like to thank our auditor ATA Khan & 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 year.

With Best Wishes



Tauhidul Islam Chaudhury
Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES BY GENERATION NEXT FASHIONS LIMITED



■ House 51 (2nd Floor),
Road 09, Block F,
Banani, Dhaka 1213
Bangladesh

■ Telephone: (88-02)9894346, 9870957
9894026, 09610998048
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sfali@connectbd.com
sfacoali@btcl.net.bd

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES BY GENERATION NEXT FASHIONS LIMITED

We, based on our examination of the books, records, systems and procedures of GENERATION NEXT FASHIONS LIMITED, certify in terms of Condition 7 the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969 that the Company complies with the conditions specified in the aforesaid Notification, as can be noted below:

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	BOARD OF DIRECTORS			
1.1	Board's Size: The number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty).	✓		
1.2	Independent Directors			
1.2(i)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	✓		
1.2 (ii) (a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1.2 (ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company:	✓		
1.2 (ii) (c)	Who dose not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.	✓		
1.2 (ii) (d)	Who is not a member, director or officer of any stock exchange.	✓		
1.2 (ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.	✓		
1.2 (ii) (f)	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.	✓		
1.2 (ii) (g)	Who shall not be an independent director in more than 3 (three) listed Companies.	✓		
1.2 (ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI);	✓		
1.2 (ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude;	✓		
1.2 (iii)	The Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		

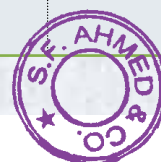


Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	✓		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2 (vi)	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 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	✓		
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/ University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4	Chairman of the Board and Chief Executive Officer (CEO)			
	The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	✓		
1.5	The Directors' Report to Shareholders			
1.5 (i)	Industry outlook and possible future developments in the industry.	✓		
1.5 (ii)	Segment-wise or product-wise performance.	✓		
1.5 (iii)	Risk and concerns.	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through 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 Offer, Direct Listing, etc.			Not Applicable
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			Not Applicable
1.5 (x)	Remuneration to 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 have been maintained.	✓		



CERTIFICATE ON COMPLIANCE

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
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)	There are no significant doubts upon the company's ability to continue as a going concern.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years are summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			Not Applicable, as the Company declared stock dividend @ 15% for the year 2013
1.5 (xx)	The number of Board meetings held during the year and attendance by each director.	✓		
1.5 (xxi)	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 (xxi) (a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
1.5 (xxi) (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 (xxi) (c)	Executives.	✓		
1.5 (xxi) (d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-			
1.5 (xxii) (a)	A brief resume of the directors.	✓		
1.5 (xxii) (b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) (c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS)			
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3	AUDIT COMMITTEE			
3 (i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1	Constitution of the Audit Committee			
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	✓		
3.1 (iv)	Fill the casual vacancy in audit department.	✓		
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee			
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee			
3.3 (i)	Oversee the financial reporting process.	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the Management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		



CERTIFICATE ON COMPLIANCE

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3 (x)	Disclosure regarding utilization of IPO/RPO, Right Issue fund to the Audit Committee.	✓		
3.4.	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	✓		
3.4.1 (ii) (a)	Report on conflicts of interests;			Not Applicable as no such event found
3.4.1 (ii) (b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			Not Applicable as no such event found
3.4.1 (ii) (c)	Suspected infringement of Laws including securities related Laws, rules and regulations.			Not Applicable as no such event found
3.4.1 (ii) (d)	Any other matter which shall be disclosed to the Board of Directors immediately.			Not Applicable as no such event found
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			Not Applicable as no such event found
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer Company.			Not Applicable as no such event found
4	EXTERNAL/STATUTORY AUDITORS			
	The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-	✓		
4.0 (i)	Appraisal or valuation services or fairness opinions.	✓		
4.0(ii)	Financial information systems design and implementation.	✓		
4.0 (iii)	Book-keeping or other services related to the accounting records or financial statements.	✓		
4.0 (iv)	Broker-dealer services.	✓		
4.0 (v)	Actuarial services.	✓		
4.0 (vi)	Internal Audit Services	✓		
4.0 (vii)	Any other services that Audit Committee determines.	✓		
4.0 (viii)	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.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5	SUBSIDIARY COMPANY			
5 (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not Applicable
5 (iii)	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
5 (iv)	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
5 (v)	The Audit Committee of the holding company review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
6	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
	The CEO and CFO shall certify to the Board that:-			
6.0 (i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:	✓		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (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 violation of the company's code of conduct	✓		
7	Reporting and Compliance of Corporate Governance			
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/ Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		



Dated, Dhaka
June 4, 2014

S.F. Ahmed & Co.

S.F. Ahmed & Co.
Chartered Accountants

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

BOARD COMMITTEES

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

- **Audit Committee, includes**
 1. Mr. Ratan Sengupta, Chairman
 2. Mr. Mohd. Akhter, Member
 3. Mr. Javed Opgenhaffen, Member
- **Purchase & Procurement Committee, includes**
 1. Mr. Mohd. Akhter, Chairman
 2. Mr. Mark Niranjana Chowdhury, Member
 3. Mr. Rajiv Sethi, Member
- **Operation & Maintenance Committee, includes**
 1. Mr. Javed Opgenhaffen, Chairman
 2. Mr. Rajiv Sethi, Member
 3. Mr. Mark Niranjana Chowdhury, Member
 4. Mr. Atiar Rahman, Member

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 with.



