



DRAGON SWEATER AND SPINNING LTD

ANNUAL REPORT | 2019



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mostafa Quamrus Sobhan, Chairman
Mostafa Golam Quddus, Managing Director & Directors
Fauzia Quamrun Tania, Director
Fazlutun Nessa, Director
Shafia Sobhan Chowdhury, Director
Tasnia Quamrun Anika, Director

INDEPENDENT DIRECTORS

A. M. Saidur Rahman
M. Jinnat Ali Mian

COMPANY SECRETARY

S.M. Khaja Hossain

REGISTERED OFFICE

25/2, DIT Road, Malibagh, Chowdhury Para, Dhaka-1219,
Bangladesh

PRINCIPAL PLACE OF BUSINESS

Chandul, Miah Bazar, Choddogram, Comilla, Bangladesh

LEGAL ADVISOR

Barrister Imtiaz Moinul Islam
BGMEA Complex, 4th floor,
23/1, Panthapath Link Road, Dhaka-1215

BANKERS

The City Bank Limited
Principal Office, Jibon Bima Tower,
10, Dilkusha C/A, Dhaka-1000
Bank Asia Limited
Moghobazar Branch, Tropical M L Point,
43, New Circular Road, Moghbazar, Dhaka-1219
South Bangla Agriculture & Commerce Bank Limited
Principal Branch, Zaman Complex,
47, Dilkusha C/A, Dhaka-1000
National Bank Limited
Malibagh Branch, 68/B, DIT Road, Malibagh,
Chowdhury Para, Dhaka-1219

AUDITORS

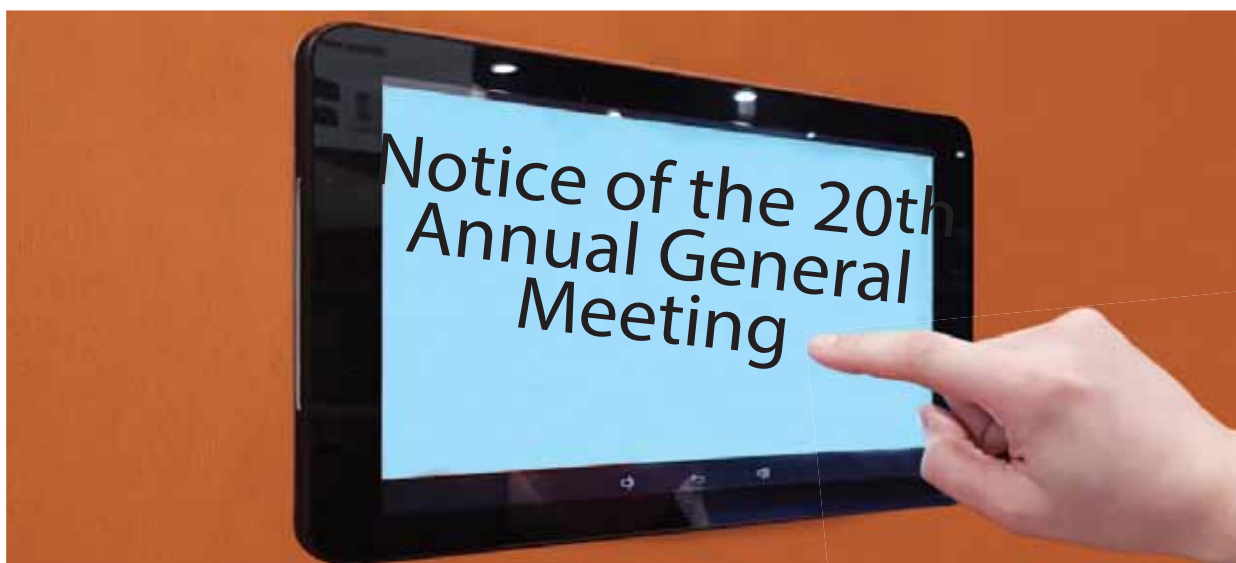
Shiraz Khan Basak & Co.
Chartered Accountants
R K Tower (Level-10), 86 Bir Uttam
C R Datta Road, Dhaka-1205

INSURERS

Rupali Insurance Co. Ltd.
Rupali Bima Bhaban ,7 Rajuk Avenue, Dhaka-1000

LISTING

Dhaka Stock Exchange Limited (DSE)
Chittagong Stock Exchange Limited (CSE)



Notice is hereby given that the **20th Annual General Meeting of Dragon Sweater & Spinning Limited** will be held on Saturday, December 14, 2019 at 11 A.M. at Imperial Convention Center (4th Floor), 68/B, DIT Road, Malibagh, Chowdhury Para, Dhaka-1219 to transact the following business:

1. To receive and adopt Director's Report and Audited Accounts of the Company for the year ended 30th June 2019
2. To declare dividend for the year ended 30th June 2019 as recommended by the Board of Directors.
3. To consider appointment of Auditors for the year 2020 and to fix their remuneration.
4. To elect Director's as per Article of Association of the Company.
5. To transact any other business which may be placed before the meeting with the permission of the Chair.

By order of the Board of Directors

A handwritten signature in black ink, appearing to be "S.M. Khaja Hossain", is written over a horizontal line.

(S.M. Khaja Hossain)
Company Secretary

Dated, Dhaka
November 28, 2019

Notes:

1. The 'Record Date' is fixed on Sunday, November 24, 2019. The Shareholders, whose names will appear in the Share Register of the Company (Certificated & Depository) at the close of business on the record date, will be eligible to attend the meeting and dividend.
2. A member entitled to attend and vote at the Annual General Meeting may appoint another person as his/her proxy to attend and vote on his/her behalf. The proxy form duly stamped must be deposited at the Company's registered office not later than 48 (Forty Eight) hours before the time scheduled for the meeting.
3. For the sake of convenience, Shareholders are requested to submit their queries, if any, on the Directors' Report /Audited Accounts for the year ended 30th June 2019 to the Registered Office of the Company preferably 72 (Seventy two) hours before the day of the Annual General Meeting.

N.B: As per BSEC Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013 "No benefit in cash of kind, other than in the form of cash dividend or stock dividend, shall be paid to the holders of the equity security."



COMPANY PROFILE

Dragon Sweater and Spinning Limited is a 100% export oriented sweater manufacturing and spinning company producing and supplying sweaters to worlds biggest renowned buyers. DSSL has strategic partnerships with diverse and leading global brands. Incorporated as a private limited company under the Companies Act, 1994 on 16th June 1999 at Chandul, Miah Bazar in Comilla, Bangladesh. Subsequently the company has converted into public limited company on 13th January 2012.

DSSL is strategically located on the Dhaka Chittagong High Way in its own industrial complex and employs huge number local people in its manufacturing facilities. The machineries have been exported by world class suppliers from Germany, Italy and other European countries to enable us to manufacture value added products on time.

DSSL is a project that contains Spinning of yarns such as acrylic or acrylic blended with wool, cotton, cashmere, silk, polyester and other synthetic fibers. The sweater factories utilizes its own spanned yarns to make readymade sweaters and are exported to top retailers across the globe. The company exports its products to diversified markets such as USA, Canada, Brazil, Japan, Australia, UK and Europe. DSSL achieved ISO 9001:2000 certificate for Quality Control.

