



ANNUAL
REPORT
2020 -2021



R.N. Spinning Mills Ltd.

(A Joint Venture Largest Acrylic & Cotton Spinning Mills)



OUR VISION

R.N. Spinning Mills Ltd. shall remain as Bangladesh local market leader in the Acrylic and Cotton yarn manufacturing industry. The company consistently delivering world class products ensuring best customer satisfaction through continuous value added services provided by highly professional, foreign technician and committed team. Becoming a reliable business partner of our Customers and Suppliers.

Protect the interest of our shareholders through sustainable growth and value creation. Preserve the trust of all stakeholders by adopting ethical business practices. Support the society through Corporate Social Responsibility initiatives.



OUR MISSION

To protect and ensure interest of shareholders, investors, stakeholders and the society at large by achieving target setting of the company as well as remain as socially committed ethical Company.



OUR SPIRIT

We undertake our quest with the enthusiasm of entrepreneurs, excited by the constantly search for innovation. We value performance achieved with integrity. We attain success as world-class leader with each and every one of our people contributing with passion and an unmatched senses of urgency.

OUR OBJECTIVES

Our corporate objective is to outperform the peers in terms of longevity, customer service, revenue growth, earnings and cash generation.

We will be the employer of choice for all existing and future employees.

Permanently, our objectives are to conduct transparent business operation within the legal & social frame work with aims to attain the mission reflected by our vision.



OUR STRATEGIES

Our strategy is to build long term partnership with the customers. With their support, we aim to maximize the potential of our business through a combination of enhanced quality of product and service, curative marketing, competitive pricing and cost efficiency.

THE COMPANY

R.N. Spinning Mills Ltd. was one of the highest contributor in the sector of Acrylic & Cotton yarn production in Bangladesh. The rational object came in the mind of its founders in 2003 to ensure value addition within the country by addition of backward linkage of Sweater Industries. Though this sector generated in Bangladesh in 1986 but from the beginning 100% raw materials of Sweater Industry is being imported from different foreign Countries, it means our industrial development as well as economic change completely depend on foreign countries only due to raw materials.

To cover-up the backward linkage as well as increase value addition and decrease lead time of raw materials supply to Sweater Industries in Bangladesh, the sponsors of the Company had decided to establish an Acrylic & Cotton Spinning Mills.

In sequence of that, R.N. Spinning Mills Ltd. incorporated in November 2004 as a private limited Company and location of the project has been selected in Comilla Export Processing Zone by taking allotment of 16 industrial plots from BEPZA. But it was the very initial stage of producing acrylic in Bangladesh history. Thereafter R.N. Spinning Mills Ltd. converted into Public Limited Company in February 2007. In 2018-2019, the Company operated as one of the biggest project of the Country in Acrylic & Cotton yarn production sector involving 30,000 spindles of machine capacity in Acrylic as well as 41,040 spindles of machine capacity in Cotton yarn production having employment opportunities around 1,700 persons.

R.N. Spinning Mills Ltd. is/was committed for manufacturing, delivering and servicing of high quality of different types of acrylic and cotton yarn to its customer. The object of R.N. Spinning Mills Ltd. is continuously improving its products and services to satisfy the needs of its customers. All employees of the company are expected to conform to these corporate quality needs of the customers. The management is committed to supply all resources and logistic support to attain the corporate quality policy.

A massive fire incident has been occurred on 8th April, 2019 at the factory of R.N. Spinning Mills Ltd. at Comilla EPZ. Company's factory including building and other constructions, raw materials and finished yarns in the factory, plant and machineries etc. were damaged by the fire incident. Company's production has been shut down since the date of fire incident. The Board of Directors has utmost intention to reconstruct the buildings and import & install new machineries for going to production by disposing of the fire damaged structures and machineries in the EPZ Cumilla and also outside of the EPZ. No assessment has been finalized yet from the insurance company and there is no estimation to be recovered from the insurance company as on the date of authorization of the financial statements. However, management intends to restore the entire plant after necessary financing arrangements once necessary formalities from Comilla EPZ and other regulatory authorities is obtained for Cumilla EPZ factory. On the other hand, in addition to the decision for Cumilla EPZ factory, the company management will step ahead for resumption of operation at outside the EPZ as it was decided in the last year's AGM.

OUR PHILOSOPHY

Business is always a dynamic and diversification process. We strive to be at the fore front of change in fashion and trend setting while in continuous pursuit of quality and commitments through total customers focus in all operational areas.

We shall remain as the benchmark in the yarn industry field by:

Delivering world class products ensuring best customer satisfaction through continuous value added services provided by local and foreign highly professional and committed team.

Faith in individual potentiality respect to human values.

Accepting changes as a way of life.

Strict adherence to financial and administrative principles.

That's why we have based our production and marketing philosophy on three basic principles- Stability, Quality and Efficiency.

Picture of 16th Annual General Meeting 2019-2020



Photo Gallery

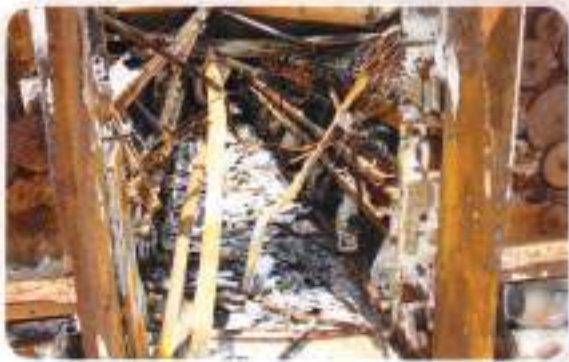


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Transmittal Letter

November 25, 2021

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

Subject: Annual Report for the financial year ended on June 30, 2021.

Dear Sir(s),

We are pleased to enclose herewith a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at 30th June 2021, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the financial year ended on 30th June 2021 along with notes thereon for your reference and record.

Sincerely Yours,

Sd/-

A. Raquibul Islam
Company Secretary

Notice of the 17th Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the shareholders of R.N. Spinning Mills Ltd. will be held on December 21, 2021 (Tuesday) at 11:30 a.m. at Jam Jam Hotel & Resort Hall, Shankerpur, Cumilla to transact the following business:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 30th June, 2021 together with reports of the Auditors and the Directors thereon.
2. To declare No Dividend for the financial year ended on 30th June 2021 as recommended by the Board of Directors.
3. To consider the election/re-election of Directors.
4. To appoint Auditors for the financial year 2021-2022 and to fix their remuneration.
5. To consider the restart of factory and means of finance thereof.
6. To transact any other business of the Company with the permission of the Chair.

Place: Dhaka

Dated: October 27, 2021

By order of the Board,

Sd/-

(A. Raquibul Islam)

Company Secretary

Notes:

- (1) The Record Date of the Company shall be on November 25, 2021 (Thursday).
- (2) The Shareholders whose name will appear in the Share Register of the Company or in the Depository on the record date i.e. November 25, 2021, will be entitled to attend at the 17th Annual General Meeting and to entitle the dividend, if any.
- (3) A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Share Office at Corporate Office: House # 11 (5th Floor) Unit # 5-B, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212 through e-mail: rnspringing@gmail.com not later than 48 hours before the time fixed for the meeting.
- (4) Written queries, if any, expected to be replied at the 17th Annual General Meeting on the Directors' and Auditors' Reports and Audited Accounts for the year ended June 30, 2021 should reach at the share department of the company at least 3 days before the meeting for the sake of convenience of appropriate explanation.
- (5) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).
- (6) As per notification of BSEC, the soft copy of Annual Report will be sent to the shareholders' e-mail address available in their BO Accounts maintained by the Depository Participant (DP). The soft copy of Annual Report for FY 2020-21 and Proxy Form will also be available in the company's website at www.rnspinningmills.com. The shareholders may also collect the printed copy of Annual Report FY 2020-21 from the share department of the company.
- (7) In case of e-voting, shareholders may visit through the link <http://agm.rnspinningmills.com/> which will remain open for e-voting (if any) prior from 24 hours of the meeting and continue until closure of the meeting.
- (8) No gift or benefit in cash or kind shall be paid to the holders of equity securities as per Bangladesh Securities & Exchange Commission Notification No. SEC/CMRRCD/2009-193/154 dated 24 October 2013.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman	: Mr. Md. Humayun Kabir (Rep. of M.L. Dyeing Ltd.)
Managing Director	: Mr. Md. Abul Kashem
Director	: Mr. Md. Abdul Kader Faruk
Director	: Mr. Md. Obaydul Huq (Rep. of F & S Industries Limited)
Director	: Mrs. Shirin Faruk
Independent Director	: Mr. Omar Faruque

AUDIT COMMITTEE

Chairman	: Mr. Omar Faruque
Member	: Mr. Md. Obaydul Huq
Member	: Mrs. Shirin Faruk
Member Secretary	: Mr. A. Raquibul Islam

NOMINATION & REMUNERATION COMMITTEE (NRC)

Chairman	: Mr. Omar Faruque
Member	: Mrs. Shirin Faruk
Member	: Mr. Md. Abdul Kader Faruk
Member Secretary	: Mr. A. Raquibul Islam

SENIOR CORPORATE OFFICIALS

Chief Executive Officer	: Mr. Md. Abul Kashem
Chief Financial Officer	: Mr. Muhammed Mizanur Rahman
Company Secretary	: Mr. A. Raquibul Islam
Head of Internal Audit	: Mr. Md. Mizanur Rahman

LEGAL ADVISOR

Md. Anwar Zahid Bhuiyan (Advocate), MA, LLB
Head of the Chamber: Md. Anwar Zahid Bhuiyan & Associates
Address: Flat – 703, Sylcon Villa, 8/1, Segun Bagicha, Dhaka-1000.
Phone: 47115069, Mobile: 01819-141084
Email: anwar.zahid56@yahoo.com

STATUTORY AUDITORS

Kazi Zahir Khan & Co.

(An associate firm of EHK Consulting)

Chartered Accountants

Shamsunnahar Complex, 8th Floor (2nd Lift), Flat-9B, 31/C/1, Topkhana Road,
Segunbagicha, Dhaka-1000.

Phone: +88-02-57160824, 57160821

Mobile: 01713-013955

Email:kzkc48@gmail.com, kzkc_bd@yahoo.com

CORPORATE OFFICE

House # 11, 5th Floor, Unit # 5B, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212,
Bangladesh

REGISTERED OFFICE & FACTORY

Plot # 100-107 & 127-134, Comilla Export Processing Zone, Comilla, Bangladesh

WEBSITE

www.rnspinningmills.com

BANKERS

SBAC BANK LIMITED, PRINCIPAL BRANCH, MOTIJHEEL, DHAKA.

SOCIAL ISLAMI BANK LIMITED, PRINCIPAL OFFICE BRANCH, DILKUSHA, DHAKA.

JAMUNA BANK LTD., FOREIGN EXCHANGE BRANCH, MOTIJHEEL, DHAKA.

JAMUNA BANK LTD., COMILLA BRANCH, COMILLA.

WOORI BANK, LOCAL OFFICE, GULSHAN, DHAKA.

LISTING WITH

- Dhaka Stock Exchange Ltd. (DSE)
- Chittagong Stock Exchange Ltd. (CSE)

CORPORATE ACHIEVEMENTS

1. Year of Incorporation: 2004
2. Year of Commercial Operation: 2007
3. Year of Conversion to Public Limited Company: 2007
4. Year of Listing with Dhaka Stock Exchange Ltd. (DSE): 2010
5. Year of Listing with Chittagong Stock Exchange Ltd. (CSE): 2010
6. Year of Expansion of Cotton Plant: 2013 & 2016
7. Authorized Capital: BDT 5000 Million

PROFILE OF DIRECTORS

Mr. Md. Humayun Kabir

Chairman (Nominated Director of M.L. Dyeing Ltd.)

Mr. Md. Humayun Kabir, MBA (DU), aged 54, is the Chairman of the company. He has more than 30 years of experiences in Garments & Textile Industry. He is an Executive Director of M.L. Dyeing Limited. He has visited many countries of the world in connection of business and has bagged to his credit a vast experience and knowledge in modern method, technology, production, marketing and management techniques of textiles industries by attaching several courses/ seminars and visiting similar industrial concerns of the world. He engaged himself in various social activities.



Mr. Md. Abul Kashem

Managing Director & CEO

Mr. Md. Abul Kashem, is the Managing Director & CEO of the company. After completion of his education, he has engaged himself in textile sector and gather vast knowledge and experiences in terms of operations, administration and establishment in this sector. He is a very renowned experienced professional in textile sector of Bangladesh. He has gathered huge experience and knowledge in Modern Methods, Technology, Production and Marketing & Management techniques of textile industries.



Md. Abdul Kader Faruk,

Director

Md. Abdul Kader Faruk aged 61, Director of the Company born in well-known business family in 1959 in Barisal. After completion of Master's Degree, he engages himself in business. He became a successful business man in short time of his business career with his sincerity, honesty, conceptual and practical problem solving minded. During his tenor of business career, he gained business techniques in textile spinning and its manufacturing, operating, marketing and controlling systems. Mr. Faruk is associated with and donors of a number of schools, colleges and different social welfare organizations. He is well acquainted international scenario because of his business tours in many countries including America, Japan, China, India, German, U.K., Australia, Saudi Arabia, Hong Kong, Singapore and many other countries.



**Mrs. Shirin Faruk,
Director**

Mrs. Shirin Faruk, aged 55, is a Director of the company. She started her career as an officer in a Jute Spinning Mills after completion of Master degree. After gaining technical details and production & factory labor administration of spinning mills, she join in her family business. She is the founder of Aysha Memorial - A health care organization of distress woman and she is associated with and donors of many schools, colleges and different social -welfare organizations. She has traveled many countries like U.K, Malaysia, Singapore, Saudi Arabia etc. She is well knowledged in yarn quality, technical details of spinning machinery and general production process & administration.



**Mr. Md. Obaydul Huq,
Director (Nominated Director of F & S Industries Limited)**

Mr. Md. Obaydul Huq, aged 35, is a Director of the company. After completion of Master degree, he engaged himself as a commercial officer in garments and textile industry. During his service career, he plays important roles in different department in garments and textile industry. He appointed as a Director in R.N. Spinning Mills Ltd. as a nominated Director of F & S Industries Limited. He is familiar with yarn quality, technical details of spinning machinery and general production process. He is a man of target oriented, problem solving minded and properly equipped with modern tools & technique to challenge business environment and able to attain business object.



**Mr. Omar Fauque,
Independent Director**

Mr. Omar Faruque, aged 64, is the Independent Director of the company. After completion of M.Com in Management from the University of Dhaka and CA (CC), he started his career in private sector and worked as Head of Accounts and Finance. During 37 years of his professional career, he had worked in different group of companies in senior positions including Executive Director, CEO etc. He had worked as Chief Executive Officer (CEO) in Dana Sweater Industries Ltd., a concern of Dana Group. During the long services given by him to the profession, he engaged himself in garments & textile sector and gathered vast knowledge in financial and administrative arena in different industries. He is a knowledgeable person who is not involved with any sponsors/shareholders of the Company.



Dated: October 24, 2021

To: The Board of Directors, R.N. Spinning Mills Ltd.

From: The Audit Committee

Subject: Report of the Audit Committee.

The Audit Committee of R.N. Spinning Mills Ltd. is appointed by the Board of Directors, as recommended by Bangladesh Securities and Exchange Commission (BSEC) notification. The Audit Committee ensuring good governance of the Company and it is a sub-committee of the Board. The Audit Committee consists of four members, of which one is independent director who is chairperson of the committee.

The Composition of the Audit Committee

The terms of reference of Audit Committee has been set up by the Board of Directors in accordance with BSEC notification. The existing members of the committee are:

Chairman	: Mr. Omar Faruque
Member	: Mr. Md. Obaydul Huq
Member	: Mrs. Shirin Faruk
Member Secretary	: Mr. A. Raquibul Islam

Four (4) meetings of Audit Committee were held during the year under review. In all meetings internal auditor gave presentation to the committee which covered internal audit plan, number of audit carried out during the year, audit observations, audit recommendations and status of its implementation. Audit Committee also met external auditor to discuss their observations on statutory audit and their recommendations for improvement.

Role of Audit Committee

The Audit Committee is empowered with Boards oversight responsibility to investigate any activity within its terms of reference. The Committee reports to Board of Directors as per terms of reference, on the activities assigned. The role of the committee includes:

- Review the financial statement with respect to presentation, disclosure and accuracy of data.
- Monitor and review effectiveness of internal and external audit.
- Review effectiveness of the financial internal control of the Company.
- Review effectiveness of risk management system of the Company.
- Review ethical standard and procedures to ensure compliance with regulatory and financial reporting requirements.
- Any other activities as per audit committee charter.

Meeting

There were four meetings during the period. The quorum shall be not less than two directors, one of whom, at least, shall be independent director. The audit committee may invite such other person (e.g., the CFO, internal auditor) to its meetings, as it deems necessary. The external auditor shall sometimes, normally attend the meetings of the committee at which it communicates audit risks and planning and the full year results. Company Secretary shall act as the secretary of the committee.

Activities carried out by the Audit Committee:

Audit Committee acted as per guideline mentioned in the charter of the Committee. The Committee reviewed effectiveness of internal control and external audit procedures and reports thereon and regularly updates the Board of Directors on their observations and status of control environment. The members of Committee were apprised duly by:

- The external auditor on accounting policies, internal controls, compliance of statutory provisions of law and other regulatory authorities, Compliance of IAS and IFRS and appropriateness of disclosure in the Financial Statements. The committee reviewed the audit findings and management responses.
- The Chief Financial Officer on financial performance of the Company for the period under review.