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 07 Directors including Independent Directors, 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 ensuring 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 are managing the company. The team is led 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, corporate governance can play roles to bridge among the management, the shareholders and the statutory bodies.

FINANCIALS



AUDITORS' REPORT OF GENERATION NEXT FASHIONS LIMITED

We have audited the accompanying Statement of Financial Position of GENERATION NEXT FASHIONS LIMITED as of December 31, 2013 and the related Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity together with related notes for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the Company's affairs as of December 31, 2013 and of the results of its operations and its cash flow for the year then ended and comply with the applicable sections of the Companies Act, 1994, the Securities & Exchange Rules, 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof,
- b) In our opinion, proper books of account as required by the law have been kept by the company so far as it appeared from our examination of those books and (where applicable) proper return adequate for the purpose of our audit.
- c) The Company's Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of accounts, read in conjunction with the annexed notes and related schedules attached thereto.
- d) The expenditure incurred was for the Company's business.

Place: Dhaka
Dated: April 29, 2014



ATA KHAN & CO.
Chartered Accountants.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2013

PARTICULARS	NOTES	Amount in Taka	
		31.12.2013	31.12.2012
A. NON-CURRENT ASSETS		2,981,825,157	2,697,669,438
Property, Plant & Equipment	16	1,995,020,753	1,746,304,786
Capital Works-in-Progress	17	986,804,404	951,364,652
B. CURRENT ASSETS		1,456,331,847	1,293,849,778
Inventories	18	600,972,010	554,719,980
Accounts Receivable	19	622,040,778	504,355,503
Advances, Deposits and Pre-Payments	20	194,161,266	191,550,025
Cash & Cash Equivalents	21	39,157,793	43,224,270
C. CURRENT LIABILITIES & PROVISIONS		1,396,279,037	1,215,099,552
Accounts & Other Payables	22	14,142,541	18,843,850
Accrued Expenses	23	160,113,707	120,360,599
Bank Overdraft	24	47,007,397	46,438,284
Short Term Bank Credits	25	992,844,754	866,864,309
Deferred L/C Liabilities	26	61,359,740	70,068,920
Share Money Refundable	27	2,424,238	32,523,591
Current Maturity of Long Term Loans	28	118,386,660	60,000,000
D. NET CURRENT ASSETS (B-C)		60,052,810	78,750,225
E. NET ASSETS (A+D)		3,041,877,967	2,776,419,663
F. SHAREHOLDERS' EQUITY		2,919,055,821	2,555,469,491
Share Capital	29	1,687,176,000	1,405,980,000
Share Premium		250,000,000	250,000,000
Revaluation Surplus	30	453,170,336	506,889,888
Retained Earnings	31	528,709,485	392,599,603
G. LONG TERM LOAN	32	122,822,146	220,950,172
H. LIABILITIES & SHAREHOLDERS' EQUITY (F+G)		3,041,877,967	2,776,419,662
Net Assets Value Per Share (NAVPS)		17.30	15.15

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



Managing Director



Director



Company Secretary

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

Dated, Dhaka; April 29, 2014



ATA KHAN & CO.
Chartered Accountants

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

PARTICULARS	NOTES	Amount in Taka	
		31.12.2013	31.12.2012
Sales Revenue	33	2,133,758,830	1,674,087,945
Sub-Contract Revenue		5,831,905	5,454,225
Total Revenue		2,139,590,735	1,679,542,170
Less: Cost of Goods Sold	34	1,468,113,087	1,128,014,588
Gross Profit		671,477,648	551,527,582
Less: Administrative & Selling Expenses	35	88,459,180	84,380,206
Operating Profit		583,018,468	467,147,376
Add: Other Income	36	20,417,098	72,294,857
		603,435,566	539,442,233
Less: Financial Expenses	37	200,777,586	214,177,648
Net Profit Before Tax and WPWFs		402,657,980	325,264,585
Less: Workers' Participation/Welfare Funds		19,174,190	15,488,790
Net Profit Before Tax		383,483,790	309,775,795
Less: Provision for Income Tax	38	19,897,460	27,644,980
Net Profit After Tax		363,586,330	282,130,815
Earning Per Share (EPS)	39	2.15	1.67
EPS From Recurring Income	40	2.12	1.36
EPS From Non-Recurring Income	41	0.03	0.31

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


Managing Director


Director


Company Secretary

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

Dated, Dhaka; April 29, 2014


ATA KHAN & CO.
Chartered Accountants

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

(Amount in Taka)