DSSL authorized capital is BDT 3,000,000,000 and paid up capital is BDT 1,587,000,000

Annual Production Capacity of Spinning is 6,570,000 LBS.

Annual Production Capacity of Sweater is 6,918,000 pieces.



VISION & MISSION

Our vision remains committed to Quality, Delivery and Value added products at competitive prices without compromising on ethical values.

The company's vision and mission is to become one of the leading sweater manufacturing and spinning industry in the entire South East Asian region. Due to rising demand of goods produced from its composite project the company plans to expand the spinning and sweater manufacturing capacity to meet the rising demand of acrylic and other yarns from the group itself and also to meet the demand of rising sweater industry of Bangladesh.

OBJECTIVES

- To be innovative and responsive to customer needs.
- To maintain quality as per AQL 1.0 inspection plan.
- To provide continuous training to all employees to attain required productivity and Quality Standards.
- To plan for defect-free performance.
- To establish clear, customer-focused requirements.
- To ensure the process is capable of meeting the requirements of each client.
- To reduce variations continually.
- To prioritize by isolating the "Vital few from the Trivial Many".
- To deliver value through best work practices.

STRATEGY

- ❑ Factories are being expanded and renovated.
- ❑ Modern Equipments across various production departments are being installed.
- ❑ Strong in house design team on development of new products and presentations of collections for buyer to choose from the library.
- ❑ Implement successfully the fully integrated ERP Solution for the entire operation of the company with live production updates & planing.
- ❑ Identify and develop yarn sources to offer "FOB" packages to the buyer.
- ❑ Developing skills to offer specialized categories of products at competitive price slots.
- ❑ Exploring backward linkage to complete vertical integration.
- ❑ Vertically integrated plants.
- ❑ Develop frequent training programs for fire safety and motivate to follow compliance resolution.
- ❑ Fully covered insurance coverage has been obtained on regular basis with a view to ensure safety of the properties from any calamities and natural disaster.

DRAGON SWEATER & SPINNING LIMITED

We in DSSL, Strive, above all, for top quality products at the most competitive price utilizing the lowest rungs of the economic class of people in the country thus empowering and training the women folk of the course. We value our social obligations.

We vow to strive for the protection of the capital invested by our shareholders as well as to ensure highest return and growth of their assets.

Our employees are the back bone of the company and are the operational strength of the company, through a pay package composing of salary/wages, allowance, bonuses, leave/salary and superannuation's and retirement benefits and other emergency grants & gratis.

Our associate partners such as our creditors & financial institutions who provide financial support when we need them, the suppliers of raw materials & supplies who offer them at the best prices, the providers of utilities-power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product on due dates.

We strive for fulfillment of our responsibility to the government through payment of entire range of due taxes, duties and claims to various public agencies like municipalities etc. as per law of the land.

We strive as responsible citizen, for a social order devoid of malpractices, anti-environmental behaviors, unethical and immoral activities and corruptive dealings. We keep away from any discriminatory practices between sexes, races, religions, colors or political beliefs.

We strive for practicing good governance in every sphere of activities covering inter alia, not being limited to, disclosure & reporting to shareholders holding AGM on time distribution of dividends and other benefits to shareholders, reporting / dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc. all that directly and indirectly affect the interest of concerned groups-the shareholders, the creditors, suppliers, employees, government and the society in general.

CORPORATE FOCUS

Our vision is the polestar to our mission that fulfils our objectives based on our strategy with emphasis on the quality of product processes and services blended with good governance that help build the image of the most vulnerable corporate citizenship at home and abroad.

BOARD OF DIRECTORS



Mostafa Quamrus Sobhan, Chairman:

Aged 42 years, is the Chairman of the Company. Only son of Mostafa Golam Quddus, the Managing Director & Director of the Company. He has completed his Bachelor in Business Administration from the Nottingham Trent University of UK and Masters in Business Administration from the Maryland University. He manages project budgets, monitors the expenditure and costs against delivered and realized benefits as the project progresses. He has effective export management skill to achieve growth targets in sales activity and expanding sales to different countries around the world and in existing markets. He supports sales and marketing campaigns and contributes to the development of propositions. He ensures effective management and has led many business delegations in abroad such as UK, EU Countries, USA, Canada, Hong Kong, China and Australia and also kept himself involved in series of social welfare activities specially in his home town, Comilla.



Mostafa Golam Quddus, Managing Director & Director:

Mr. Mostafa Golam Quddus, aged 70, is the Managing Director and Director of the Company. He has completed M. Com. in Management and has served in Police department from 1st January 1971 to 1985 and resigned from service in 1985 from the position of senior ASP. He is a former president of Bangladesh Garments Manufacturer and Exporter Association (BGMEA) and member of Geneva Convention Child Labor Committee. Mr. Quddus is widely known as the pioneer of sweater industry in Bangladesh. He is also the Chairman and key sponsor of Rupali Insurance Company Limited. During his long business experience of 25 years he has gathered vast knowledge in modern method and technology in production, marketing, and management of textile and knitting industries. He has travelled many countries of the world such as USA, Japan, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore and Canada for the purpose of the business and to enrich his knowledge and experience during the period mentioned. He is also associated with a number of different social welfare organizations as a part of social responsibility.



Fauzia Quamrun Tania, Director:

Mrs. Fauzia Quamrun Tania, aged 36, is a Director of the Company and the Eldest daughter of Mostafa Golam Quddus, the Managing Director & Director of the Company. After completion of her B.Sc, Hons/MA in Business Management and Applied Mathematics from University of Glasgow, UK, she has engaged herself in the Operational side of the Business. Mrs. Tania had taken 4 years extensive training in the field of Sweaters as an employee in the business and was then designated as the Director (Operations) of the Company acquiring vast experience and knowledge from the interaction between International Buyers and Local Associates. She has travelled many countries to enrich her knowledge and experience. She believes that Dedication and Perseverance are the true key factors to success and is very sincere and eager to learn more about technical aspect of making sweaters and keenly interested in the methodology and operational strategies involved in the work.

DRAGON SWEATER & SPINNING LIMITED



Fazlutun Nessa, Director:

Mrs. Fazlutun Nessa aged 60, Director of the Company, is a successful business entrepreneur with extensive experience and management skills. Mrs. Nessa has completed her Bachelors in Arts from Chittagong University (1989). She has been running one of the first retail socks companies of Bangladesh established in the year 1990 which develops and sells international standard quality socks in its own 10 shops around the Country. She has managed to expand her business by introducing new outlets and at the same time maintaining the high quality standard in all her products. She has been an active member of BGMEA and stands as a Vice Chairman of Women's Affairs Committee of BGMEA. Besides being a successful entrepreneur she is also a wonderful mother of three established children. She has travelled many countries of the world such as USA, Japan, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore and Canada for the purpose of the business and to enrich her knowledge and experience during the period mentioned.