Reporting

The Audit Committee of R.N. Spinning Mills Ltd. oversees the financial reporting process on behalf of the Board of Directors of the Company. The committee reviewed and discussed the financial statements and related schedules with the Company management, accounting principles, control procedures, procedure and task of the internal audit and the external auditors' observations in their reports on the draft financial statements and significant judgment on the preparation & presentation of financial reports of the Company for the financial year ended on 30th June, 2021.

In fulfilling its oversight responsibilities, the Committee discussed with the Company's internal Auditors and Statutory Auditors about the overall scope and plans for their respective audit works. The Committee met with internal auditors, external auditors and management to discuss for the results of their examinations and for their evaluation of the Company's internal control and overall quality of the Company's financial reporting.

Pursuant to condition # 5(6)(a) of the Corporate Governance Code-2018 issued by BSEC, the Committee reports that it did not find any conflict of interest, any fraud, irregularity or material defect in the internal control system. There also are no infringement of laws, rules and regulations. After due verification Audit Committee formed the opinion that adequate financial control and procedures are in place to provide reasonable assurance that the Company's resources are safeguarded and the financial position of the Company is well managed.

On behalf of the Audit Committee.

Sd/-

Omar Faruque

Chairman

Audit Committee

R.N. Spinning Mills Ltd.

R.N. SPINNING MILLS LTD.

Declaration by CEO & CFO

R.N. Spinning Mills Limited

27 October 2021

The Board of Directors
R.N. Spinning Mills Ltd.
House-11, Unit-5B, 5th Floor
Niketon, Gulshan-1, Dhaka- 1212

Subject: Declaration on Financial Statements for the year ended on 30 June, 2021.

Dear Sir(s),

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

(1) The Financial Statements of R.N. Spinning Mills Ltd. for the year ended on 30 June, 2021 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;

(2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;

(3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;

(4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;

(5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and

(6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exist no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern except the following:

“As the company's production plants have been destroyed by fire and company's production have been shut down since the date of fire incident i.e.; 8th April, 2019 and the Board of Directors has utmost intention to reconstruct the buildings and import & install new machineries for going to production by disposing of the fire damaged structures and machineries. Company management has already opened some machinery's L/C with the intention to restore the entire plant whereas necessary financing arrangements, necessary formalities from Comilla EPZ and other regulatory authorities is to obtain and however the management of the company adopted the

going concern concept in preparing and presenting this financial statements. The company has now limited available assets to reconstruct the buildings and import & install new machineries for going to production. To restart, necessary financing may be required by otherwise financing arrangement(s) if the claim from insurance company does not fulfill the requirements.”

In this regard, we also certify that:-

(i) We have reviewed the financial statements for the year ended on 30 June, 2021 and that to the best of our knowledge and belief:

(a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(b) these statements collectively present true and fair view of the Company’s affairs and are in compliance with existing accounting standards and applicable laws.

(ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company’s Board of Directors or its members.

Sincerely yours,

-Sd-

Md. Abul Kashem
Managing Director & CEO

-Sd-

Muhammed Mizanur Rahman
Chief Financial Officer

Message from the Chairman

Bismillahir Rahmanir Rahim,

Dear Shareholders,
Assalamu Alykum,

Good Morning. On behalf of myself and the Board of Directors, I feel delighted to welcome you all to this 17th Annual General Meeting of your Company. It is my pleasure to present before you the Audited Financial Statements, Auditors Report and Directors Report for the financial year ended on 30th June 2021.



In the financial year ended on 30th June 2021, the operating results showing adverse alike to the previous year (30th June 2020) in spite of prevailing a serious adverse impact of COVID 19 in the year of 2020-2021. However, the impact of COVID 19 had left a deep injury on the body of business operation with breakdown of supply chain system, out-sourcing mechanism and operational morality with survival crisis and the impact of which may leave a long lingering threat to business culture of our society with horrible consequences. Company's sales and profitability have been decreased in the year of 2020-2021 comparing to the previous year because of shut down of factory throughout the year since 8 April 2019 due to fire incident.

Despite to all the obstacles and to protect the implied adverse business situation, the company board and management consistently and principally agreed and afforded to step ahead for ensuring the best possible outcomes to maximize the stakeholders' best interest to be reached. The company had equipped with production capacities in cotton plant by 41,040 spindles and in acrylic plant by 30,000 spindles during 2018-2019. Total capacity in acrylic and cotton plant was 30.00 ton and 22.00 ton per day respectively. But on the date of 8th April, 2019, a massive fire accident occurred in the factory at Comilla EPZ which drastically destroyed the production plants, inventories and other supported facilities which caused a tremendous injury to the company's stability and onward journey. The Board of Directors has utmost intention to reconstruct the buildings and import & install new machineries for going to production by disposing of the fire damaged structures and machineries but management intends to restore the entire plant after necessary financing arrangements once necessary formalities from Comilla EPZ and other regulatory authorities is obtained and for this reason the management of the company adopted the going concern concept in preparing and presenting this financial statements.

Due to post fire operational activities, shut down of factory, worldwide impact of prevailing COVID-19 pandemic, the company faces difficulties while disposal of inventories including raw materials at a comparatively low price for customers reluctance, but to sell as well as staff and workers termination benefit, huge financial expenses creating the loss which collectively impacted by declining revenue and sustainability of the company business. Therefore NAV, EPS, NOCFPS, revenue, other operation results and performance have been adversely affected.

The company has been affected by global impact of COVID-19 pandemic. Disposal of fire damaged from the factory premises is required where the factory building to be constructed further. Due to COVID-19 effect, fire damaged disposal process as well as related authority's approval thereon has been delayed and deferred due to maintaining dispersal and closure of respective regulatory authority's offices. Necessary financing in short run has been uncertain from the financiers due to global impact of COVID-19. However the company management believes that the company will be able to arrange the necessary financing for restart of factory despite of ongoing adverse situations.

Approval from authorities including BEPZA, Customs, Fire Service and Civil Defense, Insurance Company have been obtained for fire damaged disposal from factory premises and damaged disposal is still going on. It has been estimated that the company may be able to start reconstruction of factory building and structures shortly once completion of fire damaged disposal and necessary financing arrangements thereon. Meantime, building drawing approval has already been obtained from BEPZA for onward start of construction and also some letter of credit (LC) have been opened for importing machineries to start the production process as early as possible. On the other hand, in addition to the decision for Cumilla EPZ factory, the company management will step ahead for resumption of operation at outside the EPZ as it was decided in the last year's AGM. The new location has been decided to choose at Rugganj, Narayanganj or Bhabanipur, Gazipur.

You, the shareholders of the company in 11th Extra-ordinary General Meeting (EGM) dated 19 July, 2020 has decided to reduce Company's paid up share capital @ 7:1 i.e.; 1 (one) ordinary share to be issued to the existing shareholders against existing 7 (seven) ordinary shares of Tk. 10 each held subject to approval of the competent Honorable Court as per section 59 read with section 60 of the Companies Act, 1994 and approval of Bangladesh Securities and Exchange Commission (BSEC) and other concerned legal & regulatory authorities. After reduction of ordinary paid up share capital by Tk.336,46,70,010 divided into 33,64,67,001 ordinary shares of Tk. 10 each from existing ordinary paid up share capital Tk.392,54,48,340 divided into 39,25,44,834 ordinary shares of Tk. 10 each, the restructured ordinary paid up share capital will be Tk. 56,07,78,330 divided into 5,60,77,833 ordinary shares of Tk. 10 each. The capital reduction matter is on proceeding at the end of Honorable High Court.

I would like to express my sincere thanks to our respected shareholders for extending continuous support and confidence on the Board of Directors of the Company. I would also like to place on record my appreciation of thanks to our bankers and financial institutions, BEPZA, BSEC, DSE, CSE, RJSC, Suppliers, Customers and other stakeholders with whom we have been interacted in course of business for their continuous support throughout these challenging times. The success we have achieved so far was only possible because of the collective efforts of all concerned. Once again, I convey my heartiest thanks to all our stakeholders and look forward their continued support and co-operation in future.

Finally, my gratitude goes out to each and every loyal staff and management team member of the company for their efforts despite adverse external factors, to sustain high service levels and support the company with their hard work, dedication and loyalty.

Thanking you all with wishes of healthy and prosperous life.



Md. Humayun Kabir
Chairman
R.N. Spinning Mills Ltd.

Message from the Managing Director & CEO

Bismillahir Rahmanir Rahim

**Dear Shareholders,
Assalamu Alykum,**



Respected Directors, Shareholders, Guests, Media Representatives, Ladies & Gentlemen; it is an admirable indulgence for me to greeting you all to the 17th Annual General Meeting of your Company and to present the Annual Report before you for the financial year ended on 30th June, 2021.

The Year 2020-2021 has ended with immense expectation and needs for all of us-entrepreneurs, investors, stakeholders and shareholders significantly. It would be our individual as well as group responsibility to fulfill your commitments in our own sphere of activities, that the nation may attain its expected goals leading to extinction of poverty, employment for all, raised bar of living standard for the mass population through our part of contribution to the GDP considering the overall Economy of the Nation.

Now, I would like to highlight some points for your kind information and understanding. The financial period of 2020-2021 was a challenging year of the Company. In the year ended 30th June 2021, the operating results of the company continuing declining compare to the earlier years and the year of 2020-2021 had a serious adverse impact of COVID 19. On the date of 8th April, 2019, a massive fire accident occurred in the factory at Comilla EPZ which drastically destroyed the production plants, inventories and other supported facilities. Company's factory including building, generator, plant-machineries and Equipment, Raw materials & Finished Goods inventory are coverage by Union Insurance Company Limited and the coverage amount was Tk.132,46,06,136/-. Carrying amount in full of fire affected assets and inventories have been accounted for as fire loss in the financial year ended 30th June 2019 because the inspection and survey from concerned authorities were under process which also have been still under process in the reporting year. No assessment has been finalized yet from the insurance company. Therefore, No insurance benefit obtained yet from the insurance company. During the year ended 30th June 2021, Major portion of damaged scrap have been disposed following customs approval and that have been recorded in the Financial Statement. The subsequent status and financial event will be recognized and reflected in the onward relevant financial statements as and when it be effected.

The fire incident incurred on 8th April, 2019 of which inspection and survey report from concerned authorities have been under process. No assessment has been finalized from the insurance company and there is no estimation to be recovered from the insurance company as on to the date. No insurance benefit have been obtained from the insurance company as on to the date. On the other hand, the socio political and worldwide health environment which was unfriendly to the business environment, have had adverse effect not only on earnings but also threatens to the existence. The socio political and Covid-19 issue atmosphere must change for congenial environment to enable us to restart our factory for betterment of all of us.

Business Results:

The company's performance metrics emphasize three priorities for improving shareholders value: growth, leverage and returns. The company's priority of growth focus on sales growth; the priority of leverage encompasses the company's metric to increase our operating result at a faster rate than the growth in net sales by growing our operating, selling, general and administrative expenses at a slower rate than the growth of our net sales; and the priority of returns focuses on how efficiently the company employs our assets through return on investment (ROI) and how effectively the company manages working capital through free cash flow. The production process have been shut down due to a massive fire incident occurred on 08 April 2019 in the factory at Comilla EPZ which destroyed the production plants, inventories and other supported facilities, accordingly no output, no export and no revenue. Revenue that is shown in the Audited Financial Statement, arises from sale of "Raw Acrylic Tow" left after the fire incident at a lower value. Details are given in the Annual Report; here I will only summarize our business outcome for the year ended on 30th June 2021 where Revenue amounted to TK. 3.45 Crore; Gross Profit/(Loss) stood at Tk. (3.26) Crore and Net Profit/(Loss) to Tk. (6.99) Crore. Earnings per share (EPS) stood Tk.(0.18) for the year ended on 30th June 2021 whereas it was Tk. (0.88) for the year ended on 30th June 2020.

Production Facilities:

Despite to all of the obstacles and to protect the implied adverse business situation, the company efficiently expanded its production facilities with full swing of operation of cotton plant in FY 2016-2017. During 2018-2019, the company has been running with production capacities in cotton plant by 41,040 spindles and in acrylic plant by 30,000 spindles. Total capacity in acrylic and cotton plant was 30.00 ton and 22.00 ton per day respectively. After fire accident dated 8th April, 2019, the production of the company has been shut down up to date. Production facilities or capacities were zero through the year ended on 30th June 2021.

Marketing & Promotion:

Your company's activities during the year kept rapidity. Improved network among traders and consumers have made potential for our marketing panel to continue the market base. This has become possible due to our commitment to the customers and continuous effort to improve on quality of products and services. We hope to carry on our endeavor through the year ahead with more speed and competency.

Environmental & Ecological Obligation:

You are entirely aware that maintaining suitable environmental and ecological balance is very important for a healthy society & nationalized improvement. We are evenly concerned and have been patiently pursuing the principle of maintaining appropriate environment, we are always environmental friendly not destroyers. We strongly believe that a healthy society can bring out the best for society.

Restart of factory:

As you know the Company's production have been shut down since the fire incident dated 8th April, 2019. Inspection and survey from concerned authorities have been still under process. We are waiting for the finalization of survey and waiting for disposal of the fire damaged from factory premises. As per BEPZA rule and requirement of insurance authority, we have no authority to dispose of the fire damaged structures and machineries at our own

and to carry out valuation by independent valuer, we have to wait for the report from valuation specialist appointed by BEPZA and insurance authority and accordingly financial statements for subsequent period will be presented reflecting the results of valuation. The subsequent status and financial event will be recognized and reflected in the onward relevant financial statements as and when the respective report be available. Fire damaged disposal is still going on till to the date of authorization of the financial statements. Determination of recoverable value of scrap sale is going on as per weight (kg) which will be confirmed once the full disposal will be completed. Meantime, some machinery's L/C have been opened with the intention to restart factory. On the other hand, in addition to the decision for Cumilla EPZ factory, the company management will step ahead for resumption of operation at outside the EPZ as it was decided in the last year's AGM. The new location has been decided to choose at Rupganj, Narayanganj or Bhabanipur, Gazipur.

Acknowledgements:

The world economy is struggling hard to rehabilitate and revive financially. As you know, our revenue is generated from exporting, and due to the unbalanced global factors including worldwide Covid 19 adverse effect we faced difficulties in our business. However, we have set on a mission using all of our experience, expertise and know-how developed in Bangladesh over the years. We are trying for further growing our perspective and we can attain this with our spiritual strength on our people and skill.

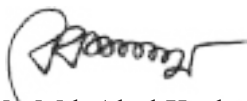
Conclusion:

I would like to express my wholehearted thanks to all of our shareholders, executives and officers for extending their continuous support & contribution and patronize in our future endeavor.

I would also like to thanks to our bankers and financial institutions, BEPZA, BSEC, DSE, CSE, RJSC, Suppliers, Customers and other stakeholders with whom we have been interacted in course of business for their continuous support throughout these challenging times.

I whole heartedly hope and pray to the Almighty Allah to help us achieving our objects and lead us to a trustful restart along with profitable and respectable future.

Thanking you all for your kind participation.



Mr. Md. Abul Kashem
Managing Director & CEO
R.N. Spinning Mills Ltd.

DIRECTORS' REPORT

Bismillahir Rahmanir Rahim,

Dear Shareholders,
Assalamu Alykum,

On behalf of the Board of Directors of your company, I welcome you all to the 17th Annual General Meeting of R.N. Spinning Mills Ltd. We, the members of the Board are pleased to present Directors' Report, Auditors' Report and Audited Financial Statements for the financial year ended on 30th June 2021 before you for your consideration and approval. In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS-1 (International Accounting Standard-1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), these reports have been prepared and being presented before the shareholders for the financial year ended on 30th June 2021.

Principal Activity: The Principal Activity of the company was that of production and sales of high quality Acrylic and Cotton yarn through export. In the year under review, there was no production due to shut down of factory for fully destruction by fire incident but there were only sales of Acrylic and Cotton raw.

Company's Operational Activity: The Company's production capacity in Acrylic plant was 30,000 spindles and in Cotton Plant was 41,040 spindles in the year of 2018-2019 before fire accident. After fire accident it is nil. The production during the year ended on 30th June, 2021 was nil. During the year under review, the company was able to sell Tk. 3.45 Crore in comparison to Tk. 52.91 Crore of previous year. And the company generated Net Loss after Tax Tk.6.99 Crore in comparison to Net loss Tk.34.49 Crore of previous year. The loss was happened because the company had no production during the year, disposal of raw materials at a lower price than the acquisition value, fixed costs have been continuing that resulting the ultimate loss. The company management has utmost intention to start reconstruction of factory building and structures, once completion of fire damaged disposal and necessary financing arrangements thereon. Meantime, Company management has already opened some machinery's L/C with the intention to restore the entire plant. However the inspection and survey from concerned authorities have been still under process and respective report is still pending.

CAPACITY / PRODUCTION:

The total installed production capacity during the year ended 30th June, 2020 was as follows:

2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
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(i) No. of Spindles (Installed):

A	Acrylic	-	-	30,000	30,000	30,000
B	Cotton	-	-	41,040	41,040	41,040

After fire accident dated 8th April 2019, the capacity stood nil.

2020-2021 12 months	2019-2020 12 months	2018-2019 12 months	2017-2018 12 months	2016-2017 12 months
------------------------	------------------------	------------------------	------------------------	------------------------

(i) No. of Spindles (in operation):

A	Acrylic	-	-	30,000	30,000	30,000
B	Cotton	-	-	41,040	41,040	41,040

After fire accident dated 8th April 2019, the capacity stood nil.