Particulars	Share Capital	Share Premium	Retained Earnings	Revaluation Surplus	Total
For 2012					
Balance at January 01, 2012	871,650,000	250,000,000	344,903,991	506,889,888	1,973,443,879
Prior Year Adjustments for Income Tax	-	-	(105,203)	-	(105,203)
Net Profit for the year	-	-	282,130,815	-	282,130,815
Issue of Bonus Shares	234,330,000	-	(234,330,000)	-	-
Issue of Shares	300,000,000	-	-	-	300,000,000
Depreciation on Revaluation Surplus	-	-	43,783,261	(43,783,261)	-
Balance at December 31, 2012	1,405,980,000	250,000,000	436,382,864	463,106,627	2,555,469,491
For 2013					
Balance at January 01, 2013	1,405,980,000	250,000,000	436,382,864	463,106,627	2,555,469,491
Depreciation on Revaluation Surplus	-	-	9,936,291	(9,936,291)	-
Net Profit for the year	-	-	363,586,330	-	363,586,330
Issue of Bonus Shares	281,196,000	-	(281,196,000)	-	-
Balance at December 31, 2013	1,687,176,000	250,000,000	528,709,485	453,170,336	2,919,055,821



Managing Director



Director



Company Secretary

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

Dated, Dhaka; April 29, 2014



ATA KHAN & CO.
Chartered Accountants

STATEMENT OF CASH FLOW

For the year ended 31 December 2013

PARTICULARS	Amount in Taka	
	31.12.2013	31.12.2012
A. CASH FLOWS FROM OPERATING ACTIVITIES:	277,525,127	52,878,878
Cash Received from Customers	2,042,322,558	1,646,052,614
Cash Paid for Materials, Expenses and Services	(1,764,797,431)	(1,593,173,736)
B. CASH FLOWS FROM INVESTING ACTIVITIES:	(338,300,444)	(479,609,067)
Acquisition of Fixed Assets	(302,860,692)	(362,506,867)
Expenditures for Capital Work-in-Progress	(35,439,752)	(371,827,200)
Investments disposed/(made)	-	254,725,000
C. CASH FLOWS FROM FINANCING ACTIVITIES:	56,708,840	455,800,574
Bank Overdraft Received	569,113	15,230,860
Issue of Shares at par / a Premium	-	300,000,000
Short Term Bank Credit Received	125,980,445	300,687,645
Long Term Loan (Repaid)	(39,741,366)	(192,641,521)
Share Money Deposit (Adjusted)/ Received	(30,099,352)	32,523,591
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(4,066,477)	29,070,386
E. Cash & Cash equivalents at the beginning of the year	43,224,270	14,153,884
F. Cash & Cash equivalents at the end of the year (D+E)	39,157,793	43,224,270
Operating Cash Flow Per Share	1.64	0.31


Managing Director


Director


Company Secretary

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

Dated, Dhaka; April 29, 2014


ATA KHAN & CO.
Chartered Accountants

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

1. Corporate Business

Generation Next Fashions Limited was incorporated in Bangladesh under the Companies Act, 1994 vide Certificate of Incorporation No-C-53966(661)/2004 dated August 19, 2004, to carry out business of spinning, weaving, manufacturing of textile, various types of ready-made garments of international standard and design. The Company was converted from private company into public company on September 19, 2010 and registered office situated at Building # 348, Road # 05, DOHS Baridhara, Dhaka-1206.

2. Corporate Financial Statements and Reporting

This comprises Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, notes and explanatory materials covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994; Securities and Exchange Rules, 1987; and the International Accounting Standards (IASs)/ International Financial Reporting Standards (IFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

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

The preparation of the financial statements in conformity with the Bangladesh Accounting Standards (BASs)/ Bangladesh Financial Reporting Standards (BFRSs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at the date of the reporting period. Due to the inherent uncertainty involved in making estimates, actual results reported could differ from those estimates.

3. Fundamental Accounting Concepts/ Assumption

The financial statements have been prepared based on Going concern, Consistency and Accrual concepts and such other convention as required by BAS-1 for fair presentation of financial statements.

4. Going Concern

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

5. Corporate Accounting Standards Practiced

The following BAS is applicable to the financial statements for the year under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Cash Flow Statement
BAS 10	Events after the Reporting Period
BAS 12	Income Taxes
BAS 16	Property, Plant And Equipment
BAS 18	Revenue
BAS 19	Employee Benefits
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 33	Earnings Per Share
BAS 34	Interim Financial Reporting
BAS 36	Impairment of Assets
BAS 37	Provisions, Contingent Liabilities and Contingent Assets

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

6. Reporting Period

The period of these financial statements covers from January 01, 2013 to December 31, 2013.

7. Provisions

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

- when the company has an obligation (legal or constructive) as a result of past events;
- when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- reliable estimates can be made of the amount of the obligation.

8. Segmental Reporting

No segmental reporting is applicable for the company as required by BAS 14: Segment Reporting as the Company operates in a single industry segment and within a single geographical segment.

9. Events after the Reporting Period.

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

10. Net profit Before Tax

Net profit before tax for the year were not materially affected by:

- Transactions of a nature not usually undertaken by the company;
- Circumstances of an exceptional or non-recurring nature;
- Changes of credits relating to prior years; and
- Changes in accounting policies.

11. Functional and Presentational (Reporting) Currency

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

Figures in brackets indicate deductions.

12. Comparative Information and Rearrangement Thereof

In accordance with the provisions of BAS-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.