Shafia Sobhan Chowdhury, Director:

Mrs. Shafia Sobhan is a business graduate and upon finishing her graduation she joined Oxford International School as an intern teacher. Other than her involvement in Dragon Sweater and Spinning Limited as Director, she also became a newly appointed Director of Perag Socks Industries Limited and CD Spinning Mills Limited. She has travelled many countries of the world such as USA, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore and Canada for the purpose of the business and enriched her knowledge and experience which make her young, dynamic, self-motivated and hardworking individual. Mrs. Shafia has depth of understanding in emerging business in the information technology has made herself busy for the promotion and development of the Company. International traveling, excellent decision making ability has made herself as one of the successful entrepreneurs in the family.



Tasnia Quamrun Anika, Director:

Mrs. Tasnia Quamrun Anika, aged 31, is the youngest Director of Dragon Sweater and Spinning Limited. She is very much eager to know the technical details of the spinning company and very much interested in the processing, marketing and general administration activities of the Company. Although very young, she has always been a meritorious student and she has finished her schooling from Fern Hill School in Glasgow and completed her under graduation (BBA) from North South University, Dhaka. She has travelled around the world such as USA, China, Australia, EU Countries, India, UK, Saudi Arabia, Hong Kong, Singapore and Canada and is up to date with the modern technology that the Market is demanding for. Mrs. Tasnia is always very sincere, quiet, hard working and will definitely keep her mark of perseverance in her field of work in the forthcoming future. Mrs. Tasnia is also the Director of Perag Socks Industries Limited.

DRAGON SWEATER & SPINNING LIMITED



A. M. Saidur Rahman, Independent Director:

A .M. Saidur Rahman was born in 1951 and has completed B.Sc and M.Sc successfully. Saidur Rahman is an ex employee of Bangladesh Civil Service. He is also passing his successful career as chairman of Pendamic Fisheries Limited, Royal Denim Limited and Saidur Rahman Foundation Limited.



M. Jinnat Ali Mian, Independent Director:

M. Jinnat Ali Mian was born on 7 March, 1949 and passed educational life in University of Dhaka and Institute for Transport Studies, University of Leeds, UK. Jinnat Ali Mian was Lecturer in Economics, Kaliakoir College, Consulting Transport Economist & planner, Tehran Department of Transport, Iran and Proprietor, Bipul Corporation. After that he became Chairman and Managing Director of Hollywood Fashions (Pvt.) Ltd, Hollywood Garments (Pvt.) Ltd, Union Sportswear Ltd and Pioneer Casualwear Ltd. Beside these Jinnat Ali Mian was elected on as Second Vice President, Vice President, Director in BGMEA for 2 year term each.



Mohammed Abdul Hannan, CMA Chief Financial Officer:

Mohammed Abdul Hannan, CMA is the Chief Financial Officer (CFO) of Dragon Sweater and Spinning Ltd. He obtained professional degree CMA from ICMA, Australia and Chartered Accountant –Advanced Level from Institute of Chartered Accountants of Bangladesh (ICAB). He has also achieved M.Com (Accounting) from Chittagong University. He is a Member of the Dhaka Taxes Bar Association. Before joining in the Dragon Sweater and Spinning Ltd. He worked as CFO in Jann Group and Monno Group of Industries. At first Mr. Hannan started his Career with Bashundhara Group and subsequently worked in STS Group.

He has got vast expertise in different fields such as Accounts, Finance, Tax, Vat, IPO process, Listing Regulations, Secretarial Affairs and Foreign Loan dealings. He has more than 19 (Nineteen) years of experience in reputed Group of Companies. He has traveled Australia, Saudi Arabia, Singapore, Malaysia, Thailand, India and Nepal for participating many seminars and workshops.

Letter of Transmittal

All 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 year ended 30th June 2019.

Dear Sir,

We are pleased to enclose a copy of Annual Report together with the Audited Financial Statements including statement of Financial Position as at 30th June, 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statements of Cash Flows for the year ended 30th June 2019 along with notes thereon of Dragon Sweater & Spinning Limited for your information and record.

Yours truly



(S.M. Khaja Hossain)
Company Secretary

Dated, Dhaka
28th November 2019



CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present the annual report of Dragon Sweater & Spinning Limited for the year ended 30th June 2019.

During the period under review, our manufacturing business remained challenging due to weak consumer sentiment caused by the gloomy global economy. In addition, the performances during the first quarter of 2019-2020 are satisfactory. Despite the pressures of the competitive environment, the financial position of DSSL remained healthy for ongoing business operations and development.

STRATEGIC DIRECTIONS

Diversification of Production Bases Due to the constant rise in labor and fuel costs in Bangladesh in the past decade, the operating costs of labor intensive industries such as sweater manufacturing in Bangladesh is currently under great pressure. In the past few years, DSSL has been focusing on developing appropriate production capacities by constructing an extension of factory building to increase production capacity. We had imported 320 set automated machineries after receiving approval of Initial Public Offering (IPO) to better serve our customers within reasonable costs. Expansion of production bases has all along been a challenging task. However, I believe that expansion is important for DSSL to remain competitive and resilient.

Furthermore, a fully integrated ERP software is being used for the entire operation of the companies, which gives Live Production Update, Compliance Support, Production, Production Planning, Salary Disbursement etc. we are continuously upgrading our software as per our needs and requirement. Its State of the Art technology will give the competitive edge to the company against competitors.

OVERVIEW

Over the years readymade garment (RMG) industry has witnessed a steady growth and within three decades it has become the largest export earning sector of Bangladesh, generating 80% of the export earnings and contributing more than 10% to national GDP. The RMG sector has created employment for about 5.4 million people, of whom 80 percent are women. Apart from playing a vital role in Bangladesh's economic growth, the RMG sector has strengthened the country's image worldwide. The 'made-in-Bangladesh' tag has taken Bangladesh to a new height at the international level.

Due to the geographic advantage and the trade preferences and lower labor costs, many brands have considered Bangladesh as the country of choice and urged their suppliers to seek expansion of production capacities here. The labor cost in Bangladesh has been increasing rapidly and this trend is likely to be continued in the next few years.

Trade negotiation and preferences are key factors affecting the competitive landscape of the apparel and sweater manufacturing industries. All of the above-mentioned trade negotiations and preferences shall affect the customers' sourcing strategy and direction which create challenges and opportunities to all manufacturers. DSSL shall continue to monitor and adjust its diversification strategy to remain competitive.

In view of the market challenge ahead, the Group will strive to capture opportunities in the apparel and accessories business by adjusting our customer base and product mix and further strengthening the relationship with our existing key customers. DSSL continues to focus on providing quality products, innovation and driving market expansion.



We have successfully managed the challenges with the continuous support of our customers, employees and our valued shareholders. Their commitments and best efforts have earned us the success that we have achieved over the years. As such, we would like to thank all for their on-going commitment and tremendous support.

DIVIDEND

The Board of Directors has resolved to proposed a final dividend of 10% stock per share for the year ended 30th June 2019.