(ii) Production (kg):

A	Installed Capacity	-	-	13,260,000	13,260,000	13,260,000
B	Actual Production	-	-	12,948,670	10,297,087	12,376,654
C	Efficiency (%)	-	-	97.65	77.66	93.34

After fire accident dated 8th April 2019, the capacity and production stood nil. Production has been shut down due to destruction of full production facilities.

1. COST OF PRODUCTION:

The cost of production has varied during the past years primarily due to wide fluctuations in the price and availability of raw materials, packing materials, fuel & power, and spare parts which were beyond the control of Management. In the year the effect of fire incident also affected the measurement. The level of costs and their incidences are given below:

2020-2021 12 months	2019-2020 12 months	2018-2019 12 months	2017-2018 12 months	2016-2017 12 months
------------------------	------------------------	------------------------	------------------------	------------------------

a)	Production	-	-	12,948,670	10,297,087	12,376,654
b)	Cost of Production (BDT):					
	Raw Materials Consumed/disposal	42,442,741	256,495,108	1,807,427,810	1,510,342,098	1,824,110,169
	Packing Materials Consumed	-	4,651,413	17,822,047	17,375,686	21,550,339
	WIP-Opening	-	-	16,541,569	15,982,502	11,030,259
	WIP-Closing	-	-	-	16,541,569	15,982,502
	Manufacturing Overhead	8,818,556	75,297,664	342,164,650	282,735,272	280,679,264
	Depreciation	15,856,764	16,456,824	310,376,134	436,574,473	384,604,052
	Fire Damaged	-	-	16,928,159	-	-
	Total	64,118,061	352,901,009	2,477,404,051	2,246,468,462	2,505,991,581

(i) Industry outlook and possible future developments in the industry:

RMG sector is the highest revenue generating sector in Bangladesh. Spinning sector is playing a vital part of RMG value chain, for stabilizing supply chain and control the major costs. The products of spinning are cotton yarn, polyester, synthetic yarn, woolen yarn and blended yarn mixed of cotton with polyester of different counts. Out of total demand of yarns in Bangladesh, almost 85% demand of cotton yarns and 50% demand for synthetic and blended yarn of export-oriented fabric producing mills are being met by the private sector spinning mills.

Contribution of Textiles in Bangladesh:

- Investment in the Primary Textile Sector: over 6.00 billion US\$.
- Value addition in knit & woven RMG are over 70% & 35% respectively.
- Textile sector contributes more than 13% in GDP.
- Over 86% of the export earning comes from Textiles & Textile related products.
- Around 90% yarn demand for knit RMG & 35-40% yarn demand for woven RMG are met by Primary Textile Sector (PTS).
- Local fabric demand & the yarn demand for handloom are also met by Primary Textile Sector (PTS).
- Backward & Forward linkage industries provide employment for more than 5 million people where 80% are female. (Source: Bangladesh Textile Mills Association).

The ongoing global economic crisis including COVID 19 effect having an impact on overall export dependent economies worldwide. Even high performing countries like China and India have recorded slowdowns. Other high performing economies like those of Thailand, Philippines and Indonesia are also suffering badly because of the ongoing crisis. In contrast, export of textile products from Bangladesh surprisingly remains quite buoyant. Readymade Garments exports have affected by significant percent during the year and over the corresponding period of last year.

You know that your company experienced producing Acrylic and cotton yarns and has 15 years of experiences in yarn spinning. The Company was one of the largest yarns producers in the textile sector of Bangladesh. It experienced producing around 30 ton of synthetic yarn and 22 ton of cotton yarn per day in the year of 2018-2019 before fire incident dated 8th April 2019. R.N. Spinning Mills Ltd. always focuses on more sustainable and eco-friendly products. The Company has recognized by its valued customers through quality products with committed services. Unfortunately, an unwanted incident like a fire accident destroyed the journey of the company. Moreover, management intends to restore the entire plant after necessary financing arrangements once necessary formalities from Comilla EPZ and other regulatory authorities is obtained.

(ii) Segment-wise or product –wise performance:

The following table indicates revenue of major products and its contribution percentage for the last two comparative periods:

Products	12 months ended 30-06-2021		12 months ended 30-06-2020	
	Taka	Percentage	Taka	Percentage
Acrylic	34,533,557	100.00%	94,506,095	17.86%
Cotton	-	-	434,619,754	82.14%
Total	34,533,557	100.00%	529,125,850	100.00%

(iii) Risks and concerns:

You know that your company's products selling is directly depends on the production of garments and textile sector. All sectors of the garments and textile industries face many of the same challenges. The main problems are lack of power and problem with labor unrest causing disruption of production. Price of grid electricity for industries is likely to increase as well. Gas price has increased for the industries but the government has further hinted the raise as well. In the year risk from Covid 19 has already undertaken worldwide. Hence, coming year could be a year when the industries may need to be prepared to pay more for energy and fuel. So, this forcing the sector to be more cost effective in the ever challenging international market.

(iv) Analysis of Cost of Goods sold, Gross Profit Margin and Net Profit Margin:

(a) Cost of Goods Sold:

Cost of Goods Sold (COGS) is the expenses a company incurred in order to manufacture, create or to sell a product. It includes the purchase price of the raw materials as well as the expenses turning it into finished product. The Cost of goods sold for the 12 months ended on 30.06.2021 was Tk. 67.12 million as compared to the previous same period's cost of goods sold of Tk. 762.36 million. Production capacity utilized during the 12 months ended 30.06.2021 was 0.00% whereas during the 12 months ended 30.06.2020 it was 0.00%. Company's factory have been shut down since 8 April 2019 due to fire incident.

(b) Gross Profit:

Gross Profit is the difference between sales and the cost of goods sold.

Gross Profit = (Sales-Cost of Goods Sold)

The Gross Profit margin is one indicator to diagnose the financial health of a business. Larger gross profit margins are better for business-the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit/Sales) X 100

The company has achieved an export turnover of Tk. 34.53 million during the 12 months ended 30th June, 2021 which was Tk. 529.13 million in the last year. The decrease in turnover is 93.47% compared to the last year. The company has operated its uninterrupted usual business along with production as on 8th April, 2019, till the date of fire incident, and thereafter production has been shut down, overall effect in the business of the company affected adversely, due to that turnover and profitability decreased. Gross profit/loss earned during the 12 months ended 30th June, 2021 was Tk.(32.58) million as compared to last year's gross profit/(loss) of Tk.(233.23) million.

(c) Net Profit or loss:

Net Profit or loss is calculated by subtracting expenses including tax from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit or loss= Gross Profit-Expenses with tax

Net loss (after tax) earned during the 12 months ended 30th June, 2021 was Tk.69.87 million as compared to last year's Net loss (after tax) of Tk.344.94 million. The company has operated its uninterrupted usual business along with production as on 8th April, 2019, till the date of fire incident,

and thereafter production has been shut down, overall effect in the business of the company affected adversely, due to that profitability decreased. The loss was happen because the company has recognized the full amount of fire affected assets, inventories and items as a fire loss and has charged whole losses in the Statement of Profit or Loss and other Comprehensive Income and it was opined by the company management that the company may be able to start reconstruction of factory building and structures within few months once completion of fire damaged disposal and necessary financing arrangements thereon. Meantime, building drawing approval has already been obtained from BEPZA for onward start of construction. Whereas report of survey from concerned authorities have been still under process.

(v) Extra-Ordinary gain or loss:

There is no extraordinary gain or loss occurred during the reporting period except scrap sale as disclosed in note- 26.00 of the financial statements.

(vi) Related party transactions:

During the year the company has carried out transactions with related parties besides the normal course of business, details are given below:

Director Remuneration & Fees:

Particulars	Amount in Taka
Remuneration & Benefits to the Managing Director	600,000
Meeting attending fees	9,600
Total	609,600

Other Transaction:

Name of related party	Relationship	Nature of transaction	Transaction type at the end of the period	Outstanding balance as on 30.06.2021
S.F. Textile Industries Ltd.	Common Ownership	Sale of Goods	Bills Receivable	14,854,280
F&S Industries Limited	Director	Short term loan	Short term loan	43,650,000
Rahman & Nesa Hospital and Research Center Ltd.	Common Ownership	Short term loan	Short term loan	135,888,000
Samin Food and Beverage Ind. & Textile Mills Ltd.	Common Ownership	Short term loan	Short term loan	31,201,275

M. L. Dyeing Limited owns 34,589,966 number of ordinary shares of Tk. 10/- each at total amounting Tk. 345,899,660 being 8.81% of total ordinary shares of R.N. Spinning Mills Ltd.

Related Party Transactions are depicted in Note No. 33.00 in the Notes of Accounts.

(vii) The Company has no issue of utilization of proceeds raised through public issues, rights issues and/or any other instruments during the year ended 30 June 2021.

(viii) There is no event of deterioration of the financial results during the year ended 30 June 2021 because none of event incurred in connection with Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing etc. in the reporting period.

(ix) Variance between Quarterly Financial performance and Annual Financial Statements:

There is no significant variance between the Quarterly Financial performance and Annual Financial Statement

(ix) Variance between Quarterly Financial performance and Annual Financial Statements:
There is no significant variance between the Quarterly Financial performance and Annual Financial Statements.

(ix) Remuneration to directors including independent directors:
The remunerations of Directors for the 12 months ended 30.06.2021 are as follows:

Director Remuneration & Fees:

Particulars	Amount in Taka
Remuneration & Benefits to the outgoing Managing Director	300,000
Remuneration & Benefits to the New Managing Director	300,000
Meeting attending fees	9,600
Total	609,600

Remuneration of Directors including Independent Directors has been shown in Note no. 33.00 in the Notes of Accounts.

(xi) Statement of Directors on Financial Reports:

- The financial statements prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company 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) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there- from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- There are significant doubts upon the issuer company's ability to continue as a going concern with present resources that the fire incident results the inability to continue until restart of factory by further arrangements.

(xii) Deviation from the last year's operating results:

Apparently, operating results have been improved i.e. loss have been decreased in compared to last year which is because of reduction of operating expenses. Apart from that there is no such other type of deviation in operating results compared to the previous period. Company's production have been shut down since the date of fire incident i.e.; 8th April, 2019. Moreover, management intends to restore the entire plant after necessary financing arrangements once necessary formalities from Comilla EPZ and other regulatory authorities is obtained and for this reason the management of the company adopted the going concern concept in preparing and presenting this financial statements.

(xiii) Key operating and financial data of last preceding 5 (five) years:**Operational Data:**

Particulars	Year ended on				
	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
Turnover (Tk)	34,533,557	529,125,850	1,929,393,690	2,188,498,612	3,283,934,508
Gross Profit (Tk)	(32,584,504)	(233,231,472)	204,159,950	340,225,278	414,527,861
Net Operating Profit (Tk)	(82,438,290)	(347,618,209)	53,225,936	241,500,956	337,161,747
Net Profit or loss before tax (Tk)	(74,536,465)	(335,152,719)	(6,068,944,073)	243,026,096	338,224,138
Net Profit or loss after tax (Tk)	(69,865,896)	(344,939,466)	(6,071,114,792)	206,267,154	338,224,138
Dividend on Preference Share	-	-	-	-	39,287,430
Net Profit or loss for ordinary shareholders	(69,865,896)	(344,939,466)	(6,071,114,792)	206,267,154	298,936,708
Basic EPS (Tk)	(0.18)	(0.88)	(15.47)	0.53	0.84
Dividend per share (%)	-	-	-	10%	20%

(xiv) Key operating and financial data of last preceding 5 (five) years:**Financial Data:**

Particulars	Year ended as on				
	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
Authorized Capital (Tk)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Paid up Capital (Tk)	3,925,448,340	3,925,448,340	3,925,448,340	3,568,589,400	2,973,824,500
Preference Shares (TK.)	-	-	-	-	-
Face value per share (Tk)	10	10	10	10	10
Retained Earnings (Tk)	(4,466,852,335)	(4,396,986,439)	(4,052,046,972)	2,375,926,760	2,764,424,506
Current Assets (Tk)	90,815,488	168,204,603	1,155,696,168	2,484,079,556	2,298,612,409
Current Liabilities (Tk)	341,897,014	356,146,430	1,014,377,938	921,395,623	1,253,804,323
Current Ratio	0.27	0.47	1.14	2.70	1.83
Quick Ratio	0.23	0.28	0.37	1.10	0.83

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Debt-Equity Ratio	5.29	3.24	2.17	0.14	0.20
Time Interest Earned Ratio	(1.78)	(3.37)	(94.59)	11.80	60.91
Return on Assets	(14.04%)	(8.44%)	(33.79%)	0.68%	1.01%
Return on Equity	(74.88%)	(268.97%)	(1283.04%)	5.78%	10.05%
Earnings per share	(0.18)	(0.88)	(15.47)	0.58	0.84
Dividend per share	-	-	-	10%	20%
Inventory Turnover	3.16	0.51	0.41	0.36	0.54
Asset Turnover	0.069	0.13	0.11	0.07	0.11
Number of Shares	392,544,834	392,544,834	392,544,834	356,858,940	297,382,450
Number of Shareholders	27,639	29,939	31,294	31,090	32,376

(xv) Dividend: Our Policy was/is to offer consistent dividends that closely reflect business performance. But due to fire incident, the company has to carry on huge amount of losses which impacted on the profitability and profit position of the company for the year ended 30th June 2020 and 30 June 2021. Retained Earnings balance has become negative. Considering to the overall situations, the Company Board on 27 October 2021, has recommended No Dividend for all shareholders for the year ended on 30 June 2021 which will be placed before the shareholders for approval in the Annual General Meeting of the Company as per respective shareholding position on the record date i.e. 25 November 2021. Company declare No dividend due to negative balance in retained earnings and future planning for re-investment and business growth.

(xvi) Interim Dividend: Board of Directors confirm that no bonus share or stock dividend or cash dividend has been declared as interim dividend and shall not be declared any stock or bonus share as interim dividend in future.

(xvii) Number of Board Meetings:

The Board met 6 times during year ended 30th June, 2021. The members who could not attend the meeting were granted leave and outside of the country.

(xviii) The pattern of shareholding:

a) Parent/ Subsidiary/ Associated Companies and other related parities

Number of shares held: M. L. Dyeing Limited owns 34,589,966 number of ordinary shares of Tk. 10/- each at total amounting Tk. 345,899,660 being 8.81% of total ordinary shares of R.N. Spinning Mills Ltd.

b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance and their spouses and minor children:

Name	Position	Number of share held
Mr. Md. Humayun Kabir (Rep. Director of M.L. Dyeing Ltd.)	Chairman	M.L. Dyeing Ltd. holds 34,589,966 shares in R.N. Spinning Mills Ltd.
Mr. Md. Abul Kashem	Managing Director	-
Md. Abdul Kader Faruk	Director	7,854,255
Mrs. Shirin Faruk	Director	58,227,840
Mr. Md. Obaydul Huq (Rep. Director of F & S Industries Limited)	Director	16,073,000
Mr. Omar Faruque	Independent Director	-
Mr. A. Raquibul Islam	Company Secretary	-
Mr. Muhammed Mizanur Rahman	CFO	-
Mr. Md. Mizanur Rahman	Head of Internal Audit	-
Other than above, none of the spouse and minor children hold any shares of the company		

b) Senior Corporate Executives :

Number of shares held : Nil

c) Shareholders holding ten percent (10%) or more voting interest in the company

Mrs. Shirin Faruk : 58,227,840 Shares (14.83%)

(xix) Appointment / re-appointment of directors of the company:**Retirement:**

1. Mr. Md. Abdul Kader Faruk Director and Mrs. Shirin Faruk, Director of the Company will retire.

Appointment/Re-appointment:

1. Mr. Md. Abdul Kader Faruk Director being eligible, offering himself for re-election as Director.

2. Mrs. Shirin Faruk, Director being eligible, offering herself for re-election as Director.

Re-appointment of Independent Director:

As per provision of Corporate Governance Guidelines notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), Mr. Omar Faruque re-appointed by Board of Directors on 29.05.2021 as Independent Director of the Company for a period of additional 3 (three) years, subject to the approval of shareholders in the AGM. Short bio-data of the director is enclosed herewith in the section of Director's Profile.

(xx) Director's involvement in other companies:

Sl. No.	Name of Directors	Position at R.N. Spinning Mills Ltd.	Entities where they have interests	Position in other Companies
1	Md. Abdul Kader Faruk	Director	M.L. Dyeing Limited	Sponsor shareholder
			S.F. Textile Industries Limited	Sponsor shareholder
			Samin Food & Beverage Inds. And Textile Mills Ltd.	Sponsor Director
2	Mrs. Shirin Faruk	Director	M.L. Dyeing Limited	Sponsor shareholder
			S.F. Textile Industries Limited	Sponsor shareholder
			Samin Food & Beverage Inds. And Textile Mills Ltd.	Sponsor Director

(xxi) Auditors:

a) In last AGM Shiraz Khan Basak & Co., Chartered Accountants was approved for appointment for the year ended 30th June 2021. But due to ineligibility of the Engagement Partner to perform the audit, Board of Directors then appointed Kazi Zahir Khan & Co, Chartered Accountants as auditors for the year ended 30th June 2021 on 16th August, 2021 which require approval in the 17th AGM. Kazi Zahir Khan & Co., Chartered Accountants retired after completing the audit of 1st year for the year ended 30th June 2021 and Kazi Zahir Khan & Co, Chartered Accountants has expressed their interest for re-appointment as Auditors for the year ended 30th June 2022 with an honorarium as per fees structure of the ICAB.

b) Mujibur Rahman & Co., Cost & Management Accountants acted as auditors to audit compliance conditions on the Corporate Governance code for the financial year ended 30th June, 2021 and reported accordingly. Mujibur Rahman & Co., Cost & Management Accountants expressed their interest for re-appointment as auditors to audit compliance conditions on the Corporate Governance code for the financial year ended 30th June, 2022 with an honorarium Tk. 50,000/- (taka fifty thousand) only.