ACCOUNTING POLICIES AND EXPLANATORY NOTES*For the year ended 31 December 2013***13. Historical Cost Profit and Losses**

There was no revaluation of Fixed Assets during the period under review. However, 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 506,889,888.00

14. Principal Accounting Policies

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

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

14.1 Recognition of Tangible Fixed Assets

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

There is no intangible asset 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 the net sales proceeds.

14.2 Depreciation of Tangible Fixed Assets

No depreciation is charged on Land & Land development. Depreciation on all other fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life.

Half-year's depreciation has been charged on additions in respect of date when the related assets are put into use and no depreciation is charged on retirement when the related assets retire.

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

Category of Assets	Rate of Depreciation
Building	2%
Plant & Machinery	5%
Vehicles	10%
Other Assets	10%

14.3 Impairment of assets

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

14.4 Revenue Recognition

Revenue are recognised when goods are delivered from the factory godown and delivery challans are issued as per BAS-18.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

14.5 Accrued Expenses 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.

14.6 Inventories

Inventories comprises of raw materials, Work-in-Process, Finished goods. Raw materials has been valued at cost. Work-in-Process have been valued at prime cost basis as required by BAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at the lower of cost and net realizable value basis. Cost is determined by weighted average method.

14.7 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was insignificant risk of changes in value of the same.

14.8 Cash Flow Statement

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

14.9 Borrowing Costs

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

14.10 Income Taxes

Current Taxes are provided for in accordance with BAS 12: "Income Taxes"; and Income Tax Ordinance, 1984. No deferred taxes are incorporated as the Company accounts for its income tax on the basis of "turnover", not "net profit before tax".

14.11 Earnings Per Share

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

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 year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the period.

The basis of computation of number of shares is in line with the provisions of BAS-33 : Earnings Per Share. Therefore, the total number of shares outstanding at the end of the year multiplied by a time weighting factor which is the number of days the specific shares were outstanding as a proportion of total number of days in the period.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

15. 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.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

(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.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

16. Property, Plant & Equipment: Tk. 1,995,020,753

Particulars	Cost or Valuation			Rate of Dep. (%)	Depreciation			Written down value as on 31.12.2013
	Balance as on 01.01.13	Addition or valuation during the year	Balance as on 31.12.13		Balance as on 01.01.13	Charged during the year	Balance as on 31.12.13	
Land & Land Development	222,985,500	-	222,985,500	-	-	-	-	222,985,500
Building	940,459,656	297,158,260	1,237,617,916	2%	43,545,185	20,909,872	64,455,057	1,173,162,859
Plant & Machinery	763,433,468	1,070,000	764,503,468	5%	170,153,473	29,690,750	199,844,223	564,659,245
Vehicles	19,620,415	-	19,620,415	10%	7,356,260	1,226,415	8,582,675	11,037,740
Other Assets	29,991,049	4,632,432	34,623,481	10%	9,130,384	2,317,688	11,448,072	23,175,409
Total	1,976,490,088	302,860,692	2,279,350,780	-	230,185,302	54,144,725	284,330,027	1,995,020,753
Total as on 31.12.2012	1,613,983,221	362,506,867	1,976,490,088	-	181,093,112	49,092,190	230,185,302	1,746,304,786

	Amount in Taka	
	31.12.2013	31.12.2012
Depreciation charge during the year	54,144,725	49,092,190
Head of Accounts		
Factory Overhead	51,437,489	46,637,581
Administrative Expenses	2,707,236	2,454,609
Total	54,144,725	49,092,190

17 Capital Works-in-Progress

Buildings	954,365,489	918,925,737
Security Building	643,916	643,916
Engineered Steel Building	2,527,497	2,527,497
Drain Line	632,545	632,545
Gas Line and other Installation	13,565,207	13,565,207
Electrical Installation	13,525,912	13,525,912
Water Tanks	628,119	628,119
Deep Tubewell	915,719	915,719
Total	986,804,404	951,364,652

18 Inventories

Raw Materials (Note-18.01)	218,611,478	209,261,748
Work-in-Process (370,166 Kgs; 2012: 316,758 Kgs)	173,648,104	155,962,500
Finished Goods (108,435 Dozens; 2012: 100,570 Dozens)	190,254,600	181,032,222
Materials in Transit	18,457,828	8,463,510
Total	600,972,010	554,719,980

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

		Amount in Taka	
		31.12.2013	31.12.2012
18.1 Raw Materials			
Yarn	(520,871 Kgs; 2012: 458,080 Kgs)	160,845,632	146,585,320
Chemicals	(258,631 Kgs; 2012: 252,837 Kgs)	17,586,943	17,698,625
Accessories		40,178,903	44,977,803
		218,611,478	209,261,748

19 Accounts Receivables

PQS	46,285,765	32,290,051
ASDA Stores Limited	53,764,710	29,890,936
TESCO Stores Limited	129,698,543	60,799,883
TU Clothing	16,110,787	25,214,542
Miles Fashions GMBH	72,734,604	76,338,281
Primark Stores Limited	156,143,191	144,407,662
Impetus Vandillen Asiatex GMBH	25,843,520	41,859,927
ALDI	27,295,857	-
Other Receivables (Note: 19.01)	87,729,135	78,953,621
Cash Subsidy from the Government.	6,434,666	14,600,600
Total	622,040,778	504,355,503