CORPORATE GOVERNANCE

Dragon Group acknowledges the need and importance of corporate governance as one of the essential elements in enhancing shareholder value. DSSL is devoted to improving its corporate governance policies in compliance with regulatory requirements and in accordance with international recommended practices. As at the date of this report, the Company has formed the Audit Committee and Remuneration Committee all at the Board of Directors' (the "Board") level, to provide assistance, advice and recommendations on the relevant matters that aim to ensure protection of the Group and the interest of the Company's shareholders as a whole.

"Our Fully Integrated ERP Solution, State of the Art automated machines and skilled labor and technicians will give the company the competitive edge against competitors"

APPRECIATION

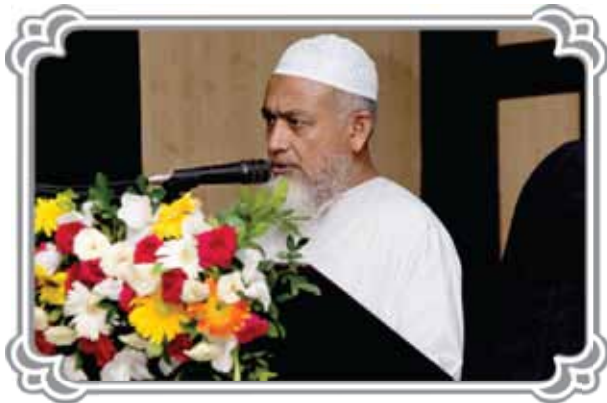
On behalf of Dragon Group, I would like to express my sincere appreciation and gratitude to all our customers, suppliers and shareholders for their dedicated support. Also, I wish to take this opportunity to thank all our employees for their invaluable service, dedication and perseverance throughout last year. Finally, I am grateful to my fellow Board members and the senior management for their contribution to the Group.



Mostafa Quamrus Sobhan
Chairman



Photographs of AGM & EGM





DRAGON SWEATER & SPINNING LIMITED

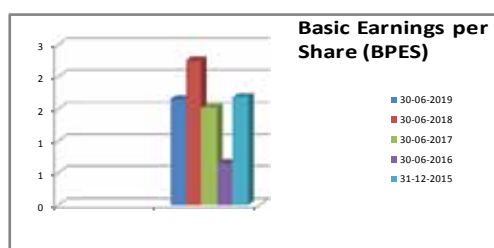
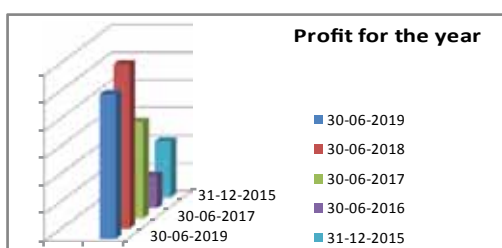
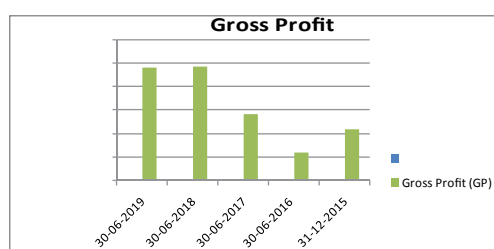


FINANCIAL PERFORMANCE

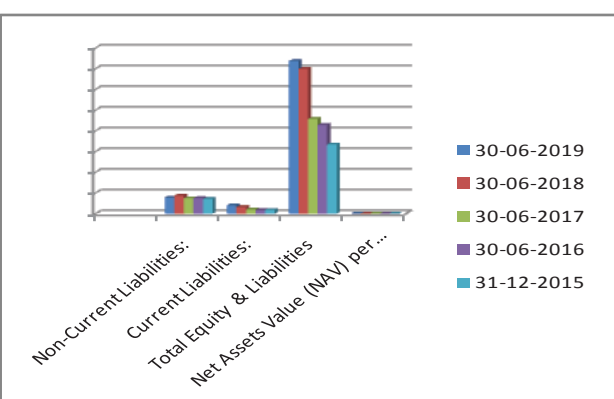
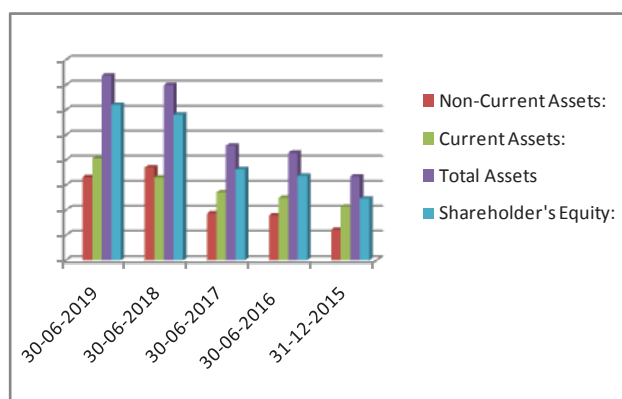
FIVE YEARS' FINANCIAL HIGHLIGHTS

Value in Taka

Operational Result	30-06-2019	30-06-2018	30-06-2017 (6 Month)	31-12-2016	31-12-2015
Revenue	1,921,774,538	1,687,646,647	1,015,339,175	436,885,811	793,594,941
Gross Profit (GP)	485,190,879	489,828,415	283,596,073	120,760,604	218,183,096
Operating Income (OI)	333,775,578	385,286,139	198,320,988	81,700,332	155,872,357
Net Profit before Tax (NPBT)	301,960,664	338,400,003	165,016,586	64,797,311	112,411,599
Profit for the year	261,685,679	296,942,011	174,268,560	58,092,427	100,960,154
Basic Earnings per Share (BPES)	1.65	2.25	1.52	0.65	1.68



Financial Position	30-06-2019	30-06-2018	30-06-2017	31-12-2016	31-12-2015
Non-Current Assets:	1,656,603,416	1,850,027,025	930,857,503	896,055,707	604,358,730
Current Assets:	2,028,159,983	1,645,759,244	1,355,170,072	1,244,502,920	1,065,384,884
Total Assets	3,684,763,398	3,495,786,269	2,286,027,575	2,140,558,626	1,669,743,614
Shareholder's Equity:	3,098,909,529	2,903,348,851	1,815,258,841	1,684,085,566	1,227,932,960
Non-Current Liabilities:	384,774,982	432,675,039	369,712,392	371,488,754	354,669,951
Current Liabilities:	201,078,887	159,762,379	101,056,342	84,984,306	87,140,702
Total Equity & Liabilities	3,684,763,398	3,495,786,269	2,286,027,575	2,140,558,626	1,669,743,614
Net Assets Value (NAV) per share	19.53	21.95	13.73	16.84	20.47



DRAGON SWEATER & SPINNING LIMITED

Key Financial Ratios	30-06-2019	30-06-2018	30-06-2017	30-06-2016 (6 Month)	31-12-2015
Liquidity Ratios:					
Current Ratio (Times)	10.09	10.3	13.41	14.64	12.23
Quick Ratio (Times)	7.3	7.8	9.99	11.81	9.69

Operating Efficiency Ratios:					
Accounts Receivables Turnover Ratio	1.61	1.76	1.3	0.66	1.34
Inventory Turnover Ratio (Times)	3.15	3.22	2.49	1.37	2.71
Assets Turnover Ratio (Times)	0.54	0.48	0.44	0.2	0.48