(xxii) Corporate Governance Compliance Report:

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

(xxiii) Going Concern:

As the company's production plants have been destroyed by fire and company's production have been shut down since the date of fire incident i.e.; 8th April, 2019 and the Board of Directors has utmost intention to reconstruct the buildings and import & install new machineries for going to production by disposing of the fire damaged structures and machineries. Company management has already opened some machinery's L/C with the intention to restore the entire plant whereas necessary financing arrangements, necessary formalities from Comilla EPZ and other regulatory authorities is to obtain and however the management of the company adopted the going concern concept in preparing and presenting this financial statements. The company has now limited available assets to reconstruct the buildings and import & install new machineries for going to production. For restart, necessary financing may be required by otherwise financing arrangement(s) if the claim from insurance company does not fulfill the requirements.

(xxiv) Internal Control System:

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

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board.

(xxv) Minority Shareholders' Protection:

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

(xxvi) Management discussion and analysis:

The Board of Directors converse on the increase /decrease of revenue, cost of goods sold, gross and net profit margin. The Board also takes instant actions on the inquiry as required. A detailed report on discussion in this regard is comprised in the Annual Report.

(xxvii) Subsequent events:

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events, if any, are disclosed in the financial statements.

Fire damaged disposal is still going on till to the date of authorization of the financial statements. Determination of recoverable value of scrap sale is going on as per weight (kg) which will be confirmed once the full disposal will be completed. Meantime, some machinery L/C has been opened.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

(xxviii) Audit Committee:

The Board has constituted the Audit Committee as follows:

Chairman & Independent Director	: Mr. Omar Faruque
Member	: Mr. Md. Obaydul Huq
Member	: Mrs. Shirin Faruk
Member Secretary	: Mr. A. Raquibul Islam

During the reporting period under review, the Committee held four meetings. A detail of the roles and activities of the Audit Committee has been provided in "The Report of The Audit Committee".

(xxix) Nomination and Remuneration Committee (NRC):

Nomination and Remuneration Committee (NRC) has been formed as follows as per provision of Corporate Governance Guidelines notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC).

This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a subcommittee of the Board which encompasses by the following:

Chairman	: Mr. Omar Faruque
Member	: Mrs. Shirin Faruk
Member	: Mr. Md. Abdul Kader Faruk
Member Secretary	: Mr. A. Raquibul Islam

Nomination and remuneration policy:

The Nomination and Remuneration Policy is prepared and adopted in compliance with Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission in view to formulate and recommend proper, fair, transparent and non-discriminatory nomination and remuneration for the Directors and Top Level Executives of the R.N. Spinning Mills Ltd. The Nomination and Remuneration Policy of Directors and Top Level Executives have been formulated by the Nomination and Remuneration Committee and have been approved by the Board of Directors of R.N. Spinning Mills Ltd.

The Nomination and Remuneration Committee has been constituted by the Board of Directors of the Company as a subcommittee to assist the Board under the Condition No. 6 of the Corporate Governance Code 2018 of Bangladesh Securities and Exchange Commission.

NRC is independent and responsible or accountable to the Board of Directors and to the Shareholders of Company.

Terms of Reference and objective of the NRC:

The Terms of Reference of the NRC have been defined and adopted by the Board of Directors of the Company. The objective of the NRC is to oversee, assist and guide the Board of Directors:-

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of Directors and Top Level Executives.
- To devise policy on Board's diversity taking into consideration of age, gender, experience, ethnicity, educational background and nationality.
- To the appointment, fixation of remuneration and removal of Directors and Top Level Executives.
- To formulate the criteria in respect to evaluate performance of the Independent Director and the Board.
- To identify the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.
- To develop, recommend and review the company's human resources and training policies.
- To retain, motivate and promote talent and to ensure long term sustainability of talented Top Level Executive and create competitive advantage.
- To recommend Code of Conduct for the Chairman and other Members of the Board and Managing Director.
- To Implement and monitor policies and processes regarding principles of corporate governance.

Nomination and Appointment of Directors and Top Level Executives:

The committee is responsible to ensure that the procedures for nomination and appointment of Directors and Top Level Executive are taken place in transparent, rigorous and non-discriminatory way. The committee also responsible to identify and ascertain the combination of age, gender, educational background, experience, knowledge, ethnicity, diversity, nationality and other relevant personal values & attributes for nomination and appointment of Director and Top Level Executives.

Remuneration for Directors and Top Level Executives:

The committee shall oversee, review and make report with recommendation to the Board the level and composition of remuneration is reasonable and sufficient to attract, motivate and retain suitable, dependable and skilled Director and Top Level Executive. They also consider and review the relationship of remuneration to performance is clear and meets appropriate performance benchmarks, remuneration to Director and Top Level Executive involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

Validation of the Policy:

This policy on Nomination and Remuneration of Directors and Top Level Executives of the Company has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of R.N. Spinning Mills Ltd.

Amendments to the Policy:

The Board preserves the rights to amend and review time to time the provisions of the policy depending on the legal and other requirements or for a bonafide purpose.

Evaluation of Performance:

Evaluation of performance of Directors be carried out through completion of a preset confidential questionnaire and/or collective feedback or any other effective criteria adopted by the Board yearly or at such intervals of its work, function and performance as may be considered necessary in order to ascertain the effectiveness and to measure the contribution of the Directors as well as the Top Level Executives of the Company.

Activities of the NRC carried out during the reporting period:

The NRC carried out the following activities in line with Committee's Terms of Reference during the reporting period:

- i. Reviewed and recommended the Code of Conduct for the Chairman, other Members of the Board and Managing Director.
- ii. Reviewed the Company's existing policy relating to the remuneration of Directors and Top Level Executives.
- iii. Discussed and decided in regard to formulate the criteria of evaluation of performance of the Board and Independent Directors.
- iv. Reviewed the Company's existing Human Resource and Training policies.

(xxx) Contribution to national exchequer:

Being a responsible business entity, R.N. Spinning Mills Limited is contributing and facilitating to Government's revenue. In the reporting period, we have contributed significant amount in this regards.

(xxxi) Corporate social responsibility (CSR):

Over the years, your company's commitment to Corporate Social Responsibility (CSR) activities is part and parcel of the Company's business model. Your Company has been contributing to the welfare of the community, research and development and protection of environment.

(xxxii) Certification, Awards & Recognition:

Since starting your Company received the following certifications, awards and recognitions:

1. Achieved Membership of the Cotton LEADS™
2. Achieved Verified Cotton USA License from Cotton Council International, COTTON USA.
3. Got authorization to use trademark according to STANDARD 100 by OEKO-TEX®
4. Membership of the International Cotton Association Limited, England
5. Membership of the BCI (Better Cotton Initiative)

(xxxiii) WEBSITE:

Company maintains a website namely www.rnspinningmills.com which is linked with the websites of the stock exchanges and it is functional from the date of listing and all disclosures and financials are available in the website of the company.

(xxxiv) Human Resources:

Human Resources are a fundamental asset across the entire business model. The development of the company builds its competitive advantage on the skills and commitment of its employees, promoting and rewarding pro-activity, goal orientation and teamwork. The HR Department of your company operates with specific policy, manual and plan which is approved by the Board of Directors. We provide on-the-job training and development opportunities to enhance our employees' career progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. R.N. Spinning Mills Limited is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Company has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees right and benefits. We establish and implement policies that promote a harmony and respectful workplace.

(xxxv) Code of conduct:

The underlying philosophy of R.N. Spinning Mills Limited's code is to conduct the business in an ethical manner as well as create a work environment that is conducive for members and stakeholders alike, based on the Company's values and beliefs. Code of Conduct for Board of Directors was framed and followed accordingly in discharging their duties and responsibilities.

(xxxvi) Directors' responsibilities statement

Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the Directors confirm that:

- i) The financial statements prepared by the management of R.N. Spinning Mills Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- ii) Proper books of Account of the company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- iv) International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) As the company's production plants have been destroyed by fire and company's production have been shut down since the date of fire incident i.e.; 8th April, 2019 and the Board of Directors now estimated that additional 1 (one) year may be required to reconstruct the buildings and import & install new machineries for going to production by disposing of the fire damaged structures and machineries but management intends to restore the entire plant after necessary financing arrangements once necessary formalities from Comilla EPZ and other regulatory authorities is obtained and for this reason the management of the company adopted the going concern concept in preparing and presenting this financial statements. So, there is a doubt upon the Company's ability to continue as a going concern.

- vii) The significant deviations from previous period in the operating results of the company have been highlighted in the report and the reasons thereof have been explained.
- viii) The key operating and financial data of last 5 years have been disclosed in this report.
- ix) The number of Board Meeting held during the reporting period and the attendance by each director have been disclosed in this report.
- x) The pattern of shareholding is disclosed in this report.
- xi) A compliance status report with requirements of Corporate Governance as required by BSEC is disclosed in Corporate Governance Report and is disclosed in this report.
- xii) Directors' profile is attached in this report and their directorship and business interest in other organizations have been disclosed adequately.

Appreciation:

The board of directors wishes to place on record their appreciation of thanks to shareholders, customers and suppliers for their continued support. Your Directors also wish to place on record their appreciation for the contribution made by the employees at all levels to the continued growth and prosperity of the company.

The Board would also like to thanks all stakeholders including banks, Insurance Companies, BEPZA, BSEC, DSE, CSE, CDBL, RJSC and various government authorities, trade bodies for their extended co-operation.

We look forward to brighter future for all of us.

On behalf of the Board



Md. Humayun Kabir
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW 2020-2021:

Let us present before you a short review on the total operational and financial performance of your company from 01 July 2020 to 30 June 2021.

ECONOMIC OUTLOOK:

RMG sector is the driver for growth of Bangladesh's economy. It contributes 13% to national GDP (as per various industry related analysis). To achieve the \$50 billion export target Bangladesh will have to earn \$20 billion in the next four years as speculated by the industry insiders.

Still Bangladesh remains the world's second largest garment exporter.

As said earlier, we have invested huge to ensure that we are well positioned for continued long-term and profitable growth. We also assure that we will invest in our fire damaged project shortly to retain our business and images favorable.

Accounting policies and changes:

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 IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

For a proper understanding, these accounting policies are set out in a detailed statement in Note No.: 2.00 of the Financial Statements.

FY 2020-2021 Financial Performance and Position:

The discussions in this section relate to the financial results pertaining to the year that ended June 30, 2021. The financial statements of R.N. Spinning Mills Limited has been prepared in accordance with the International Accounting Standards (referred to as "IAS"), International Financial Reporting Standards (referred to as "IFRS"), as per the Companies Act, 1994, as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the financial statements – 2.00. The following table gives an overview of the financial results of the Company:

Key operating and financial data of last preceding 5 (five) years:

Operational Data:

Particulars	Year ended on				
	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
Turnover (Tk)	34,533,557	529,125,850	1,929,393,690	2,188,498,612	3,283,934,508
Gross Profit (Tk)	(32,584,504)	(233,231,472)	204,159,950	340,225,278	414,527,861
Net Operating Profit (Tk)	(82,438,290)	(347,618,209)	53,225,936	241,500,956	337,161,747
Net Profit before tax (Tk)	(74,536,465)	(335,152,719)	(6,068,944,073)	243,026,096	338,224,138
Net Profit after tax (Tk)	(69,865,896)	(344,939,466)	(6,071,114,792)	206,267,154	338,224,138
Dividend on Preference Share	-	-	-	-	39,287,430

Net Profit for ordinary shareholders	(69,865,896)	(344,939,466)	(6,071,114,792)	206,267,154	298,936,708
Basic EPS (Tk)	(0.18)	(0.88)	(15.47)	0.58	0.84
Dividend per share (%)	-	-	-	10%	20%

Key operating and financial data of last preceding 5 (five) years:

Financial Data:

Particulars	Year ended as on				
	30.06.2021	30.06.2020	30.06.2019	30.06.2018	30.06.2017
Authorized Capital (Tk)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Paid up Capital (Tk)	3,925,448,340	3,925,448,340	3,925,448,340	3,568,589,400	2,973,824,500
Preference Shares (TK.)	-	-	-	-	-
Face value per share (Tk)	10	10	10	10	10
Retained Earnings (Tk)	(4,466,852,335)	(4,396,986,439)	(4,052,046,972)	2,375,926,760	2,764,424,506
Current Assets (Tk)	90,815,488	168,204,603	1,155,696,168	2,484,079,556	2,298,612,409
Current Liabilities (Tk)	341,897,014	356,146,430	1,014,377,938	921,395,623	1,253,804,323
Current Ratio	0.27	0.47	1.14	2.70	1.83
Quick Ratio	0.23	0.28	0.37	1.10	0.83
Debt-Equity Ratio	5.29	3.24	2.17	0.14	0.20
Time Interest Earned Ratio	(1.78)	(3.37)	(94.59)	11.80	60.91
Return on Assets	(14.04%)	(8.44%)	(33.79%)	0.68%	1.01%
Return on Equity	(74.88%)	(268.97%)	(1283.04%)	5.78%	10.05%
Earnings per share	(0.18)	(0.88)	(15.47)	0.58	0.84
Dividend per share	-	-	-	10%	20%
Inventory Turnover	3.16	0.51	0.41	0.36	0.54
Asset Turnover	0.069	0.13	0.11	0.07	0.11
Number of Shares	392,544,834	392,544,834	392,544,834	356,858,940	297,382,450

Cost of Goods Sold (COGS)

Cost of Goods Sold (COGS) is the expenses a company incurred in order to manufacture, create or to sell a product. It includes the purchase price of the raw materials as well as the expenses turning it into finished product. The Cost of goods sold for the 12 months ended on 30.06.2021 was Tk. 67.12 million as compared to the previous same period's cost of goods sold of Tk. 762.36 million. Production capacity utilized during the 12 months ended 30.06.2021 was 0.00%, production have been shut down since 8 April, 2019 due to fire destruction of entire factory, whereas during the 12 months ended 30.06.2019 it was 97.65%. There was an significant change in manufacturing overhead as compared to that period.

Gross Profit:

Gross Profit is the difference between sales and the cost of goods sold.

Gross Profit = (Sales-Cost of Goods Sold)

The Gross Profit margin is one indicator to diagnose the financial health of a business. Larger gross profit margins are better for business-the higher the percentage, the more the business retains of each taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit/Sales) X 100

The company has achieved an export turnover of Tk. 34.53 million during the 12 months ended 30th June, 2020 which was Tk. 529.13 million in the last year. The decrease in turnover is 93.47% compared to the last year. The company has operated its uninterrupted usual business along with production as on 8th April, 2019, till the date of fire incident, and thereafter production has been shut down, overall effect in the business of the company affected adversely, due to that turnover and profitability decreased. Gross profit/loss earned during the 12 months ended 30th June, 2021 was Tk. (32.58) million as compared to last year's gross profit/(loss) of Tk. (233.23) million.

Net Profit or loss:

Net Profit or loss is calculated by subtracting expenses including tax from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit or loss= Gross Profit-Expenses with tax

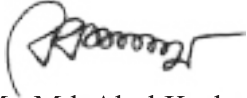
Net loss (after tax) earned during the 12 months ended 30th June, 2021 was Tk. (69.87) million as compared to last year's Net loss (after tax) of Tk.(344.94) million. The company has operated its uninterrupted usual business along with production as on 8th April, 2019, till the date of fire incident, and thereafter production has been shut down, overall effect in the business of the company affected adversely, due to that profitability decreased. The loss was happen because the company has recognized the full amount of fire affected assets, inventories and items as a fire loss and has charged whole losses in the Statement of Profit or Loss and other Comprehensive Income and it was opined by the company management that the company may be able to start reconstruction of factory building and structures, once completion of fire damaged disposal and necessary financing arrangements thereon. Meantime, Machinery's L/C have already been opened with the intention to restore the entire plant. Whereas report of survey from concerned authorities have been still under process.

Risk and Concerns

Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring and mitigation and reporting of key risks while trying to achieve its business objectives.

Forward-Looking Statements

Board of Directors and management of the company are looking forward to keep its progress in alignment with industry's growth and have made all preparation to this end. Overall industry is projected to grow in a steady way in next couple of years and your company will be in forefront to be one of the major player in the future booming market.



Mr. Md. Abul Kashem
Managing Director & CEO

Dividend Distribution Policy

R.N. Spinning Mills Ltd.

1.0 Introduction

The Dividend Distribution Policy is prepared and adopted in compliance with the provisions of the Directive No. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 of the Bangladesh Securities and Exchange Commission (BSEC) about dividend declaration, pay off, disbursement and compliance.

The Board of Directors (the Board) will consider the directive while declaring/ recommending dividend on behalf of the Company. The Policy is not an alternative to the decision of the Board for declaring/recommending dividend, which takes into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided by the Board.

2.00 Definitions

“the Act” means Companies Act 1994

“the Company” means R.N. Spinning Mills Ltd.

“AGM” means Annual General Meeting

“Board” means Board of Directors of R.N. Spinning Mills Ltd.

“Shareholders” means Members whose name is registered in the Member Register of the Company/CDBL Report.

“Shares” means Ordinary Equity Shares.