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

Dues upto 6 months	415,902,114	386,808,098
Dues above 6 months	206,138,664	117,547,405
Total	622,040,778	504,355,503

19.01 Other Receivables

E- Family	5,388,840	-
KHQ	6,246,842	7,290,949
Pelican Limited	8,579,922	9,385,876
Basspro	7,139,750	4,256,321
Alok Industries Limited	4,769,531	4,286,300
Hanebrands Europe GMBH	5,026,498	4,569,852
Elegant Team Development Limited	7,205,792	6,481,130
GEBR. Huber GMBH	6,715,750	6,501,236
Poeticgem Limited	8,796,532	8,568,455
Fashions FX Limited	6,696,465	3,036,269
Visage	6,265,584	7,934,534
Alpine	7,232,508	8,971,620
KGB	7,665,121	7,671,079
Total	87,729,135	78,953,621

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

20 Advances, Deposit and Prepayments

		Amount in Taka	
		31.12.2013	31.12.2012
Advances (Note: 20.1)		193,535,562	190,924,321
Deposits		625,704	625,704
Total		194,161,266	191,550,025
These are unsecured, considered good. No amount is due from any directors or related parties.			
Dues upto 6 months		96,865,352	142,319,268
Dues above 6 months		97,295,914	49,230,757
Total		194,161,266	191,550,025
20.1 Advances			
Advance against Salary		3,042,350	1,750,000
Advance Income Tax		49,596,481	31,346,351
Advance against Purchase / Expenses Note: 19.01(a)		26,578,625	19,578,625
Advance against House Rent		680,000	680,000
Advance against IPO		-	26,556,943
Advance against Right Issue		2,510,000	
Advance for Construction & Others Note: 19.01(b)		111,128,106	111,012,402
Total		193,535,562	190,924,321
20.01(a) Advance against Purchase / Expenses			
Mr. Mosaraf (Procurement)		8,569,462	5,585,650
Nokta Accessories		1,400,000	1,680,000
Mehedi Hasan Enterprise		2,946,985	2,869,100
Mr. Munir (Procurement)		2,693,520	2,693,520
Dhaka Traders		2,369,420	1,952,000
Mr. Noman (C & F)		3,897,651	3,111,835
Mahia Enterprise		2,405,167	-
Dayamoy Enterprise		2,296,420	1,686,520
		26,578,625	19,578,625
20.01(b) Advance for Construction & Others			
Brothers Builders		8,512,224	7,896,520
Hasib Thai		9,268,650	9,646,300
Taslina Enterprise		5,687,620	5,546,000
Biplop Enterprise		3,168,225	3,564,360
Royal Marble		9,158,622	9,228,600
Millenium Enterprise		5,236,920	5,564,200
Faruk Eng. Works		9,236,810	9,556,821
Mehedi Enterprise		6,236,940	6,326,500
M/S. Happy Enterprise		8,236,830	8,568,950
Maliha Enterprise		9,538,300	9,538,300
Hott Media		10,000,000	10,000,000
Maa Electronics		3,569,725	3,758,621
M/S. Saleem Sanitary Ent.		9,027,350	9,198,562
M/S. Mohana Enterprise		14,249,890	12,618,668
		111,128,106	111,012,402

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

21 Cash & Cash Equivalents

	Amount in Taka	
	31.12.2013	31.12.2012
Cash in Hand (Note-21.1)	185,127	3,804,490
Cash at Banks (Note-21.2)	38,972,666	39,419,780
Total	39,157,793	43,224,270

21.1 Cash in Hand

Balance in Central Cash	166,988	2,169,250
Balance in Factory Cash	18,139	1,635,240
Total	185,127	3,804,490

21.2 Cash at Banks

Bank Name	A/c Number	Branch Name		
EXIM Bank Ltd	711100009514/711100038467	Gulshan Br.	82,543	83,813
EXIM Bank Ltd	0211100004728/4288	Ahsulia Br.	4,881	4,881
National Bank Ltd	00036000534	Gulshan Br.	23,407	24,067
Prime Bank Ltd	11831020024366	Gulshan Br.	12,247	13,524
Southeast Bank Ltd	101110011987	Gulshan Br.	3,100	261,464
Southeast Bank Ltd	1015600000040	Gulshan Br.	962,001	66,265
Southeast Bank Ltd	1015500000256	Gulshan Br.	5,200	3,755,846
Southeast Bank Ltd	1015200000041	Gulshan Br.	1,543,095	1,643,202
Southeast Bank Ltd	1013100001554	Gulshan Br.	-	409,294
Southeast Bank Ltd	102430049708	Gulshan Br.	33,872,411	-
Standard Bank Ltd	933010404	Gulshan Br.	650	2,375
IFIC Bank Ltd.	1002390905001	Gulshan Br.	18,458	2,468
Jamuna Bank Ltd	00060210017279	Dilkusha Br.	7,616	4,782
BRAC Bank Ltd	1501201918541001	Gulshan Br.	2,228,269	13,641,235
BRAC Bank Ltd	1501201918541002	Gulshan Br.	186,129	18,179,603
BRAC Bank Ltd	1501201918541003	Gulshan Br.	5,040	320,664
BRAC Bank Ltd	1501201918541004	Gulshan Br.	4,800	382,089
BRAC Bank Ltd	1501201918541005	Gulshan Br.	2,819	614,208
Janata Bank Ltd	1020903	Corporate Br.	10,000	10,000
Total			38,972,666	39,419,780