Profitability Ratios:					
Return on Capital Employed (ROCE) (%)	9.58%	11.08%	7.78%	3.46%	7.58%
Gross Margin Ratio (%)	25.25%	29.02%	27.93%	27.64%	27.49%
Operating Profit Ratio (%)	17.37%	22.83%	19.53%	18.70%	19.64%
Net Profit Ratio (%)	13.62%	17.60%	17.16%	13.30%	12.72%
Return on Assets Ratio (%)	7.29%	8.49%	7.62%	2.71%	6.05%
Return on Equity Ratio (ROE) (%)	8.72%	10.23%	9.60%	3.45%	8.22%
Earning Per Share (Basic EPS)	1.65	2.25	1.52	0.65	1.68

Solvency Ratios:					
Debt to Total Assets Ratio	0.16	0.11	0.17	0.19	0.23
Debt-Equity Ratio (Times)	0.19	0.13	0.21	0.24	0.32
Time Interest Earned Ratio (Times)	10.29	10.26	5.56	4.5	3.4
Debt Service Coverage Ratio	9.78	10.04	5.33	4.42	3.33

Cash Flow Ratios:					
Net Operating Cash Flow per Share	0.68	1.23	0.04	-0.11	1.72
Net Operating Cash Flow per Share/EPS	0.41	0.55	0.03	-0.17	1.02



Statement of Performance from the Managing Director

Bismillahir Rahmanir Raheem

I am pleased to inform that DSSL has shown impressive turnaround during the current year, even after sustaining through the social-political atmosphere in Bangladesh. This performance was achieved by implementing measures to minimize increasing conversion cost, strengthening our sales mix, matching the international price competition, by achieving operational excellence and strategic decisions to diversify our portfolio by investing in profitable business segments.

We strongly believe in continuous improvement and this is well reflected in the measures taken by the Company to align itself with the ever-changing dynamics of the industry.

Despite the strong whirlwinds coming from higher commodity prices and a weakened dollar, we accelerated our turnover growth to 13.89%.

The strong performance of our Company throughout this year could not have been achieved without the dedication of our Management Team and we thank them for their strong leadership. We are extremely grateful to our valued employees and we would like to extend our appreciation to them for their support and loyalty; and we express our gratitude to our clients world wide who continue to place their trust in Dragon.

Working in partnership with all our customers, suppliers, business partners and Shareholders, we look forward to the coming year with higher ambition and greater spirit.

In the end, I would like to thank all our stakeholders who have stayed alongside us throughout our journey till date, and hope that the bond we share, continue to grow further in years to come.

Thank you All.

A handwritten signature in black ink, appearing to read 'Mostafa Golam Quddus', written over a horizontal line.

Mostafa Golam Quddus
Managing Director

DIRECTOR'S REPORT

June 2019



REPORT OF THE DIRECTORS

Bismillah-hir Rahmanir Rahim
Honourable Shareholders,
Assalamu Alaikum,

It is our privilege to welcome you all on behalf of myself and the Board of Directors at this gathering of 20th Annual General Meeting (AGM).

In reference to provisions of Section 184 of the Companies Act 1994, Rule 12 (and the Schedule there under) of the Bangladesh Securities and Exchange rules 1987, BSEC Notification dated August 07, 2012 and IAS-1 (International Accounting Standard-1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), it is the pleasure of the Board of Directors to submit its Reports to the Members of the Company for the year ended 30 June, 2019 in the following paragraphs;

Company's Operations:

(1) Capacity/Production: Spinning Division:

1. Capacity :

1.1 Spindles Capacity:

	30-06-2019	30-06-2018	30-06-2017	30-06-2016 (Six Month)	31-12-2015
No of Spindle Installed	14,039	14,039	14,039	14,039	14,039

1.2 Production Capacity Installed (Kg):

At Equivalent 2/32 Count	2,086,527	2,086,527	2,086,527	1,043,263.5	2,086,527
At Equivalent 2/36 Count	744,800	744,800	744,800	372,400	744,800
At Equivalent 2/25 Count	148,778	148,778	148,778	74,389	148,778
Total:	2,980,105	2,980,105	2,980,105	1,460,052.5	2,980,105

2. Actual Production (Kg):

2/32 Count Spinning	1,845,785	1,795,485	1,754,856	916,710	1,692,346
2/36 Count Spinning	658,475	714,857	694,845	327,226	604,094
2/25 Count Spinning	224,069	122,341	136,452	65,365	120,672
Total:	2,728,329	2,632,683	2,586,153	1,309,301	2,417,111

3. Production Efficiency (%):

2/32 Count Spinning	62%	60%	59%	63%	57%
2/36 Count Spinning	22%	24%	23%	22%	20%
2/25 Count Spinning	8%	4%	4%	4%	4%
Total:	92%	88%	87%	89%	81%

Sweater Division:

1. Capacity:

1.1 Jacquard/Manual Knitting Machine:

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015
Installation:	1,491	1,491	1,491	14,039	1,091
No of Jacquard Machine Installed	417	417	417	417	17
No. of Manual Machine Installed	1,074	1,074	1,074	1,074	1,074

1.2 Production Capacity Installed (Pcs):

	6,918,000	6,918,000	6,918,000	3,459,000	2,538,000
Jacquard Machine Installed Capacity (Pcs)	4,566,150	4,566,150	4,566,150	2,283,075	186,150
Manual Machine Installed Capacity (Pcs)	2,351,850	2,351,850	2,351,850	1,175,925	2,351,850

2. Actual Production (Pcs):

Jacquard Machine(Pcs)	4,251,874	3,706,227	2,089,286	695,164	167,586
Manual Machine (Pcs)	1,855,784	1,012,483	685,408	587,792	2,056,269
Total	6,107,658	4,718,710	2,774,694	1,282,956	2,223,855

3. Capacity Utilization (%):

Jacquard Machine(Pcs)	61%	53.57%	30%	20%	7%
Manual Machine (Pcs)	27%	14.64%	10%	17%	81%
Total	88%	68.21%	40%	37%	88%

During the last few years we had to face tough competition in the national & international market. To cope with the situation we have adopted multiple product mix to attain high margin benefit as an alternative production technique. Hence, we have restated the production capacity installation criterion and actual production quantity to make them (the production data) equivalent & comparable. The production efficiency has increased to 88% in 2019.