3.00 Concept of Dividend

Dividend is the share of the profit that a Company decides to distribute among its Shareholders in proportion to the amount paid up on shares they hold in the form of Cash and/or Stock (Bonus). The profits earned by the Company can either be retained in the business or can be distributed among the Shareholders as dividend.

4.00 Types of Dividend

The Act deals with two types of dividend - Interim and Final.

- Interim dividend is the dividend declared by the Board between two AGMs as and when considered appropriate. The Act authorizes the Board to declare interim dividend during any financial year out of the profits for the financial year in which the dividend is sought to be declared and/or out of the surplus in the profit and loss account.

- Final dividend is recommended for the financial year at the time of approval of the annual financial statements as well as appropriation of profit. The Board shall have the power to recommend final dividend to the shareholders for their approval at the AGM of the Company. Dividend recommended by the Board of Directors cannot be changed prior to holding of the AGM.

5.00 Declaration of Dividend

Subject to the provisions of the Act, dividend shall be declared and paid out of:

a. Profits of the Company for the year for which the dividend is to be paid after setting off carried over previous losses and depreciation not provided in the previous year(s);

b. Undistributed profits of the previous financial years after providing for depreciation in accordance with law and remaining undistributed.

c. Out of a & b both.

Before declaration of dividend, the Company may transfer a portion of its profits to reserves of the Company as may be considered appropriate by the Board at its discretion.

In the event of inadequacy or absence of profits in any financial year, the Company may declare dividend out of free reserves subject to the compliance with the Act and Rules.

6.00 Factors Governing Declaration of Dividend

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among the shareholders and amount of profit to be retained in business.

The circumstance for dividend pay-out decision depends on various external and internal factors which the Board of Directors shall consider while recommend/ declaring dividend including the following:

6.01 External Factors:

The Board shall endeavor to retain a larger portion of profits to build up reserves, in case of Adverse Economic Scenario.

The Board shall evaluate the market trends in terms of technological changes mandating investments, competition impacting profits, etc., which may require the Company to conserve resources.

The Board shall consider the restrictions, if any, imposed by the Act and other applicable laws with regard to declaration of dividend in order to ensure compliance with the applicable laws.

Dividend distribution tax or any tax deduction at source as required by tax regulations, applicable at the time of declaration of dividend may impact the decision with regard to dividend declaration.

Other factors beyond control of the Management like natural calamities, fire, etc. effecting operations of the Company may impact the decision with regard to dividend declaration.

6.02 Internal Factors:

- *Profitability
- * Availability and Liquidity of Funds
- * Capital Expenditure needs for the existing businesses
- * Expansion/Modernization of the business
- * Additional investments in subsidiaries/associates of the Company
- * Cost of raising funds from alternate sources
- *Cost of servicing outstanding debts
- *Funds for meeting contingent liabilities
- *Mergers and Acquisitions

*Any other factor as deemed appropriate by the Board.

Apart from the above factors, the Board also considers past dividend history and sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

7.00 Financial Parameters for Declaring Dividend

The Company is committed to deliver sustainable value to its stakeholders. The Company shall strive to distribute an optimal and appropriate level of the profits among the shareholders in the form of dividend.

To keep investment attractive and to ensure capital appreciation for the shareholders, the Company shall also endeavor to provide consistent return over a period of time. While deciding on the dividend, micro and macroeconomic parameters for the country in general and the Company in particular shall also be considered.

Taking into consideration the aforementioned factors, the Board shall endeavor to maintain a dividend pay-out.

8.00 Utilization of Retained Earnings

Subject to the provisions of the Act and other applicable laws, retained earnings may be utilized as under:

- * Issue of fully paid-up bonus shares
- * Declaration of dividend-Interim or Final
- * Augmenting internal resources
- * Funding for capital expenditure/expansion plans/acquisition;
- * Repayment of debt
- * Any other permitted use as may be decided by the Board.

9.00 Parameters for Various Classes of Shares

Currently, the Company has only one class of shares - Equity Shares. There is no privilege amongst Equity Shareholders of the Company with respect to dividend distribution.

10.00 Circumstances Impacting Dividend Payment

The Company has been paying dividend to its shareholders and shall continue with the dividend payment. Given here in below are some of the circumstances in which shareholders of the Company may or may not expect dividend payout:

10.01 May Expect Dividend:

- * Adequate profits and liquidity
- * Accumulated profits not warranted for immediate business needs.

10.02 May Not Expect Dividend:

- * Non availability of profits for dividend distribution
- * Funds available for dividend but need to be conserved due to:
 - Business needs;
 - Adverse economic /market scenario expected in near future;
 - Augmenting internal resources.

11.00 Disclosure

This Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and on the Company's website www.rnspinningmills.com.

If the Company proposes to declare dividend on the basis of any additional parameters apart from those mentioned in the Policy or proposes to change the parameters contained in this Policy, it shall disclose such changes along with the rationale for the same in the Annual Report and on the website.

12.00 Effective Date

This Policy has been approved by the Board of Directors of the Company at its meeting held on 16th February, 2021 and shall be effective and applicable for dividend, if any, declared for the Financial Year 2020-21 onwards.

13.00 Review/Amendment

The Board may amend, abrogate, modify or revise any or all provisions of this Policy. However, amendments in the Act or in the Listing Regulations shall be binding even if not incorporated in this Policy.

CERTIFICATE OF BAPLC



Report to the Shareholders of R. N. Spinning Mills Ltd. on compliance on the Corporate Governance Code



Mujibur Rahman & Co.
Cost & Management Accountants

Report to the Shareholders of R. N. Spinning Mills Ltd. on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by R. N. Spinning Mills Ltd. for the year ended on June 30, 2021. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, Dated: 3 June 2018 of the Bangladesh Securities and Exchange Commission.

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

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

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

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

Place: Dhaka
Dated: November 18, 2021



For Mujibur Rahman & Co.


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R.N. Spinning Mills Ltd.

Status of Compliance with the Corporate Governance Guideline (CGC)

For the year ended 30 June 2021

Status of compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1	Board of Directors			
1(1)	Size of the Board of Directors			
	The total number of the board members of the company shall not be less than 5 (five) and more than 20 (twenty)	√		
1(2)	Independent Directors			
1(2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors.	√		
1(2)(b)	<i>For the purpose of this clause 'independent director' means a director-</i>			
1(2)(b)(i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	√		
1(2)(b)(ii)	who is no a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid up shares of the company on the basis of family relationship and his or her family members shall not hold above mentioned shares in the company;	√		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	√		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	√		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	√		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	√		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	√		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFII);	√		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	√		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	√		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only.	√		
1(3)	Qualification of Independent Director			
1(3)(a)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business;	√		
1(3)(b)	Independent Director shall have following qualifications			
1(3)(b)(i)	Business leader who is or was a promoter or director of an unlisted company having minimum paid up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	-	-	-
1(3)(b)(ii)	Corporate leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	√		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	-	-	-
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	-	-	-
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	-	-	-
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission;			No such issue arose
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director and/ or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	√		
1(4)(b)	The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	√		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	√		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the chairperson and the Managing Director and/ or Chief Executive Officer;	√		
1(4)(e)	In the absence of the chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	√		
1(5)	The Directors' Report to Shareholders:			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry;	√		
1(5)(ii)	The Segment-wise or product-wise performance;	√		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	√		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	√		
1(5)(v)	A discussion on continuity of any Extra-Ordinary activities and their implications (gain or loss);	√		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	√		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;	√		No such matter to explain
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc;	√		No such issue arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performance and Annual Financial statements;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(5)(x)	A statement of remuneration paid to the directors including independent directors	√		Independent Directors have not received any remuneration
1(5)(xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	√		
1(5)(xii)	Proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	The system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	There is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		Status disclosed in the note 2.34 of financial statements.
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		Due to fire incident in the company's factory, the company has to carry on huge amount of losses which impacted on the profitability and profit position of the company. Company's factory has been shut down since the fire incident. Retained Earnings balance has become negative. Considering to the overall situations, the Company Board on 27 October 2021, has recommended No dividend for all shareholders for the year ended on 30 June 2021 which will be place before the shareholders for approval in the upcoming Annual General Meeting of the Company. Company

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Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	√		
1(5)(xxiii)(c)	Executives; and	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	√		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas;	√		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	√		
1(5)(xxv)	Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	√		
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	√		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	√		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	√		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	√		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company;	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	√		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A;	√		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	√		
1(6)	Meetings of the Board of Directors:			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	√		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	√		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	√		
2	Governance of Board of Directors of Subsidiary Company			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	-	-	N/A
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;	-	-	N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;	-	-	N/A
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	-	-	N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the	-	-	N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Directors' Meetings:			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board provided that CS, CFO and HIAC shall not attend such part of a meetings of the Board relating to their personal matter.	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	√		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	√		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	√		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members	√		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4	Board of Directors' Committee:- For ensuring good governance in the company, the Board shall have at least following subcommittees:			
4(i)	Audit Committee	√		

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
4(ii)	Nomination and Remuneration Committee	√		
5	Audit Committee			
5(1)	Responsibility to the Board of Directors			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	√		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	√		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10 (ten) years of such experience;	√		
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	√		
5(2)(e)	The company secretary shall act as the secretary of the Committee;	√		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	√		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such Incidence arose
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM);	√		
5(4)	Meeting of the Audit Committee			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	√		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	√		
5(5)	Role of Audit Committee: The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	√		
5(5)(b)	monitor choice of accounting policies and principles;	√		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;	√		
5(5)(d)	oversee hiring and performance of external auditors;	√		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	√		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	√		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	√		
5(5)(h)	review the adequacy of internal audit function;	√		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	review statement of all related party transactions submitted by the management;	√		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	√		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:			No such Incidence arose
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:-			
5(6)(a)(ii)(a)	report on conflicts of interests;			No such Incidence arose
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			No such Incidence arose

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;			No such Incidence arose
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such Incidence arose
5(6)(b)	Reporting to the Authorities:			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			No such reportable incidence arose
5(7)	Reporting to the Shareholders and General Investors:			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
6	Nomination and Remuneration Committee (NRC)			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		
6(2)(b)	All members of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			No such Incidence arose

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			No such Incidence arose
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;			No such Incidence arose
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.	√		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	√		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	√		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	√		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board;			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	√		
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;	√		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	√		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	√		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	√		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	√		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	√		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	√		
6(5) (c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual Report.	√		
7	External or Statutory Auditors			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	√		
7(1)(ii)	financial information systems design and implementation;	√		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	√		
7(1)(iv)	broker-dealer services;	√		
7(1)(v)	actuarial services;	√		
7(1)(vi)	internal audit services or special audit services;	√		
7(1)(vii)	any service that the Audit Committee determines;	√		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No. 9(1);	√		
7(1)(ix)	any other service that creates conflict of interest.	√		No such incident arose
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company	√		

Annual Report-2020-2021

Condition No.	Title	Complied	Not Complied	Remarks (IF ANY)
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (AGM or EGM) to answer the queries of the shareholders.	√		
8	Maintaining a website by the Company			
8(1)	The company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	√		
9	Reporting and Compliance of Corporate Governance			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.	√		
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	√		

**Independent Auditor's Report
To the Shareholders of
R.N. Spinning Mills Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **R.N. Spinning Mills Limited** which comprise the Statement of Financial Position as at 30 June 2021, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matter

1. We draw attention to the Note#2.33 and Note # 27 in the financial statements, which indicates that Company's assets and inventories were coverage by Union Insurance Company Limited for the amount of BDT 132,46,06,136/-. During the year ended 30th June 2021, no insurance benefits have been obtained by the company from the insurance company and surveyors report along with report from insurance company for determination of loss and benefits is still awaiting
2. We also draw attention to Note # 2.37 in the financial statements that shareholders of the company in 11th Extra-ordinary General Meeting (EGM) dated 19 July, 2020 decided to reduce Company's paid up share capital @ 7:1 i.e.; 1 (one) ordinary share to be issued to the existing shareholders against existing 7 (seven) ordinary shares of Tk. 10 each held subject to approval of the competent Honorable Court as per section 59 read with section 60 of the Companies Act, 1994 and approval of Bangladesh Securities and Exchange Commission (BSEC) and other concerned legal & regulatory authorities. After reduction, the restructured ordinary paid up share capital will be Tk. 56,07,78,330 divided into 5,60,77,833 ordinary shares of Tk. 10 each which is still on proceeding at the end of Honorable High Court.

Material Uncertainty Related to Going Concern

3. We draw attention to Note# 2.34, Note# 2.36, Note#12, Note# 20, Note# 29 of the financial statements, which indicates that the Company incurred a net loss of BDT 69,865,896 during the reporting year, retained loss BDT 4,466,852,335 as on 30 June 2021, inadequate resources i.e.; NAVPS is BDT 0.15 and uncertain financing arrangement for further start. On the other hand, company management intends to restart its operation and accordingly some machineries L/C opened with SBAC Bank Limited, Principal Branch, Dhaka. These events or conditions, however indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Description of key audit matters	Our response to key audit matters
Revenue recognition	
<p>At year end the company reported total revenue of BDT 34,533,557.</p> <p>The company generates revenue from sale of goods to export customers. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated/understated due to the timing differences between L/C opening and goods exported.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company, which give risk to an inherent risk of the existence and accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; - Segregation of duties in invoice creation and modification and timing of revenue recognition; - Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - Obtain supporting documentation for sale transaction recorded either side of year end to determine whether revenue was recognized in the current period; - Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation; - Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation
	<p>of disclosures against relevant accounting standards.</p> <p><i>[See note number 21.00 for details]</i></p>

Insurance claim against fire loss	
<p>The insurance claim receivable or received was identified as a key audit matter due to the significance of this matter in the company.</p> <p>Significant judgment is required in relation to the value determination of insurance claim to be received against fire loss, the recoverable amounts from the insurance company and available scrap sale as it is dependent on recoverability on the finalization of survey and assessment.</p>	<p>Our audit included the following in terms of insurance claim:</p> <ul style="list-style-type: none"> - We have reviewed the status of insurance claim and informed that no insurance benefits yet received because the survey report from the insurance company is still awaiting but the company has claimed against loss; - We have reviewed the status of assessment by Union Insurance Company Limited who have insured the assets of the company, consulted with the management team, those charged with governance and staffs personnel with documentations and we were informed that value of insurance coverage was BDT. 132,46,06,136/-only before fire incident. No assessment report has been finalized from the insurance company and there is no available estimation yet about the recoverable amount from the insurance company as on the date of authorization of the financial statements. <p><i>[See note number 2.33, 27.00 for details]</i></p>
Management's consideration on the potential impact of COVID -19	
<p>Management has made estimates and judgments that there was potential impact of COVID-19 on the company.</p> <p>In doing so, management have made estimates and judgments that are critical to the outcomes of these considerations with particular focus on the company's ability to continue as a going concern for a period(s) from the date of the signing of the financial statements.</p> <p>As a result of the impact of COVID-19 on the wider financial markets, we have determined management's consideration of the potential impact of COVID-19</p>	<ul style="list-style-type: none"> - We obtained management's most recent financial forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy. - We challenged management on the key assumptions included in the scenarios and we subjected management's most recent forecasts to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19. <p>Based on our procedures, we have identified the</p>

(including their associated estimates and judgments) to be a key audit matter.	matters to report with respect to both management and the Board's considerations of the potential impact of COVID-19 on the current and future operations of the company. <i>[See note number 2.35 for details]</i>
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Other Matters

R.N. Spinning Mills Limited had appointed Shiraz Khan Basak & Co. as an auditor of the financial statements for the year ended 30th June 2021 in the company's last AGM. Due to ineligibility of the Engagement Partner to perform the audit, the company appointed us as the auditor of the financial statements for the year ended 30th June 2021 on 16th August, 2021. We have considered the comparative figures and opening balances as per last year audited Financial statements of R.N. Spinning Mills Limited which was audited by other auditors.

Other information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the company's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

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

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

Place: Dhaka
Dated: October 31, 2021


Md. Nurul Hossain Khan FCA
Enrolment No: 0240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accounts
DVC: 2111020240AS700093

R. N. SPINNING MILLS LIMITED
Statement of Financial Position
As at 30 June 2021

Particulars	Notes	Amount in Taka	
		30 June 2021	30 June 2020
ASSETS			
Non-Current Assets			
		360,128,911	376,178,267
Property, Plant & Equipment	3.00	336,246,983	352,296,339
Security Deposits	4.00	23,881,928	23,881,928
Current Assets			
		90,815,488	168,204,603
Inventories	5.00	-	42,442,741
Bills Receivables	6.00	14,854,280	93,407,811
Advances, Deposits and Prepayments	7.00	12,112,909	25,770,473
Cash and Cash Equivalents	8.00	62,098,299	4,833,579
STD Account (IPO)	9.00	1,750,000	1,750,000
Total Assets		450,944,399	544,382,871
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and Reserves			
		58,376,495	128,242,391
Ordinary Shares	10.00	3,925,448,340	3,925,448,340
Share Premium	11.00	599,780,490	599,780,490
Retained Earnings	12.00	(4,466,852,335)	(4,396,986,439)
Non-Current Liabilities			
		50,670,890	59,994,050
Lease Liability	13.00	45,331,883	47,048,492
Deferred Tax	14.00	5,339,006	12,945,557
Current Liabilities			
		341,897,014	356,146,430
Creditors and Accrued	15.00	20,392,183	19,974,030
Bills Payables	16.00	-	-
Short Term Loan	17.00	309,061,931	314,949,907
Income Tax Payable	18.00	10,692,900	19,472,493
Refundable Deposit (IPO)	19.00	1,750,000	1,750,000
Total Shareholders' Equity & Liabilities		450,944,399	544,382,871
Net Asset Value (NAV) Per Share	20.00	0.15	0.33

The annexed notes form an integral part of these financial statements



Chairman



Managing Director



Director



Company Secretary



Chief Financial Officer

Signed as per our annexed report on even date.