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

22 Accounts & Other Payables

Shimanta Paribahan	256,210	1,232,111
KM Servicing	-	756,020
Trade Media	168,205	468,205
Nahian Enterprise	-	224,600
Salaries and Wages Payable	12,594,320	14,685,260
Other Payables	1,123,806	1,477,654
Total	14,142,541	18,843,850

These are unsecured, payable within one year.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

23 Accrued Expenses

	Amount in Taka	
	31.12.2013	31.12.2012
Audit fee	500,000	500,000
Gas Bill	4,047,845	3,366,387
Workers' Participation/Welfare Funds	34,662,979	15,488,790
Provision for tax (Note: 23.01)	120,902,882	101,005,422
Total	160,113,707	120,360,599

These are unsecured, falling due within one year.

23.01 Provision for tax

Accounting Year	Assessment Year	Amount	Status
2013	2014-2015	19,897,460	Return not yet due
2012	2013-2014	27,644,980	Return filed
2011	2012-2013	36,093,137	Return filed
2010	2011-2012	19,269,787	Assessment Completed
2009	2010-2011	8,582,033	Assessment Completed
2008	2009-2010	4,605,931	Assessment Completed
2007	2008-2009	4,605,623	Assessment Completed
2006	2007-2008	203,931	Assessment Completed
Total		120,902,882	

24 Bank Overdraft

Bank Name	Br Name		
Southeast Bank Ltd. CC A/c 0173300000167	Gulshan Br.	47,007,397	46,438,284
Total		47,007,397	46,438,284

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.

25 Short Term Bank Credits :

Southeast Bank Ltd.:		
Time Loan	576,459,110	519,676,150
Packing Credit	60,485,719	60,319,186
Bill Purchase	167,921,203	123,064,400
Other Loans	187,978,722	163,804,573
Total	992,844,754	866,864,309

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.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

26 Deferred L/C Liabilities

	Amount in Taka	
	31.12.2013	31.12.2012
NRG Knit Composite Mills Ltd	3,482,182	1,660,623
Pakiza Cotton Mills Ltd	7,090,825	11,063,850
Esha Trading	-	3,641,128
Tara Spinning Mills Ltd.	7,343,619	-
BSB Spinning Mills Limited	18,084,551	-
Bangla Plastic Limited	3,456,064	-
Chemtex	2,412,401	-
Gulshan Spinning Mills Limited	-	5,381,168
Tamijuddin Textiles Mills Ltd.	7,907,586	5,998,300
Israq Rotor Spinning Mills Limited	-	4,014,720
YKK BD Pte Limited	-	2,888,804
Fortrust Company Limited	4,985,969	-
Jamuna Spinning Mills Limited	-	12,114,270
Shameem Spinning Mills Limited	-	15,926,040
Other Deferred L/C Liabilities	6,596,543	7,380,017
Total	61,359,740	70,068,920

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

27 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.

Bank Name	A/C No.	Branch		
BRAC Bank Ltd	1501201918541001	Gulshan Br.	2,228,269	13,641,235.37
BRAC Bank Ltd	1501201918541002	Gulshan Br.	186,129	18,179,602.74
BRAC Bank Ltd	1501201918541003	Gulshan Br.	5,040	320,664.00
BRAC Bank Ltd	1501201918541004	Gulshan Br.	4,800	382,088.72
			2,424,238	32,523,591

28 Long Term Bank Loans (Current Portion)

Current portion of Long Term Bank Loans Tk.118,386,660 (2012; Tk.60,000,000) has been shown under the head Current Liabilities which is payable within December-2014.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

29 Share Capital

29.1 Authorised Capital

400,000,000 Ordinary shares of Tk.10/- each

4,000,000,000

2,000,000,000

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

111,885,000 Ordinary Shares of Tk. 10/- each issued for cash

1,118,850,000

1,118,850,000

56,832,600 Bonus Shares of Tk.10/- each

568,326,000

287,130,000

1,687,176,000**1,405,980,000**

The Shareholding position of the Company are as under :

Name of Shareholders	No. of Shares	Percentages (%)	Amount (Tk.)
Mr. Tauhidul Islam Chaudhury	8,660,949	5.13	86,609,490
Shaheen Akhter Chaudhury	108,470	0.06	1,084,700
Mr. Rajiv Sethi	3,374,352	2.00	33,743,520
Mr. Javed Opgenhaffen	9,310,091	5.52	93,100,910
New England Equity Ltd.	18,720,000	11.10	187,200,000
Mr. Mohd. Akhter	11,812,290	7.00	118,122,900
Others	116,731,448	69.19	1,167,314,480
Total	168,717,600	100.00	1,687,176,000