2. Cost of Production:

The cost of production has varied during the year primarily due to wide fluctuations in the price of raw cotton, packing materials, fuel & power and spare parts which are beyond the control of the Management. The level of costs and their incidences are given below:

(a) Output of Sweater (Pcs)

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015
Pcs	6,107,658	4,718,710	2,774,694	1,282,956	2,223,855

(b) Cost of Major Items:

Raw Material Consumed (Tk)	787,290,784	687,959,780	389,888,933	184,816,935	334,544,808
Packing Materials	317,945,172	286,519,939	154,304,961	78,894,001	29,753,987
Fuel/Power etc	46,187,333	39,232,154	26,537,430	9,967,278	22,587,429
Spare Parts	3,636,864	3,814,141	2,381,316	708,458	1,498,347
Other Overhead	229,276	346,513	253,613	54,255	193,402
Total Cost	1,155,289,429	1,017,872,527	573,366,253	274,440,927	388,577,973

DRAGON SWEATER & SPINNING LIMITED

Unit cost/pcs (Tk):

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015
Raw Material Consumed (Tk)	128.90	145.79	140.52	144.06	150.43
Packing Materials	52.06	60.72	55.61	61.49	13.38
Fuel/Power etc	7.56	8.31	9.56	7.77	10.16
Spare Parts	0.60	0.81	0.86	0.55	0.67
Other Overhead	0.04	0.07	0.09	0.04	0.09
Unit Cost	189.15	215.71	206.64	213.91	174.73
Raw Material Cost % of Total Cost:	68.15%	68.00%	68.00%	67.34%	86.09%

The above mentioned table reveals that unit cost has been decreased by 12.31% in 2019 compare to 2018, due to decreased in cost of Raw materials and packing materials cost in 2019.

3. Marketing Operations:

(i) Market Exposure:

The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

a) Turnover (Pes):

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015
Export Sales	6,107,658	4,718,710	2,764,708	2,764,708	2,764,708
Total Sales	6,107,658	4,718,710	2,764,708	1,213,572	2,204,430

b) Revenue (Tk):

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015
Export Sales	1,921,774,538	1,687,646,647	1,015,339,175	436,885,811	793,594,941
Total Revenue	1,921,774,538	1,687,646,647	1,015,339,175	436,885,811	793,594,941

The above figures show that Export sales increased by 13.87% during the year over last year. The marginal up trend in quantity sold/exported and the sales/export revenue is in line with the marginal increase in production for the same factors.

c) Unit Selling Prices Attained:

The average selling prices (Taka/Pcs) over the years varied as shown below:

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015
Export Sales	314.65	357.65	367.25	360	360
Total Sales (Average)	314.65	357.65	367.25	360	360

The above indicates that export selling price decreased by 12.02 % in 2019 over 2018. This is primarily ascribable to the international situation and export demand.

Contributions:

1. Contribution to National Exchequer:

The company contributed an amount of Tk. 40,274,986 in the year ended June 30, 2019 and 41,457,992 for the year ended June 30, 2018 to the National Exchequer consisting of the following:

(Taka in Thousands)

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015	31-12-2014
Corporate Income Tax Expenses	40,275	41,458	15,960	6,705	11,549	11,761,
Total	40,275	41,458	15,960	6,705	11,549	11,761,

2. Foreign Exchange Earned/Saved:

The company contributed substantially to the Foreign Exchange Reserve of the Country during 2018 through its export marketing operation. This details of which are mentioned below:

(Taka in Thousands)

	30-06-2019	30-06-2018	30-06-2017	30-06-2016	31-12-2015	31-12-2014
Total Export Earnings	1,921,774	1,687,646	1,015,339	471,765	787,240	768,561
Less: Import Cost / Expenses						
Raw Cotton	1,216,491	1,023,225	645,913	260,905	458,530	417,284
Spare Parts	3,637	3,814	2,381	708	1,498	2,493
Net Export Earnings	701,646	660,607	367,045	210,152	327,212	348,783

Financial Results:

The Company's operating financial results, as compared to the previous year are summarized hereunder:

	30-06-2019	30-06-2018	30-06-2017	31-12-2016	31-12-2014
Revenue	1,921,774,538	1,687,646,647	1,015,339,175	833,683,281	766,817,162
Cost of Goods Sold	(1,436,583,659)	(1,197,818,232)	(731,743,102)	(602,181,131)	(558,661,531)
Gross Profit (GP)	485,190,879	489,828,415	283,596,073	231,502,150	208,155,631
Other Income	(151,415,301)	8,412,691	7,264,721	9,971,352	12,599,125
Operating Expenses	(34,112,905)	(104,542,276)	(87,440,113)	(68,184,121)	(60,490,312)
Finance Cost	17,396,024	(38,378,827)	(37,236,937)	(42,527,922)	(59,899,991)
Profit before Tax and WPPF	317,058,698	355,320,003	166,183,744	130,761,459	100,364,453
WPPF Expenses	(15,098,033)	(16,920,000)	(4,645,368)		-
Profit before Tax	301,960,664	338,400,003	161,538,376	130,761,459	100,364,453
Tax Expenses					
Current Tax	(52,363,961)	(45,528,230)	(7,152,994)	(5,698,251)	(4,866,099)
Deferred Tax					
Profit for the year	261,685,679	296,942,011	145,578,043	109,495,928	89,082,663
Gross Margin	25.25%	29.02%	27.93%	27.76%	27.15%
Net Margin (AT)	13.62%	17.60%	14.34%	13.13%	11.62%
Earnings Per Share (EPS)	1.65	2.25	1.27	1.56	1.48
Outstanding Share	158,700,000	132,250,000	115,000,000	100,000,000	60,000,000
Face Value Per Share (Tk.)	10	10	10	10	10

Turnover has been increased by 13.87% compare to previous year but Gross Profit and Net Profit have been decreased due to selling price reduce per unit.

The Cost of Goods sold (COGS) in the year ended June 30, 2019 amounting to 74.75% of Revenue, thereby resulting in Gross Profit Margin of 25.25%. This is fairly consistent with 29.02% Gross Profit Margin for the year ended June 30, 2018. (The Net Profit Margin has been decreased to 13.62 % in 2019 which was 17.60 % in 2018.

Appropriation:

The net profit of Tk. 261,685,679 earned during the year ended June 30, 2019 has been recommended by the Board to be distributed in the following manner:

a) Provision for proposed Stock Dividend (Bonus Share) @ 10%	158,700,000
Total:	158,700,000

DRAGON SWEATER & SPINNING LIMITED

Election of Directors:

Mrs. Fazlutun Nessa, Director and Mrs. Fauzia Quamrun Tania, Director of the Company, retire as per article 125 & 126 of Articles of Association and being eligible offer themselves for re-election. Brief resume and other information of the above mentioned directors as per clause 1.5 (xxii) of BSEC notification dated 7th August, 2012 are depicted in Annexure-III.

Appointment of Auditors:

Directors appointed the Auditor: M/S Shiraz Khan Bashak & Co., Chartered Accountants, Address: RK Tower (Level-10), 86 Bir Uttam CR Datta Road, Kathal Bagan, Dhaka-1205, Bangladesh for audit Financial Statements of Dragoan Sweater & Spinning Limited for the year 2018-2019 in place of auditor of M/S Ahmad & Akhtar, Chartered Accountants who was approved in the 18th AGM held on November 30, 2017 due to as per order of BSEC "Revised Panel Auditors" dated on July 16, 2019 in which the Auditor "M/S AHMAD & AKHTAR" delisted.

Corporate Governance:

Corporate Governance is the practice of good citizenship, through which the company is governed by the board, keeping in view its accountability to the shareholders and to the society. A statement in pursuance to clause 1.5, The Directors Report to Share holders. 3.5, Reporting to the Shareholders and General Investors , Certificate from the CEO and CFO to the Board as per clause 6, certificate from professional accountant as per clause 7(i) and status of compliance as per clause 7(ii) the notification No. SEC/CMRRCD/2006-158/134/Admin/44 of August 07, 2012 issued by Bangladesh Securities & Exchange Commission is depicted in the Annexure-I, II, IV, VI and VII respectively.