Dated: October 31, 2021
Place: Dhaka



Kazi Zahid Khan & Co.
Chartered Accountants

R. N. SPINNING MILLS LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

Particulars	Notes	12 Months ended (Amount in Tk.)	
		01 July 2020 to 30 June 2021	01 July 2019 to 30 June 2020
Revenue	21.00	34,533,557	529,125,850
Less: Cost of Goods Sold	22.00	67,118,061	762,357,322
Gross Profit/(Loss)		(32,584,504)	(233,231,472)
Less: Operating Expenses	23.00	20,122,930	37,642,422
Operating Income/(Loss)		(52,707,434)	(270,873,894)
Less: Other Operating Expenses		101,217	102,103
Welfare Expenses		101,217	102,103
Net Operating Income/(Loss)		(52,808,651)	(270,975,997)
Less: Financial Expenses	24.00	29,632,726	76,663,925
Add/(Less): Foreign Exchange Gain/(loss)	25.00	3,087	21,713
Net Operating Profit/(Loss)		(82,438,290)	(347,618,209)
Add: Other Income/(loss)	26.00	7,901,825	12,465,490
Net Profit/(Loss) Before Tax		(74,536,465)	(335,152,719)
Provision for Taxation	28.00	(4,670,569)	9,786,747
Current Tax		2,935,983	7,756,917
Deferred Tax		(7,606,551)	2,029,830
Profit/(Loss) After Tax		(69,865,896)	(344,939,466)
Earnings Per Share (EPS)	29.00	(0.18)	(0.88)

The annexed notes form an integral part of these financial statements

				
Chairman	Managing Director	Director	Company Secretary	Chief Financial Officer

Signed as per our annexed report on even date.

Dated: October 31, 2021
Place: Dhaka


Kazi Zahid Khan & Co.
Chartered Accountants

R. N. SPINNING MILLS LIMITED
Statement of Changes in Equity
For the year ended 30 June 2021

(Amount in Taka)

Particulars	Ordinary Share Capital	Share Premium	Retained Earnings	Total Equity
As at 01 July 2020	3,925,448,340	599,780,490	(4,396,986,438)	128,242,392
Addition during the year	-	-	(69,865,896)	(69,865,896)
As at 30 June 2021	3,925,448,340	599,780,490	(4,466,852,334)	58,376,496

R. N. SPINNING MILLS LIMITED
Statement of Changes in Equity
For the year ended 30 June 2020

(Amount in Taka)

Particulars	Ordinary Share Capital	Share Premium	Retained Earnings	Total Equity
As at 01 July 2019	3,925,448,340	599,780,490	(4,052,046,972)	473,181,858
Addition during the year	-	-	(344,939,466)	(344,939,466)
As at 30 June 2020	3,925,448,340	599,780,490	(4,396,986,438)	128,242,391

The annexed notes form an integral part of these financial statements



Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

Signed as per our annexed report on even date.

Dated: October 31, 2021

Place: Dhaka


Kazi Zahir Khan & Co.
 Chartered Accountants

R. N. SPINNING MILLS LIMITED
Statement of Cash Flows
For the year ended 30 June 2021

Particulars	12 Months ended (Amount in Tk.)	
	01 July 2020 to 30 June 2021	01 July 2019 to 30 June 2020
A. Cash Flows from Operating Activities		
Collection from customers and others	113,087,088	795,315,307
Collection from Other Income	7,901,825	12,478,788
Payment for Cost of Expenses	(9,379,132)	(451,119,018)
Payment for Operating Expenses	(15,732,879)	(41,170,676)
Payment for Other Operating Activities	(101,217)	(102,103)
Payment for Financial Expenses	(29,632,726)	(76,663,925)
Net Cash Flows from Operating Activities	66,142,959	238,738,373
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	-
Net Cash Flows from Investing Activities	-	-
C. Cash Flows from Financing Activities		
Increase / (Decrease) in Short Term Loan	(5,887,976)	(251,399,654)
Payment of Lease liability	(2,991,387)	(1,436,696)
Net Cash Flows from Financing Activities	(8,879,363)	(252,836,350)
D. Increase/(Decrease) Cash and Cash Equivalents (A+B+C)	57,263,596	(14,097,977)
E. Opening Cash and Cash equivalents	4,833,579	18,923,141
F. Foreign Exchange Gain/(Loss)	1,124	8,415
G. Closing Cash and Cash Equivalents (D+E+F)	62,098,299	4,833,579
Net operating cash flow per share (Note-30.00)	0.17	0.61

The annexed notes form an integral part of these financial statements

 _____ Chairman	 _____ Managing Director	 _____ Director	 _____ Company Secretary	 _____ Chief Financial Officer
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Signed as per our annexed report on even date.

Dated: October 31 , 2021
Place: Dhaka


Kazi Zahid Khan & Co.
Chartered Accountants

R. N. SPINNING MILLS LIMITED
Notes, summary of significant Accounting policies and other explanatory information
For the year ended 30 June 2021

1.00 The Company and its operations**1.01 Legal form of the Company**

The Company was incorporated on November 4, 2004 as a 'Private' Limited Company by Shares registered under the Companies Act 1994 vide certificate of incorporation No.C-54808 (1493)/04. The company was converted to 'Public' Limited Company on February 20, 2007 and started commercial production on August 28, 2007.

1.02 Address of the Registered and Corporate office

The registered office is located at Plot # 100-107 & 127-134, Comilla Export Processing Zone, Comilla, Bangladesh.

The Corporate office of the company is located at House # 11, (5th Floor), Unit # 5B, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh.

1.03 Nature of Business activities

The principal activities of the Company are to carry on the business of Textile Spinning Mills to produce 100% Synthetic Yarn / Acrylic Yarn and Cotton Yarn for 100% export oriented Dyeing / Textiles industries and export thereof.

1.04 Capital Structure of the Company

Particulars	Taka
Authorized Capital 500,000,000 ordinary shares of Taka 10/= each.	5,000,000,000
Issued, subscribed, called-up and paid-up capital 392,544,834 Ordinary Shares of Tk 10/= each fully paid-up	3,925,448,340

Shareholding of R. N. Spinning Mills Limited as detailed shown in note # 10.02.

1.05 Production Unit

Production unit of the company is situated at Comilla Export Processing Zone, Comilla. The production unit has been destroyed by fire incident dated 8 April, 2019.

2.00 Summary of significant accounting policies**2.01 Basis of preparation and presentation of the financial statements**

The financial statements have been prepared and the disclosures of information made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and International Accounting Standard (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), International Financial Reporting Standard (IFRS) as far as applicable for the company. The Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 Presentation of Financial Statements based on accrual basis of Accounting following

going concern assumption and Statement of cash flows according to IAS – 7: Statements of Cash flows.

2.02 Regulatory Compliances

As required by the company, the management complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984;

The Income Tax Rules 1984;

The Value Tax and Supplementary Duty Act 2012;

The Value Tax and Supplementary Duty Act Rules 2016;

The Customs Act, 1969;

Bangladesh Labor Law, 2006 (Amended);

The Securities and Exchange Rules, 1987 and

Bangladesh EPZ related rules and regulations.

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 “Presentation of Financial Statements” the complete set of financial statements includes the following components.

- i. Statement of financial position as at 30 June 2021;
- ii. Statement of profit or loss and other comprehensive income for the year ended 30 June 2021;
- iii. Statement of changes in equity for the year ended 30 June 2021;
- iv. Statement of cash flows for the year ended 30 June 2021; and
- v. Notes, summary of significant Accounting policies and other explanatory information for the year ended 30 June 2021.

2.04 Accounting convention and assumption

The financial statements are prepared under the historical cost convention.

2.05 Principal Accounting Policies

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the Framework for the preparation and presentation of Financial Statements. Financial Statements have been prepared and presented in compliance with applicable IFRS & IAS. Previous year's figures were re-arranged for comparisons. There were no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the Company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per IAS -1.

2.06 IAS and IFRS Adopted by the Management

The following IAS and IFRS are applicable and adopted by management for preparation of financial statements for the year ended 30 June 2021.

IASs:

IAS	1	Presentation of Financial Statements
IAS	2	Inventories
IAS	7	Statement of Cash Flows
IAS	8	Accounting policies, Changes in Accounting Estimates and Errors
IAS	10	Events after the Reporting Period
IAS	12	Income Taxes
IAS	16	Property, Plant and Equipment
IAS	19	Employee Benefits
IAS	21	The Effects of Changes in Foreign Exchange Rates
IAS	23	Borrowing Costs
IAS	24	Related Party Disclosures
IAS	26	Accounting and Reporting by Retirement Benefit Plans
IAS	28	Investment in Associates and Joint Ventures
IAS	33	Earnings per Share (EPS)
IAS	36	Impairment of Assets
IAS	37	Provisions, Contingent liabilities and Contingent Assets

IFRSs:

IFRS	7	Financial Instruments: Disclosures
IFRS	8	Operating Segments
IFRS	9	Financial Instruments
IFRS	15	Revenue from Contracts with Customers
IFRS	16	Leases

2.07 Property, Plant and Equipment

Tangible fixed assets are accounted for according to IAS -16 Property, Plant and Equipment at Historical cost less accumulated depreciation and the Capital work-in-progress is stated at cost. Both tangible and intangible assets are depreciated/ amortized according to the Written Down Value method.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized as non-operating income and reflected in the Statement of Profit or Loss and Other Comprehensive Income.

2.08 Depreciation of Fixed Assets

Depreciation is provided on written down value method except Leasehold Land and Land Development (Comilla EPZ).

Depreciation is provided on Leasehold Land Development (Comilla EPZ) on straight-line method at which the asset is carried on the cost in the books of account over the lease term of 30 years.

Depreciation has been charged on additions respective to the date available for use.

The depreciation / amortization rate(s) are as follows:

Category of fixed assets	Rate %
Leasehold Land Development (Comilla EPZ)	3.33
Buildings – on leasehold land	2.50
Plant & Machinery	10
Humidification Plant (HAVC)	10
Generator	10
Fork Lift	10
Electrical Installation	10
Boiler	10
Transformer	10
Air Compressor	10
Vehicles	10
Water and Gas Installation	10
Chiller Plant	10
Mixture Machine	20
Office equipment	10
Furniture, fixtures & fittings	10
By-Cycle	20
Cookeries	20
ROU Assets (Leased Land)	(on straight line on the basis of leased tenure)

2.08.1 Accelerated Depreciation Allowance

The Company entitled to Accelerated depreciation vide order Ref: no. # 269-L/86, dated July 01, 1986 on capital machinery as per section 10 of the Bangladesh Export Processing Zones Authority Act 1980 (XXXVI of 1980), have been charged to the extent of hundred percent of the historical cost of the plant & machinery within the tax exemption period.

2.09 Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of IAS - 2.

Category of inventory	Basis of valuation
Raw & packing materials including w-i-p	: Moving average (Weighted) Cost
Finished Goods at Factory	: At lower of cost or estimated net realizable value
At warehouses	: At cost
Stores Items	: At cost
Materials in-transit	: Book value i.e. cost so far incurred

Cost comprises of the value of materials and all other distributable direct labor & production overheads including depreciation.

Recognition of Inventory loss:

As per Para 34 of IAS 2 when inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories shall be recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

2.10 Bills Receivable

Bills Receivable is carried at invoice amount without making any provision for doubtful debts, because of the fact that sales / export are being based on 100% confirmed letter of credit basis with fixed maturity dates by L/C opening bank.

2.11 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at banks, term deposits etc. which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

2.12 Foreign Currency Transaction

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date in accordance with IAS 21 (the Effects of changes in Foreign Exchange Rates). Foreign currency transactions translated at the financial position date are charged/credited to the statement of Profit or Loss and Other Comprehensive Income whenever arise.

2.13 Creditors and Accrued Expenses

2.13.1 Trade and Other Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

2.13.2 Provision

The preparation of financial statements in conformity with International Accounting Standard IAS - 37 Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS - 37 provisions were recognized in the following situations:

- When the Company has a present obligation as a result of past event;
- 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.

An appropriate level with regard to an adequate provision for risks and uncertainties has been shown in the Statement of Financial Position. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of Statement of Financial Position.

2.14 Employee Benefits

2.14.1 Employees' Provident Fund

The company had established and maintained Contributory Provident Fund in compliance to the requirement of Provident Fund Act 1925 and BEPZA rules. The organization was administrated by the 6 members' board of trustee of which 3 members are nominated from employer's side and remaining 3 members fulfilled from the representative from Workers Welfare Association. All members of trustee hold their position for three years. The member of the trustee board within the limit of the policy had together hold absolute measure to take any decision for the implementation of the provident fund. Company, after the fire incident ceased its production and continuing operation, settled all the obligations as per the constitution of the fund under the supervision of EPZ's authority that were related to the fund while terminating the respective workers and staffs and thereafter contribution to the Provident Fund have been ceased. The fund will be further established and maintained after restart of operation.

2.14.2 Workers Welfare Fund

The Company has been participating in establishing worker's welfare fund since February 01, 2013 in compliance to the requirement of BEPZA rules. The management of the fund is maintained by BEPZA according to the rules & guidelines imposed under the style of 'Constitution and Operation Procedure of EPZ Worker's Welfare Fund 2012'.

2.15 Taxation:

i) Current Tax

R.N Spinning Mills Limited situated in Comilla export processing zone. As per income tax regulation for EPZ Ref. # IRD SRO No. 289-Law/89, dated 19 August 1989, all industries operating in the export processing zone of Bangladesh have been exempted from payment of income tax for a period of 10 years from the date an industry goes into commercial production and accordingly the Company enjoyed benefit of tax exemption as on the financial year ended 30th June 2017. Taxes on business income have been charged @ 15.00% as per Income Tax Ordinance 1984. Tax on other operating income @ 30.00%. Current tax on business income has been charged as per section 82C of the Income Tax Ordinance 1984.

ii) Deferred Tax

Deferred tax is recognized in compliance with IAS 12: Income Taxes, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.16 Contingent Liabilities and Assets

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

2.17 Revenue

In compliance with the requirements of IFRS 15 Revenue from contracts with customers, Entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized only when following steps match with a transaction;

- a) Identification of the contract(s) with a customer;
- b) Identification of the performance obligation in a contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contract;
- e) Recognition revenue when (or as) the entity satisfies a performance obligation by transferring control over goods or services to a customer;

2.18 Borrowing Costs

In compliance with the requirements of IAS-23 Borrowing Costs, borrowing costs of operational period on short term loan and overdraft facilities from the South Bangla Agriculture & Commerce Bank Ltd. was charged off as revenue expenditure as they incurred.

2.19 Leased Assets

The company has 2 lease arrangements for 30 years with Bangladesh Export Processing Zone Authority (BEPZA) for industrial plot # 100-107 & 127-134 in Cumilla EPZ. Since inception to the year ended 30 June 2019, the lease has classified as an operating lease as it was not transfer substantial risks and rewards incidental to the ownership consistent with the view laid down in IAS - 17 Leases. The total area is 32,000 Sq. meter.

In the context of the application of IFRS 16, right-of-use assets and lease liabilities were recognized onward on 1 July 2019. The Company transitioned to IFRS 16 in accordance with the modified approach and therefore prior years' before 1 July 2019 figures were not adjusted. In addition, the Company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application and leases of low-valued assets. The asset is written off on a straight-line basis over the rest tenure of the lease agreements onward from 1 July, 2019. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets is dependent on individual agreement and can vary from one agreement to another. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In calculating the present value of lease payments, the company uses incremental borrowing rate which is at present @ 9% at the date of application of IFRS 16 because the interest rate implicit in the lease is not readily determinable.

2.19.1 Measurement of lease payments

In the reporting year, depreciation, interest expenses, impairment losses etc. recognized as expense in the income statement as per requirement of IFRS 16.

2.20 Intangible Assets

In compliance with the requirements of IAS - 38, Intangible Assets, are usually absorbed as revenue charges as and when incurred, as being not that material in the company's and / or local context.

2.21 Repairs, upkeep and maintenance charges

These are usually charged out as revenue expenditure in the period in which it is incurred.

2.22 Bad and doubtful debts

No provision made for bad and doubtful debts because sales / export are based on 100% confirm letter of credit with fixed maturity date by L/C opening by bank.

2.23 Advertising and promotional expenses

All costs associated with advertising and promotional activities are charged in the period they were incurred.

2.24 Statement of cash flows

Statement of Cash Flows is prepared principally in accordance with IAS-7 Statements of Cash Flows and the cash flows from operating activities have been presented under direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that 'Enterprises are Encouraged to Report Cash Flows from Operating Activities using the Direct Method". Reconciliation of Cash flows from operating activities under indirect method have been presented in the notes to the accounts.

2.25 Earnings Per Share

The Management calculates Earnings per Share (EPS) in accordance with IAS - 33, Earnings per share, which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income; the same has been calculated dividing surplus available for ordinary shareholders by weighted average number of ordinary shares outstanding at the end of the period (note- 29.00).

2.25.1 Basic Earnings Per Shares

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

2.25.2 Weighted Average Number of Ordinary Shares Outstanding

Computations of weighted average number of ordinary shares has been shown in note no. 29.01.