Particulars	No. of Sahreholders	No. Of Shares	Amount in Taka	Percentage
Less than 500 Shares	5,667	1,391,488	13,914,880	0.82
501 to 5,000 Shares	9,052	13,773,469	137,734,690	8.16
5,001 to 10,000 Shares	993	7,863,240	78,632,400	4.67
10,001 to 20,000 Shares	578	8,737,517	87,375,170	5.18
20,001 to 30,000 Shares	212	5,432,580	54,325,800	3.22
30,001 to 40,000 Shares	109	3,854,940	38,549,400	2.28
40,001 to 50,000 Shares	90	4,217,280	42,172,800	2.50
50,001 to 100,000 Shares	140	10,333,840	103,338,400	6.12
100,001 to 1,000,000 Shares	133	31,123,022	311,230,220	18.45
Above 1,000,000 Shares	18	81,990,224	819,902,240	48.60
	16,992	168,717,600	1,687,176,000	100.00

30 Revaluation Surplus

Land & Land Development
Building
Plant & Machinery

136,740,234
230,639,221
139,510,433

136,740,234
230,639,221
139,510,433

506,889,888**506,889,888****Less: Depreciation on Revaluation Surplus****53,719,552****-****Total****453,170,336****506,889,888**

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

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.

	Amount in Taka	
	31.12.2013	31.12.2012

31 Retained Earnings

Opening Balance	392,599,603	344,903,991
Less: Prior Year Adjustments for Income Tax	-	(105,203)
Add: Current Year Profit	363,586,330	282,130,815
	756,185,933	626,929,603
Add: Depreciation on Revaluation Surplus	53,719,552	-
	809,905,485	626,929,603
Less: Bonus Share Issue	281,196,000	234,330,000
Closing Balance	528,709,485	392,599,603

32 Long Term Loans

Particulars	Bank Name		
Term Loan	Southeast Bank	122,287,146	218,899,572
Car Loan	UCBL	-	267,600
Car Loan	Prime Bank	469,000	1,093,000
Car Loan	BRAC Bank	66,000	690,000
Total		122,822,146	220,950,172

These 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

16.00% p.a. with Quarterly rests subject to revision from time to time.
Long Term Loan 15.50% p.a. with Quarterly rests subject to revision from time to time.

Time Loan , Packing Credit & Bill Purchase

Time Loan : 16.50% 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 : 17.00% p.a. with Quarterly rests subject to revision from time to time

33 Sales Revenue

Export Sales Revenue is recognised for 1,094,506 Dozens at USD 27,362,898.56 @ average Tk.77.98 equivalent to Tk.2,133,758,830 (2012: 861,156 Dozens at USD 20,667,752.41 @ average Tk.81.00 equivalent to Tk.1,674,087,945) when delivery challan is issued.

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

34 Cost of Goods Sold

		Amount in Taka	
		31.12.2013	31.12.2012
Opening Stock of Raw Materials		209,261,748	189,261,748
Add: Purchases (Note : 34.01)		1,231,551,678	940,900,528
Less: Closing Stock of Raw Materials (Note : 18.01)		218,611,478	209,261,748
Material Consumed		1,222,201,948	920,900,528
Add: Direct Labour		180,407,941	150,358,298
Prime Cost		1,402,609,889	1,071,258,826
Add: Factory Overhead (Note : 34.02)		92,411,180	88,942,684
Cost of Manufacturing		1,495,021,069	1,160,201,510
Add: Opening Work-In-Process (Note: 18.00)		155,962,500	141,962,500
Less: Closing Work-In-Process (Note: 18.00)		173,648,104	155,962,500
Cost of Goods Manufactured		1,477,335,465	1,146,201,510
Add: Opening Stock of Finished Goods (Note: 18.00)		181,032,222	162,845,300
Less: Closing Stock of Finished Goods (Note: 18.00)		190,254,600	181,032,222
Cost of Goods Sold		1,468,113,087	1,128,014,588
34.01 Purchases of Raw Materials			
Yarn (2,635,069 Kgs; 2012: 1,943,647 Kgs)		813,711,578	621,966,894
Chemicals (1,768,954 Kgs; 2012: 1,069,650 Kgs)		120,288,904	74,875,560
Accessories		297,551,196	244,058,074
Total		1,231,551,678	940,900,528
34.02 Factory Overhead			
Rent		240,000	240,000
Security Service		3,686,138	3,449,665
Depreciation		51,437,489	46,637,581
Utility Charges		24,726,583	21,748,532
Transport		4,102,462	4,036,162
Repair and Maintenance		1,456,226	1,491,184
Fuel & Lubricant		1,021,010	4,245,376
Carriage Inward		712,526	771,289
Overtime and Similar Allowance		1,471,679	1,512,427
Labour Bill		353,525	342,023
Other Expenses		3,203,542	4,468,445
Total		92,411,180	88,942,684
34.03	CIF costs of imported items from aboard aggregated	175,372,959	124,010,690