Management Appreciation:

The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers, whose relentless effort helped increase the productivity as well as the net profit despite the natural and unnatural adverse factors of production and marketing throughout the country and the world. It is expected that the employees and the management will continue to improve the results for the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors.

The directors humbly express its gratitude and acknowledge with keen interest the cooperation and unflinching support it has received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, National Board of Revenue and other agencies of the public and the private sector.

We look forward to brighter future for all of us.



Mostafa Quamrus Sobhan
Chairman

- Related Party Transactions are depicted in Note no. 28.08(i)A in the Notes to the Account.
- Remuneration of Directors including Independent Director has been shown in Note no. 28.08(i)B in the Notes to the Account.
- The Financial Statement of the Company present true and fair view of the Company's state of affairs, result of its operation, cash flows and changes in equity.
- Proper books of accounts as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/BAS/IFRS/BFRS.
- The internal control system is sound in design and is effectively implemented and monitored.
- There is no significant deviation from the operating result of the last year.
- Key operating and financial data of last five years have been presented in summarized form in page no. 15
- The number of Board Meeting and the Attendance of Directors for the year ended 30 June. 2019 were as follows:

Shareholdings by	Designation	Meeting Held	Attendance
Mostafa Quamrus Sobhan	Chairman	6	6
Mostafa Golam Quddus	Managing Director & Director	6	6
Fazlutun Nessa	Director	6	6
Fauzia Quamrun Tania	Director	6	6
Shafia Sobhan Chowdhury	Director	6	6
Tasnia Quamrun Anika	Director	6	6
A.M. Saidur Rahaman	Independent Director	6	6
M. Jinnat Ali Mian	Independent Director	6	6

[illegible]

Pattern of Shareholding as on 20th June, 2010

Name of the Shareholders	Status	No. of	%
i. Parent/Subsidiary/Associated Companies-			
N/A	-	-	-
Sub-Total:		-	-

DRAGON SWEATER & SPINNING LIMITED

Name of the Shareholders	Status	No. of	%
ii. Directors:			
Mostafa Quamrus Sobhan	Chairman (Sponsors Shareholder)	26,067,822	16.43%
Mostafa Golam Quddus	Managing Director & Director (Sponsors Shareholder)	3,548,035	2.24%
Fazlutun Nessa	Director	3,433,436	2.16%
Fauzia Quamrun Tania	Director	11,373,608	7.17%
Shafia Sobhan Chowdhury	Director	3,433,436	2.16%
Tasnia Quamrun Anika	Director	3,195,386	2.01%
A.M. Saidur Rahman	Independent Directors:	-	-
M. Jinnat Ali Mian	Independent Directors:	-	-
Sub-Total:		51,051,723	32.17%
iii. Chief Executive Officer, Company Secretary, Chief Financial Officer, Manager Accounts and their Spouses and Minor Children's:			
Mr. Mostafa Golam Quddus	Chief Executive Officer	-	-
S.M. Khaja Hossain	Company Secretary	-	-
Md. Abdul Hannan, CMA	Chief Financial Officer	-	-
Mr. Ashish Kumar Chowdhury	Manager Accounts	-	-
Sub-Total:		-	-
iv. Executives:			
Mir Rashed Bin Aman	Director (Overseas Sourcing)	-	-
Mir Khaled Bin Aman	Director (Marketing)	-	-
Md. Mostafa Kamal	General Manager (Production & Quality)	-	-
S.M Shorab Hossain Likhon	General Manager(Production)	-	-
Sub-Total:		-	-
v. Institute			
Sub-Total:		25,547,917	16.10%
vi. Public			
Sub-Total:		82,100,360	51.73%
Grand Total:		158,700,000	100.00%

1. No Company Secretary/CFO/ Internal Auditor and their spouse and minor children hold above mentioned shares of the Company.
2. No Executive holds any share of the Company except Managing Director.
3. No Shareholders hold 10% or more shares except Mr. Mostafa Quamrus Sobhan hold 16.43% shares.

AUDIT COMMITTEE REPORT

For the year ended 30th June, 2019

The Board of Directors of Dragon Sweater & Spinning Limited has constituted an Audit Committee according to the conditions of Bangladesh Securities and Exchange Commission's (BSEC) guidelines which is appended at the Compliance Report enclosed with the Directors' Report. The committee comprises of Mr. Mostafa Golam Quddus, Mrs. Fauzia Quamrun Tania, of whom M. Jinnat Ali Mia is the Chairman of the Committee. Mr. S. M. Khaja Hossan, Company Secretary, functions as the Secretary of the Committee. The Audit Committee is appointed by the Board and all the members are Non-Executive Directors. All members of the Audit Committee are financially literate and are able to analyze and interpret financial statements of effectively discharge their duties and responsibilities as members of the Audit Committee.

Purpose of Audit Committee

The role of the Audit Committee is to monitor the integrity of the financial statements of the Company and review and, when appropriate, make recommendations to the Board on business risks, internal controls and compliance. The Committee satisfies itself, by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and economically sound manner. The key responsibilities of the Audit Committee include:

- Monitor the integrity of the financial reporting process ensuring compliance to accounting policies, standards and principles.
- Monitor internal control and business risk management process.
- Monitor and review the effectiveness of internal audit function.
- Oversee hiring and performance of external auditors.
- Other matters as per terms of reference and Audit Committee.

Authority

The Audit Committee is authorized by the Board to review and activity within the business as per its terms of reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any Director or member of management, and all employees are expected to co-operate with any request made by the Committee.

The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

Meeting Attendance

The Audit Committee met 4 (four) times during the year 30 June, 2019. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during the year 30 June, 2019 are as follows:

Name of Members	Held	Attended	%
M. Jinnat Ali Mia Independent Director	4	4	100
Mostafa Golam Quddus Managing Director	4	4	100
Fauzia Quamrun Tania Director	4	4	100
S. M. Khaja Hossan Company Secretary	4	4	100

Summary of Activities 2018-2019

The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. During the year 30 June, 2019, the Audit Committee carried out the following activities:

1. Financial reporting


Reviewed the quarterly and annual audited financial statements of the Company with the CFO and MD, focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements before recommending them to the Board for approval.

2. Internal audit

- a. Reviewed internal audit reports and corresponding actions to improve controls as agreed by management.
- b. Reviewed status reports of internal audit to ensure that appropriate actions had been taken to implement the audit recommendations.

3. External audit

- a. Reviewed with the external auditors the Company's Statement of Internal Control before recommending the same for inclusion in the Company's Annual Report of 2019.
- b. Reviewed the findings arising from audits particularly the comments and recommendations in management letter, before recommending them to the Board of Directors for approval.
- c. Reviewed the external auditors' audit plan including its nature and scope, audit report, evaluation of internal controls and coordination of the external auditors.