2.26 Net Asset Value (NAV)

The net asset value (NAV) represents the net value of an entity and is calculated as the total value of the entity's assets minus the total value of its liabilities has been shown in note no. 20.00. Formula-

NAV = (Assets - Liabilities) / Total number of outstanding shares

2.27 Related Party Disclosure

The company carried out a number of transactions with related parties in the normal course of business and on arms' length basis. The information as required by IAS 24: Related Party Disclosures has been disclosed in a separate note (note no: 33.00) to the accounts.

2.28 Segment Reporting

No segmental reporting is applicable for the company as required by "IFRS 08: Operating Segments" as the company operates in a single industry segment and within as geographical segment.

2.29 Proposed Dividend

The Board of Directors has recommended no dividend for the year ended 30 June, 2021. The dividend decision is subject to final approval by the shareholders at the forthcoming annual general meeting of the company.

2.30 Reporting period

The financial period of the Company covers the period from 1 July 2020 to 30 June 2021 consistently.

2.31 Presentation Currency

The annexed financial statements are presented in Bangladeshi currency (Taka), which have been rounded off to the nearest Taka.

2.32 Fire Incident at Company's factory and shut down of production:

A massive fire incident has been occurred on 8th April, 2019 at the factory of R.N. Spinning Mills Ltd. at Comilla EPZ. Company's factory including building and other constructions, raw materials and finished yarns in the factory, plant and machineries etc. were damaged by the fire incident. Company's production have been shut down since the date of fire incident. No assessment result has been finalized/communicated yet from the insurance company and there is no estimation to be recovered from the insurance company as on the date of authorization of the financial statements.

2.33 Insurance coverage, insurance benefit and recognition of fire loss:

Company's factory including building, generator, plant -machineries and Equipment, Raw materials & Finished Goods inventory are coverage by Union Insurance Company Limited. The fire incident incurred on 8th April, 2019 of which inspection and survey from concerned authorities have been still under process. Company has been waiting for final survey report. No insurance benefits have been obtained from the insurance company as on the date of authorization of the financial statements. Thus the company has recognized the full amount of fire affected assets, inventories and items as a fire loss and has charged in the Statement of Profit or Loss and other Comprehensive Income in the affected year. The company has performed to sell partial scrap and that has been recognized as other income (note-26.00) and that has been presented in the Statement of Profit or Loss and other Comprehensive income for the reporting year(s). The subsequent status and financial event will be recognized and reflected in the relevant financial statements as and when the respective report and result will be available.

As per BEPZA rule and requirement of insurance authority, Company has no authority to carry out valuation by independent valuer, thus company has to wait for the report from valuation specialist appointed by BEPZA and insurance authority and from the insurance

company and accordingly financial statements for subsequent period will be presented reflecting the results of valuation.

2.34 Going Concern

As the company's production plants have been destroyed by fire and company's production have been shut down since the date of fire incident i.e.; 8th April, 2019 and the Board of Directors has utmost intention to reconstruct the buildings and import & install new machineries for going to production by disposing of the fire damaged structures and machineries. Company management has already opened some machinery's L/C with the intention to restore the entire plant whereas necessary financing arrangements, necessary formalities from Comilla EPZ and other regulatory authorities is to obtain and however the management of the company adopted the going concern concept in preparing and presenting this financial statements. The company has now limited available assets to reconstruct the buildings and import & install new machineries for going to production. For restart, necessary financing may be required by otherwise financing arrangement(s) if the claim from insurance company does not fulfill the requirements.

2.35 Impact of COVID 19

The company has been affected by global impact of COVID-19 pandemic. Disposal of fire damaged from the factory premises is required where the factory building to be constructed further. Due to COVID-19 effect, fire damaged disposal process as well as related authority's approval thereon has been delayed and deferred due to maintaining dispersal and closure of respective regulatory authority's offices. Necessary financing in short run has been delayed and uncertain somewhat from the financiers due to global impact of COVID-19. However the company management believes that the company will be able to arrange the necessary financing for restart of factory despite of ongoing adverse situations.

2.36 Events after the reporting period

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events, if any, are disclosed in the financial statements.

Fire damaged disposal is still going on till to the date of authorization of the financial statements. Determination of recoverable value of scrap sale is going on as per weight (kg) which will be confirmed once the full disposal will be completed. Meantime, some machinery L/C has been opened.

There are no other events identified after the date of the statement of financial position which require adjustment or disclosure in the accompanying financial statements.

2.37 Reduction of Paid-up capital status

Shareholders of the company in 11th Extra-ordinary General Meeting (EGM) dated 19 July, 2020 decided to reduce Company's paid up share capital @ 7:1 i.e.; 1 (one) ordinary share to be issued to the existing shareholders against existing 7 (seven) ordinary shares of Tk. 10 each held subject to approval of the competent Honorable Court as per section 59 read with section 60 of the Companies Act, 1994 and approval of Bangladesh Securities and Exchange Commission (BSEC) and other concerned legal & regulatory authorities. After reduction of ordinary paid up share capital by Tk.336,46,70,010 divided into 33,64,67,001 ordinary shares

of Tk. 10 each from existing ordinary paid up share capital Tk.392,54,48,340 divided into 39,25,44,834 ordinary shares of Tk. 10 each, the restructured ordinary paid up share capital will be Tk. 56,07,78,330 divided into 5,60,77,833 ordinary shares of Tk. 10 each. The capital reduction matter is still on proceeding at the end of Honorable High Court.

2.38 Reason of Significant deviation

Due to post fire operational activities, shut down of factory, worldwide impact of prevailing COVID-19 pandemic, the company faces difficulties while disposal of inventories including raw materials at a comparatively low price for customers reluctance, but to sell as well as staff and workers termination benefit, huge financial expenses creating the loss which collectively impacted by declining revenue and sustainability of the company business. Therefore NAV, EPS, NOCFPS, revenue, other operational results and performance have been adversely affected.

2.39 Comparative Information

Comparative figures have been re-arranged where 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.

		Amount in Taka	
		30 June 2021	30 June 2020
3.00	Property, Plant & Equipment		
	A. At Cost		
	Opening balance	447,092,771	397,037,155
	Addition during the year	-	-
	ROU leased assets	-	50,055,616
	Total Cost	447,092,771	447,092,771
	B. Accumulated depreciation:		
	Opening balance	94,796,432	78,139,727
	Charge during the year	16,049,356	16,656,704
	Total depreciation charges	110,845,788	94,796,432
	Written down value as on 30 June (A-B)	336,246,983	352,296,339
	Details shown in Annexure-A		
4.00	Security Deposits		
	Land Leases at BEPZA, Plot # 100-107	1,032,827	1,032,827
	Land Leases at BEPZA, Plot # 127-134	1,039,302	1,039,302
	Flat Rent of BEPZA Flat # A-2/8 & B-2/2	124,415	124,415
	Bakhrabad Gas System Ltd. (BGSL)- Gas line	13,189,852	13,189,852
	Bakhrabad Gas System Ltd. (BGSL)- Gas line	139,932	139,932
	Electricity	8,355,600	8,355,600
		23,881,928	23,881,928
5.00	Inventories		
	Raw Materials	5.01	42,442,741
	Work in process	5.02	-
	Packing Materials	5.03	-
	Finished goods	5.04	-
	Store items	5.05	-
		-	-
		42,442,741	42,442,741
5.01	Raw Materials		
	Opening balance	42,442,741	298,937,849
	Add: Purchase during the year	-	-
	Raw materials available	42,442,741	298,937,849
	Less: Input to Production	-	-
	Less: Disposal of Raw Materials	42,442,741	256,495,108
	Closing balance	-	42,442,741
5.02	Work-in-Process		
	Opening balance	-	-
	Add: Current year	-	-
		-	-
	Less: Transfer to finished goods	-	-
	Closing balance	-	-
5.03	Packing Materials		
	Opening balance	-	124,326
	Add: Purchase during the year	-	4,527,087
		-	4,651,413
	Less: Consumption during the year	-	4,651,413
	Closing balance	-	-

	Amount in Taka	
	30 June 2021	30 June 2020
5.04 Finished Goods		
Opening balance	-	409,481,049
Add: Product cost during the year	67,118,061	352,901,009
Production available for export	67,118,061	762,382,058
Less: Cost of goods sold	67,118,061	762,382,058
Closing balance	-	-

5.05 Store items		
Opening balance	-	414,263
Add: Purchase during the year	-	514,265
	-	928,528
Less: Consumption during the year	-	928,528
Closing balance	-	-

Raw Materials: It consists of import value and local expenses incurred upto warehouse. Inventory system maintained on FIFO basis.

Work-in-Process: It consists of cost of raw materials only.

Finished Goods: It includes the cost incurred upto cost of goods available for sale.

Store Items: It consists of the total cost of spare parts, loose tools and consumable items.

Physical Verification of Inventories: The management has physically verified the inventories as on the date of Statement of Financial Position.

6.00 Bills Receivables		
Opening balance	93,407,811	359,597,268
Add: Revenue during the year	34,533,557	529,125,850
	127,941,368	888,723,118
Less: Realized during the year	113,087,088	795,315,307
	14,854,280	93,407,811

The above is the amount of receivable against export bills as on 30 June, 2021. This is considered as good & realizable and is secured by export letter of credit duly accepted by L/C opening bank.

Aging Schedule

Receivables due over six months	14,854,280	24,341,175
Receivables due below six months	-	69,066,636
	14,854,280	93,407,811

This is considered as fully secured and guaranteed payment based on 100% confirm export letter of credit with fixed maturity date by L/C opening bank against export order. Therefore, this is good & realizable as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	Amount in Taka	
	30 June 2021	30 June 2020
i. Receivables considered good and in respect of which the company is fully secured.	14,854,280	93,407,811
ii. Receivables considered good for which the company holds no security other than the debtor's personal security.	-	-
iii. Receivables considered doubtful or bad	-	-
iv. Receivables due by directors or other officers of the company or any of them either severally or jointly with any other person or receivables due by firms or private companies respectively in which any director is a partner or a director or a member.	-	-
v. Receivables due by companies under same management.	-	-
vi. The maximum amount due by directors or other officers of the company at any time during the year.	-	-
Total	14,854,280	93,407,811

7.00 Advances, Deposits & Prepayments

Sundry Advances	7.01	2,790,212	10,048,644
Advance Income Tax	7.02	9,322,697	15,721,829
		12,112,909	25,770,473

7.01 Sundry Advances

Adv. Agst. Factory Expenses		2,790,212	10,048,644
		2,790,212	10,048,644

7.02 Advance Income Tax

Opening Balance		15,721,829	12,327,833
Add: Addition during the year		565,435	3,393,996
Total Advance Income Tax		16,287,264	15,721,829
Less: Adjustment during the year		6,964,567	-
Closing Balance		9,322,697	15,721,829

8.00 Cash and Cash Equivalents

Cash in hand		1,161,569	3,283,912
Cash at Bank - SIBL		54,052	54,742
Cash at Bank - Jamuna Bank (CD)		2,993	2,058
Cash at Bank - Jamuna Bank, Foreign Exchange Branch (Convertible A/C)		61,650	61,650
Cash at Bank - SBACBL, Principal Branch (CD)		51,087,422	73,352
Cash at Bank-SBACBL, Principal Branch (Convertible A/C)		9,725,873	1,346,655
Cash at Bank - SBACBL, Principal Branch (SND)		3,915	4,049
Cash at Bank - Woori Bank (CD A/C)		744	7,079
Cash at Bank - Woori Bank (Convertible A/C)		81	81
		62,098,299	4,833,579

9.00 STD Account (IPO)

Opening Balance		1,750,000	1,750,000
Less: Return during the year		-	-
		1,750,000	1,750,000

9.01 a) Disclosure on balance in STD Account (IPO) as at 30.06.2021:

Principal Balance	1,750,000
Due Interest credited as on 30.06.2021	2,196,142
Total	3,946,142

b) The balance shown in the following bank accounts of The City Bank Ltd., Principal Office, Dhaka:

	FC	Taka
A/C: 3101113482001 (BDT)		3,135,515
A/C: 5121113482001 (USD)	9,027.18	767,310
A/C: 5121113482002 (GBP)	367.90	43,317
		3,946,142

N.B.; As per Directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of BSEC and the Bangladesh Securities & Exchange Commission (Capital Market Stabilization Fund) Rules, 2021, Company (the issuer) is about to pay the full amount including due interest available in the bank accounts to "Capital Market Stabilization Fund (CMSF)". However, the company has already transferred an amount of BDT. 3,139,516.68 to Capital Market Stabilization Fund (CMSF) on 14.10.2021 that was held as at in the above BDT account.

Amount in Taka	
30 June 2021	30 June 2020

10.00 Share Capital**10.01 Authorized Capital**

50,00,00,000 ordinary shares of Taka 10/= each.

5,000,000,000	5,000,000,000
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10.02 Issued, subscribed, called-up and paid-up capital

392,544,834 Ordinary Shares of Tk 10/= each fully paid-up

3,925,448,340	3,925,448,340
3,925,448,340	3,925,448,340

The shareholding position of the company are as under:

Name	No. of shares	Percentage (%)	Amount in Tk.
Al-Haj Mustafizur Rahman	31,937	0.01%	319,370
Md. Abdul Kader Faruk	7,854,256	2.00%	78,542,560
Abdul Quayum Mamun	987,135	0.25%	9,871,350
Mrs. Shirin Faruk	58,227,840	14.83%	582,278,400
M.L. Dyeing Limited	34,589,966	8.81%	345,899,660
F & S Industries Limited	16,073,000	4.09%	160,730,000
General Shareholders	274,780,700	70.00%	2,747,807,000
Total	392,544,834	100.00%	3,925,448,340

10.03 Paid up Capital

Paid up Capital at the beginning of the year

3,925,448,340

3,925,448,340

Add : Addition during the year

-

-

3,925,448,340

3,925,448,340

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			Amount in Taka	
			30 June 2021	30 June 2020
11.00	Share Premium			
	Opening Balance		599,780,490	599,780,490
	Addition/Deduction during the year		-	-
			599,780,490	599,780,490
12.00	Retained Earnings			
	Opening balance		(4,396,986,439)	(4,052,046,972)
	Add: Current year profit/(loss)		(69,865,896)	(344,939,466)
	Closing balance		(4,466,852,335)	(4,396,986,439)
13.00	Lease Liability			
	Opening balance		47,048,492	-
	Add: Current year charged		-	50,055,616
	Less: Payment		-	1,436,696
	Less: Short term lease liability		1,716,609	1,570,428
	Total:		45,331,883	47,048,492
14.00	Deferred Tax			
	Opening balance		12,945,557	10,915,727
	Add: Current year charged	28.02	(7,606,551)	2,029,830
	Total:		5,339,006	12,945,557
15.00	Creditors and Accrues			
	Gas Bill		16,010,897	16,010,897
	Electricity Bill		24,053	24,345
	Water Bill		3,339	3,260
	Medical subscription -BEPZA		21,662	21,662
	Worker Welfare fund		8,393	8,662
	Salary & Wages		788,730	592,270
	Audit & Professional Fees		250,000	280,000
	Subscription & Fees		1,568,500	1,462,506
	Lease Liability		1,716,609	1,570,428
			20,392,183	19,974,030
16.00	Bills Payables			
	Bills Payables		-	-
			-	-
17.00	Short Term Loan			
	Short Term Loan (Unsecured)	17.01	210,739,275	-
	Short Term Loan (Secured)	17.02	98,322,656	314,949,907
			309,061,931	314,949,907

Amount in Taka	
30 June 2021	30 June 2020

17.01 Short Term Loan (Unsecured)

The Liabilities has been made by loan taken as follows:

Particulars	30-06-2021	30-06-2020
	Amount (Taka)	Amount (Taka)
Rahman & Nesa Hospital and Research Center Ltd.	135,888,000	-
Samin Food and Beverage Ind. & Textile Mills Ltd.	31,201,275	-
F & S Industries Limited	43,650,000	-
Total	210,739,275	-

17.02 Short Term Loan (Secured)

The loan balance for 2020-2021 is with SBAC Bank Ltd. The loan status as on 30.06.2021 are stated as below:

Particulars	30-06-2021	30-06-2020
	Amount (Taka)	Amount (Taka)
SOD	98,322,656	293,868,050
IBP Loan	-	21,081,857
Total	98,322,656	314,949,907

18.00 Income Tax Payable

Income Tax Payable -Opening		19,472,493	11,715,575
Add: Charge for the year	28.01	2,935,983	7,756,917
		22,408,475	19,472,493
Less: Adjustment during the year		11,715,575	-
		10,692,900	19,472,493

19.00 Refundable Deposits (IPO)

Opening Balance		1,750,000	1,750,000
Less: Return during the year		-	-
		1,750,000	1,750,000

N.B.; As per Directive no. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of BSEC and the Bangladesh Securities & Exchange Commission (Capital Market Stabilization Fund) Rules, 2021, Company (the issuer) is about to pay the full amount including due interest available in the bank accounts to "Capital Market Stabilization Fund (CMSF)". Total balance in the bank accounts including due interest as on 30.06.2021 have been shown in note 9.01.