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

35 Administrative & Selling Expenses

	Amount in Taka	
	31.12.2013	31.12.2012
Staff Salaries	47,106,893	45,282,328
Directors' Remuneration	6,000,000	6,000,000
Bonus	2,746,350	2,691,260
Air Freight Charge	621,844	771,438
Buying House Expenses	405,652	411,302
Utility Charge	610,478	508,464
Entertainment	428,530	158,250
C & F Charges	3,846,467	3,628,506
Courier & Postage	520,850	400,547
Telephone and Other	470,321	612,530
Office Rent	1,320,000	1,320,000
Service Charges	289,800	180,860
Car Rent and Other Expenses	2,313,757	2,090,000
Depreciation	2,707,236	2,454,609
Insurance Premium	3,239,702	3,437,888
Annual Audit Fee	500,000	500,000
Professional, Consultancy and Other Audit fee	980,000	300,300
Traveling & Conveyance	1,420,525	865,245
Stationery	530,304	681,456
Fuel & Lubricant	1,827,789	1,209,195
Carriage Outward	1,345,620	1,196,557
Advertisement	984,051	430,000
License & Renewals	267,900	412,760
Commercial Expenses	1,774,033	1,658,430
Business Development Expenses	355,460	1,448,000
AGM and EGM Expenses	1,544,495	
Exchange Loss/Gain	3,408,302	4,053,791
Donation	244,200	-
Other Expenses	648,621	1,676,490
	88,459,180	84,380,206

36 Other Income

Income from Cash Incentive	13,424,839	18,414,596
Other Revenues	845,692	1,485,914
Interest on Investment and Deposits	6,146,567	52,394,347
Total	20,417,098	72,294,857

37 Financial Expenses

Bank Charges	15,599,237	18,913,797
Interest on Time Loan	97,817,227	80,043,391
Interest on Packing Credit	6,768,194	5,784,540
Interest on Term Loan	41,102,452	75,673,399
Interest on Bill Purchase	9,463,356	4,834,922
Interest on Forced Loan	30,027,120	28,927,599
Total	200,777,586	214,177,648

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

38 Provision for Income Tax

Particulars	Amount	Rate	Tax Amount
Export from Jan 01 to Dec 31, 2013	2,133,758,830	0.80%	17,070,071
Sub-Contract Revenue	5,831,905	4%	233,276
Income from Cash Incentive	13,424,839	5%	671,242
Other Revenues	845,692	27.50%	232,565
Interest on Investment and Deposits	6,146,567	27.50%	1,690,306
			19,897,460

39 Earning Per Share (EPS)

Earning Per Share (EPS)	=	Basic Earning	
		No. of Shares	
		363,586,330	282,130,815
		168,717,600	168,717,600
	=	2.15	=1.30

40 EPS From Recurring Income

Earning Per Share (EPS)	=	Earning from recurring income	
		No. of Shares	
		357,439,763	229,736,468
		168,717,600	168,717,600
	=	2.12	=1.36

41 EPS From Non-Recurring Income

Earning Per Share (EPS)	=	Earning from non-recurring income	
		No. of Shares	
		6,146,567	52,394,347
		168,717,600	168,717,600
	=	0.03	=0.31

ACCOUNTING POLICIES AND EXPLANATORY NOTES*For the year ended 31 December 2013***42 Capital Expenditure Commitment**

There was no capital expenditure contracted but not incurred or provided for as on 31.12.2013
 There was no material Capital expenditure authorised by the Board but not contracted for as on 31.12.2013

43 Contingent Liabilities

There was no sum for which the Company is contingently liable as on 31.12.2013

44 Claims not Acknowledged

There was no claim against the Company not acknowledged as debt as on 31.12.2013

45 Credit Facilities Availed

Credit facilities available were to the Company from banks as on 31.12.2013 and Trade Credit available in the ordinary course of business. No other credit facilities were available to the Company as on 31.12.2013

46 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 December 31, 2013

47 Events after the Reporting Period.

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

48 Employees

Number of employees whose salary was below Tk. 6,000 is 1226 as on 31.12.2013
 Number of employees whose salary was above Tk. 6,000 is 1629 as on 31.12.2013

49 Related Parties Transactions

There were no related parties transactions, except regarding share capital, during the year ended December 31, 2013.

50 Capacity Utilisation

Particulars	Capacity	Actual Production	Percentage
Garments *	1,310,000 Dozens	1,192,682 Dozens	91%
Fabrics	5,000 MT	3,750 MT	75%
Dyeing	5000 MT	3,750 MT	75%

Reason: Actual production as per market demand

* Based on present product mix

ACCOUNTING POLICIES AND EXPLANATORY NOTES

For the year ended 31 December 2013

51 Managerial Remuneration

- 51.01** Total remuneration of managers aggregates during the year ended December 31, 2013 at Tk.28,728,136 (2012; Tk.27,199,498)
- 51.02** Total remuneration of the CEO/Managing Director for the year ended December 31, 2013 stood at Tk. 1,200,000 (2012; Tk.1,200,000)



Managing Director



Director



Company Secretary

EFFLUENT TREATMENT PLANT ETP





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OPERATIONAL OFFICE & FACTORY

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