20.00 Net Asset Value Per Share (NAV)

A. Net Asset Value		58,376,495	128,242,391
B. Number of Ordinary Share Outstanding		392,544,834	392,544,834
Net Asset Value Per Share (A/B)		0.15	0.33

	Amount in Qty. (Kg)	
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020
21.00 Particulars of Import, Export, Production and stock in quantity during the period		
Opening raw materials	261,120	2,295,663
Add: purchase during the year	-	-
	261,120	2,295,663
Less: Input to production	-	-
Less: Disposal	261,120	2,034,543
Closing stock raw materials	-	261,120
Input to production	-	-
Raw Materials Disposal	261,120	2,034,543
Add: Opening work-in-process	-	-
	261,120	2,034,543
Less: Closing work-in-process	-	-
	261,120	2,034,543
Add: Opening finished goods	-	2,087,625
	261,120	4,122,168
Less: Wastage	-	-
Finished goods available to Export	261,120	4,122,168
Less: Closing finished goods	-	-
Sales in quantity during the period	261,120	4,122,168

Revenue

Particulars	Amount in Taka	Amount in Taka
Revenue	34,533,557	529,125,850

		Amount in Taka	
		01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020
22.00 Cost of Goods Sold			
Raw materials consumed/disposal	22.01	42,442,741	256,495,108
Packing materials consumed	22.02	-	4,651,413
		42,442,741	261,146,521
Work-in-process- opening		-	-
Work-in-process- closing		-	-
Change in Work-in-Process		-	-
Total Consumption		42,442,741	261,146,521
Add: Manufacturing Overhead	22.03	8,818,556	75,297,664
Add: Depreciation (Annexure-A)		15,856,764	16,456,824
Cost of Product		67,118,061	352,901,009
Finished goods - opening		-	409,481,049
Finished goods - closing		-	-
Change of Finished Goods Stock		-	409,481,049
Cost of free issue		-	(24,736)
		67,118,061	762,357,322

Manufacturing unit is situated in Comilla Export Processing Zone, Comilla . By the law of Ref: No = SRO No. -88-98/1739/Custom Act. dated May 28/1998, the Company is exempted from VAT.

22.01 Raw Materials Consumed/disposal

Opening Stock	42,442,741	298,937,849
Add: Purchase during the year	-	-
Raw materials available	42,442,741	298,937,849
Less: Closing Stock	-	42,442,741
	42,442,741	256,495,108

22.02 Packing Materials Consumed

Opening Stock	-	124,326
Add: Purchase during the year	-	4,527,087
Packing materials available for packing	-	4,651,413
Less: Closing Stock	-	-
	-	4,651,413

		Amount in Taka	
		01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020
22.03	Factory Overhead		
	Salary, Wages & Allowances	4,615,594	52,626,754
	Fuel, Water, Power & others	1,246,003	16,302,344
	Store & Spares Consumed	5.05	928,528
	Insurance & Others	167,524	532,452
	Rent, Rates and other taxes	777,616	205,301
	Printing & Stationary	104,250	121,485
	Travelling & Conveyance	195,418	304,490
	L/C and Bank Charges	-	985,000
	Repairs & Maintenance	163,628	388,643
	Other Overhead	1,548,523	2,902,667
		8,818,556	75,297,664
23.00	Operating Expenses		
	Warehouse, Distribution & Selling Exp.	23.01	5,549,251
	Administrative Expenses	23.02	14,573,680
		20,122,930	37,642,422
23.01	Warehouse, Distribution & Selling Exp.		
	Advertising Expenses	289,000	396,000
	Salary & Welfare	1,670,591	4,207,086
	Transportation and Handling expenses	2,152,823	7,216,400
	Repair and Maintenance	321,196	927,809
	Electricity, water and gas	25,977	242,436
	Sales promotion expenses	255,000	3,044,100
	Traveling & Conveyance Expenses	88,922	281,367
	Entertainment Expenses	39,629	134,093
	Miscellaneous Expenses	648,335	835,550
	Cost of free issue	-	24,736
	Depreciation (Annexure-A)	57,778	59,964
		5,549,251	17,369,541
23.02	Administrative Expenses		
	Salary & Welfare	3,967,292	4,819,354
	Postage & Telecommunication	82,060	124,197
	Traveling, Haulage & passage	412,350	814,726
	Repair & Maintenance	851,375	791,083
	Electricity, Fuel & Water	503,326	1,170,309
	Printing and Stationery	232,895	458,428
	Rent, Rates and Taxes	3,501,707	5,058,572
	Subscription & Donation	275,000	435,428
	Entertainment	57,950	137,150
	Fees and Charges	2,197,666	3,891,418
	Audit & Professional fees	250,000	280,000
	Miscellaneous Expenses	1,497,644	1,542,700
	Directors' Remuneration & Fees	32.01.B	609,600
	Depreciation (Annexure-A)	134,815	139,916
		14,573,680	20,272,881

		Amount in Taka	
		01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020
24.00 Financial Expenses			
Interest Expenses	24.01	29,632,726	76,663,925
		29,632,726	76,663,925
24.01 Interest Expenses			
Interest on EDF/UPAS/ABP/IBP		2,460,726	35,381,487
Interest on SOD		22,848,316	36,825,022
Interest on lease liability		4,323,684	4,457,416
		29,632,726	76,663,925
25.00 Foreign Exchange gain / (loss)			
Exchange gain / (loss)		3,087	21,713
		3,087	21,713
26.00 Other Income			
Wastage/Scrap sale		7,901,825	12,445,930
Other		-	19,560
		7,901,825	12,465,490
27.00 Fire Incident:			
<p>N.B.; Company's factory at Cumilla EPZ destroyed via fire incident dated 8th April 2019. Since then the production of the factory have been shutdown. Company's assets and inventories were covered by Union Insurance Company Limited and the coverage amount was Tk.132,46,06,136/-. Carrying amount in full of fire affected assets and inventories have been accounted for as fire loss in the financial year ended 30th June 2019 because the inspection and survey report from concerned authorities were underprocess which also have been under process in the reporting year. No assessment report has been finalized yet from the insurance company. Therefore, No insurance benefit obtained yet from the insurance company. During the year ended 30th June 2021, some damaged scrap have been sold following customs approval and that have been recorded as other income in the Statement of Profit or Loss and other Comprehensive Income. The subsequent status and financial event will be recognized and reflected in the onward relevant financial statements as and when it be effected.</p>			
28.00 Income tax expenses			
Current tax	28.01	2,935,983	7,756,917
Deferred tax	28.02	(7,606,551)	2,029,830
		(4,670,569)	9,786,747
28.01 Current tax			
This has been arrived as under;			
Current tax on operating income	28.01.A	565,435	3,393,996
Current tax on other income		2,370,548	4,362,922
		2,935,983	7,756,917

	Amount in Taka	
	01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020
28.01.A Current tax on operating income		
Net Profit before tax	(74,536,465)	(335,152,719)
Add: Depreciation as per accounting base	16,049,356	16,656,704
Less: Depreciation as per tax base	39,420,996	30,188,904
Less: Other income	7,901,825	12,465,490
Taxable operating income	(105,809,930)	(361,150,409)
Income tax @ 15%	(15,871,490)	(54,172,561)
Tax under section 82C/Minimum Tax	565,435	3,393,996
Current tax, higher one	565,435	3,393,996
		01-07-2020 to 30-06-2021
28.02 Deferred tax		
Carrying Value as per Accounts		
Property, Plant & Equipment		336,246,983
Carrying Value as per Tax base		
Property, Plant & Equipment		300,653,609
Taxable difference		35,593,374
Applicable income tax rate		15.00%
Deferred tax liability at the end of the period		5,339,006
Deferred tax liability at the beginning of the period		12,945,557
Deferred tax expenses/income during the period		(7,606,551)
29.00 Basic Earnings Per Share (EPS)		
(i) Earnings from core business		
a) Net profit after tax excluding Other Income	(75,397,174)	(353,042,035)
b) Number of weighted average ordinary shares outstanding	392,544,834	392,544,834
Earnings Per Share (EPS) from core business (a/b)	(0.19)	(0.90)
(ii) Earnings from other income		
a) Other income after tax	5,531,278	8,102,569
b) Number of weighted average ordinary shares outstanding	392,544,834	392,544,834
Earnings Per Share (EPS) from other income (a/b)	0.014	0.021
(iii) Basic Earnings Per Share (i+ii)	(0.18)	(0.88)
Basic Earnings Per Share (Adjusted)	(0.18)	(0.88)

Amount in Taka	
01-07-2020 to 30-06-2021	01-07-2019 to 30-06-2020

29.01 Weighted average number of ordinary shares outstanding

Date of Allotment	No. of Shares	Weight	Weighted average no. of share
Opening No. of Share	392,544,834	1	392,544,834
Addition during the year	-	1	-
Total	392,544,834	1	392,544,834

30.00 Net operating cash flow per share

Net operating cash flows	66,142,959	238,738,373
No. of outstanding share at the end of year	392,544,834	392,544,834
Net operating cash flows per share	0.17	0.61

31.00 Reconciliation of cash generated by operations

Net Profit/(Loss) Before Tax	(74,536,465)	(335,152,719)
Add: Depreciation	16,049,356	16,656,704
Increase/Decrease in inventory	42,442,741	666,514,746
Add: Fire loss in fixed assets	-	-
Increase/Decrease in receivables	78,553,531	266,189,457
Increase/Decrease in advance, deposits & prepayments	13,657,564	40,697,800
Increase/Decrease in bills payables	-	(415,825,061)
Increase/Decrease in Income tax liability	(8,779,593)	-
Adjustment of Lease Liability	(1,716,609)	(1,570,428)
Increase/Decrease in creditors & accrues	473,557	1,236,289
Foreign Exchange Gain	(1,124)	(8,415)
	66,142,959	238,738,373

Annual Report-2020-2021

32.00 General

32.01 Disclosure as per requirement of Schedule XI, part II of Companies Act 1994

32.01.A Disclosure as per requirement of Schedule XI, part II, note 5 of Para 3

Employee Position (as on 30th June 2021)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 6250	0	0	0	0
Above 6250	17	12	0	29
Total	17	12	0	29

N.B.; Due to fire incident dated 8th April, 2019 at factory, production plant has been fully destroyed and production has been shut down since the date of fire. Staff and workers whoever terminated after the fire accident, were allowed termination benefit as per BEPZA rules.

32.01.B Disclosure as per requirement of Schedule XI, part II, Para 4 of companies act 1994

Directors' Remuneration & Fees: Tk. 609,600

Directors are entitled Tk 300 as Board Meeting fee for attending each Board Meeting as per Articles of Association. Managing Director and CEO monthly remuneration entitled to Tk 50,000

This is made up as follows:

Particulars	Amount in Taka
Remuneration & Benefits to the Managing Director	600,000
Meeting attending fees	9,600
Total	609,600

32.01.C Disclosure as per requirement of Schedule XI, part II, Para 7

Details of Capacity is given below:

Particulars	Licence Capacity	Installed Capacity in KG as before fire accident	Production Capacity in KG after fire accident	Actual Production in KG
Annual Production of Acrylic and Cotton Yarn in KG	Not mentioned in licence	13,260,000	-	-

32.01.D Disclosure as per requirement of Schedule XI, part II, Para 8 of companies Act 1994

Value of raw material, spare parts, packing materials and goods

Particulars	Local Purchase	Import	Total purchase	Consumption	Disposal	Consumption %
Raw Materials	-	-	-	-	42,442,741	0.00%
Spare & Accessories	-	-	-	-	-	0.00%
Packing Materials	-	-	-	-	-	0.00%

33.00 Related Party Transaction

During the year, the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosures.

Director Remuneration & Fees:

Particulars	Amount in Taka
Remuneration & Benefits to the Managing Director	600,000
Meeting attending fees	9,600
Total	609,600

Transaction:

Name of Company	Relationship	Nature of transaction	Amount as at 30.06.2021 (Tk.)
S.F. Textile Industries Ltd.	Common Ownership	Receivable against sales	14,854,280
F & S Industries Limited	Director	Short term loan	43,650,000
Rahman & Nesa Hospital and Research Center Ltd.	Common Ownership	Short term loan	135,888,000
Samin Food and Beverage Ind. & Textile Mills Ltd.	Common Ownership	Short term loan	31,201,275

Equity Participation:

M. L. Dyeing Limited owns 34,589,966 number of ordinary shares of Tk. 10/- each at total amounting Tk. 345,899,660 being 8.81% of total ordinary shares of R.N. Spinning Mills Ltd.

34.00 Advances, Deposits & Prepayment (Note: 7) as per Schedule XI, Part-1 of the Companies Act 1994.

Advance, Deposits and pre-payments exceeding 6 Months	12,112,909
Not exceeding 6 Months	-
Total	12,112,909
Other advance, deposits & pre-payments less provision	-
Advance, deposits and pre-payments considered Good and Secured	9,322,697
Advance, deposits and pre-payments considered Good without security	2,790,212
Advance, deposits and pre-payments considered doubtful or bad	-
Advance, deposits and pre-payments	
Due by Directors	-
Other Officers	-
Advance, Deposits and pre-payments due from companies under same management:	-
Maximum Advance, deposits and pre-payments	
Due by Directors	-
Officers at any time	-

35.00 Particulars of Audit Committee

The audit committee constituted with a Chairman and three members. As at 30th June 2021, the members of the committee were as follows:

Name	Position	Status with committee	Educational qualification
Mr. Omar Faruque	Independent Director	Chairman	M.Com, CA (CC)
Mrs. Shirin Faruk	Director	Member	M.A.
Md. Obaydul Huq	Director	Member	MBA

During the 1st July 2020 to 30th June 2021, the following meetings of the audit committee held with the company's Senior Management to consider and review the company's financial statements and risk management.

Meeting	Date of Meeting
1	9-Sep-20
2	28-Oct-20
3	23-Jan-21
4	24-Apr-21

36.00 Internal control

Following steps have been taken for implementation of an effective internal control procedures of the Company:

1. A strong internal control and compliance division is being formed with a view to establish a well designed system of internal control.
2. Regular review of internal audit reports with a view to implement the suggestion of internal auditors in respect of internal control techniques.
3. To establish an effective management system that includes planning, organizing and supervising culture in the factory as well as at head office.

R. N. SPINNING MILLS LIMITED
Schedule of Property, Plant & Equipment
As at 30 June 2021

Particulars	Cost			Rate of Dep./ Amortization (%)	Depreciation			Written Down Value As At 30-06-2021	Written Down Value As At 30-06-2020
	Balance as on 1st July 2020	Addition during the year	Disposal/Adjustment during the year		Balance as on 1st July 2020	Charge during the year	Disposal/Adjustment during the year		
Leasehold Land Development	129,473,455	-	-	3.33%	38,085,797	4,311,466	-	42,397,263	91,387,658
Building	203,558,637	-	-	2.50%	33,265,893	4,257,319	-	37,523,212	170,292,744
Electrical Installation	5,060,020	-	-	10%	2,302,482	275,753.79	-	2,578,236	2,757,538
Furniture & Fixture	4,034,205	-	-	10%	1,490,616	254,359	-	1,744,974	2,543,589
Office Equipment	8,083,186	-	-	10%	3,322,110	476,107.63	-	3,798,217	4,761,076
Cookeries	806,017	-	-	20%	464,812	68,241	-	533,053	341,205
Vehicles	41,340,767	-	-	10%	10,536,712	3,080,406	-	13,617,117	30,804,055
Water & Gas Installation	4,680,868	-	-	10%	2,245,812	243,506	-	2,489,317	2,435,056
Total	397,037,155	-	-		91,714,233	12,967,157	-	104,681,390	305,322,922
Leased Assets	50,055,616	-	-	6.16%	3,082,199	3,082,199	-	6,164,398	46,973,417
Total	447,092,771	-	-		94,796,432	16,049,356	-	110,845,788	352,296,339

Allocation of depreciation :

Manufacturing Overhead	15,856,764	98.80%
Administrative Expenses	134,815	0.84%
Warehouse, Distribution & Selling Expenses	57,778	0.36%
	<u>16,049,356</u>	<u>100%</u>

R.N. Spinning Mills Limited

Corporate Office: House # 11 (5th Floor)
Unit # 5-B, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1212

PROXY FORM

I/We..... of
.....being a shareholder of R.N. Spinning Mills Limited
and entitled to vote hereby appoint Mr./Ms as my/our proxy
to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the
Company to be held on Tuesday, the 21nd December, 2021 at 11:30 a.m. at Jam Jam Hotel &
Resort Hall, Shankerpur, Cumilla and at any adjournment thereof.

As witness my/our hand thisday of.....2021.

(Signature of the Shareholder)

(Signature of Proxy)



Folio No./BO ID No.

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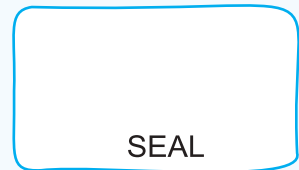
NO. of Shares heldDated

Note :

01. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf.
02. The Proxy Form, duly stamped, must reach at the share office Located at House # 11 (5th Floor), Unit # 5-B, Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212 of the company not less than 48 hours before of the meeting.

R.N. Spinning Mills Limited

Corporate Office: House # 11 (5th Floor)
Unit # 5-B, Road # 12, Block # F, Niketon
Gulshan-1, Dhaka-1212



ATTENDANCE SLIP

I/We hereby record my/our attendance at the 17th Annual General Meeting of the company
being held on 21nd December, 2021 at 11:30 a.m. at Jam Jam Hotel & Resort Hall,
Shankerpur, Cumilla.

Name of Shareholder/Proxy

Folio No./BO ID No.

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NO. of Shares held

(Signature of Proxy)

(Signature of the Shareholder)

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



R.N. Spinning Mills Ltd.



[An Oeko-Tex & BCI Certified Company]

Corporate Office :

House # 11 (5th Floor), Unit # 5-B, Road # 12, Block # F, Niketon, Gulshan-1
Dhaka-1212, Bangladesh. Tel : 88-02-48810053, Fax : 88-02-48810054
E-mail : rns spinning@gmail.com, Web : www.rns spinningmills.com

Factory: Plot No. 100-107 & 127-134, Comilla Export Processing Zone, Comilla, Bangladesh.