(Mr. S. M. Khaja Hossan)
Secretary, Audit Committee,
Company Secretary, DSSL



(M. Jinnat Ali Mia)
Chairman, Audit Committee

Nomination and Remuneration Committee

For the year ended 30th June, 2019

The Nomination and Remuneration committee (NRC) is the sub-Committee of the Board. 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. As per Corporate Governance Code Dragon Sweater and Spinning Limited has recently formed a new Nomination and Remuneration Committee (NRC).

The Nomination and Remuneration Committee consists of the following members:

A.M. Saidur Rahman (Independent Director)	: Chairman
Tasnia Quamrun Anika	: Member
Fazlutun Nessa	: Member
S.M. Khaja Hossan	: Secretary

Scope and role of NRC

NRC shall be responsible to the Board and to the shareholders of the company.

NRC shall oversee and 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:

- (i) the level and composition of remuneration is reasonable and sufficient to attain, retain and motivate suitable directors to run the company successfully;
- (ii) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- (iii) 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;
- (iv) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;
- (v) 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;
- (vi) formulating the criteria for evaluation of performance of independent directors and the Board;
- (vii) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;
- (viii) developing, recommending and reviewing annually the company's human resources and training policies and any other services that the board of Directors determines time to time.



S.M. Khaja Hossan
Secretary

Nomination and Remuneration Committee



A.M. Saidur Rahman
Chairman

Nomination and Remuneration Committee

[As per condition No. 1(5)(xxvi)]

Dragon Sweater & Spinning Limited

Declaration by MD and CFO

Date: 16 November 2019

The Board of Directors
Dragon Sweater & Spinning Limited
25/2, DIT Road, Malibagh Chowdhury Para
Dhaka-1219, Bangladesh

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

Dear Sirs,

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

In this regard, we also certify that:

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

Sincerely yours,



Mostafa Golam Quddus
Managing Director

Md. Abdul Hannan, CMA
Chief Financial Officer (CFO)

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

Report to the Shareholders of DRAGON SWEATER & SPINNING LIMITED

On compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by **DRAGON SWEATER & SPINNING LIMITED** for the year ended on 30th June 2019. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued under Section 2CC of the Bangladesh Securities and Exchange Commission.


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

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

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

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

Place: Dhaka
Dated: 31 October 2019


Mollah Quadir Yusuf & Co.
Chartered Accountants

Reporting and Compliance of Corporate Governance

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	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(1)	Board of Directors. Size of the Board of Directors The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1(2) (a)	Independent Directors All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following: At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		Two Independent Director
1(2)(b)(i)	For the purpose of this clause "independent director" means a director who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members;	✓		
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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBF); and	✓		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
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: Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]: Provided further that the independent director shall not be subject to retirement by rotation as per the কোম্পানী আইন, ১৯৯৪ (১৯৯৪ সনের ১৮নং আইন) Companies Act, 1994). Explanation: For the purpose of counting tenure or term of independent director, any partial term of tenure shall be deemed to be a full tenure.	✓		
1(3)(a)	Qualification of Independent Director Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)(i)	Independent director shall have following qualifications: Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100.00 million or of a listed company; or Explanation: Top level executive includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit and Compliance (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the company.	✓		

DRAGON SWEATER & SPINNING LIMITED

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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; or	✓		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
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;			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.			N/A
1(4)(a)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer. The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;.	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)(i)	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): 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 extraordinary activities and their implications (gain or loss);	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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;	✓		
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.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;	-		N/A
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	-		Independent Directors have not taken any remuneration except meeting attendant fee
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	✓		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there 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;	✓		
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)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;		-	Dividend has been declared

DRAGON SWEATER & SPINNING LIMITED

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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;		-	N/A
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)(a)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: 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); Explanation: For the purpose of this clause, the expression "executive" means top 5 (five) salaried employees of the company, other than the Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit and Compliance.	✓		
1(5)(xxiv)(a)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders: brief resume of the director;	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	✓		
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)(xxiv)(a)	A Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on: 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; and	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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 ; and	✓		
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)(a)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer 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;	✓		
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;	✓		
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;	✓		
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;	✓		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
3(1)(a)	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS). Appointment 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 the CS, CFO and/or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	✓		
3(3)(a)(i)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) 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: 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(i)	Board of Directors' Committee. For ensuring good governance in the company, the Board shall have at least following sub-committees: Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
5(1)(a)	Audit Committee Responsibility to the Board of Directors. The company shall have an Audit Committee as a subcommittee 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)(a)	Constitution of the Audit Committee 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 12 (twelve) years of such experience; Explanation: The term “financially literate” means the ability to read and understand the financial statements like statement of financial position, statement of comprehensive income, statement of changes in equity and cash flows statement and a person will be considered to have accounting or related financial management expertise if he or she possesses professional qualification or Accounting or Finance graduate with at least 12 (twelve) years of corporate management or professional experiences.	✓		
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)(a)	Chairperson of the Audit Committee The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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.			N/A
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM.	✓		
5(4)(a)	Meeting of the Audit Committee The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)(a)	Role of Audit Committee The Audit Committee shall: 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;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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; and	✓		
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: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds by major category (capital expenditure, sales and marketing expenses, working capital, etc.), on a quarterly basis, as a part of their quarterly declaration of financial results: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee.	✓		
5(6)(a)(i)	Reporting of the Audit Committee Reporting to the Board of Directors The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)(a)	The Audit Committee shall immediately report to the Board on the following findings, if any: report on conflicts of interests;	✓		
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;	✓		
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and	✓		
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	✓		
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.	✓		
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.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(1)(a)	Nomination and Remuneration Committee (NRC). Responsibility to the Board of Directors The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)(a)	Constitution of the NRC The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	✓		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	✓		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	✓		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(3)(a)	Chairperson of the NRC The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting (AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM	✓		
6(4)(a)	Meeting of the NRC 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)(a)	Role of the NRC NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)(i)(a)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board: 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: 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; and	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
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(1)(i)	External or Statutory Auditors The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: 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); and	✓		
7(1)(ix)	any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders	✓		

DRAGON SWEATER & SPINNING LIMITED

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
8(1)	Maintaining a website by the Company. 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(1)	Reporting and Compliance of Corporate Governance. 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. Explanation: “Chartered Accountant” means Chartered Accountant as defined in the Bangladesh Chartered Accountants Order, 1973 (President’s Order No. 2 of 1973); “Cost and Management Accountant” means Cost and Management Accountant as defined in the Cost and Management Accountants Ordinance, 1977 (Ordinance No. LIII of 1977); “Chartered Secretary” means Chartered Secretary as defined in the চার্টার্ড সেক্রেটারী আইন, ২০১০(২০১০ সনের ২৫নং আইন)	✓		
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.	✓		



Managing Director/Company Secretary
Dragon Sweater & Spinning Limited

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DRAGON SWEATER & SPINNING LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Dragon Sweater & Spinning Limited** (the Company), which comprise the Statement of Financial Position as at 30 June 2019, and Statement of Profit or Loss & 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 and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the 'International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, 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.

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.

Risk	Our response to the risk
Revenue Recognition	
<p>During the year ended 30 June 2019, total reported revenue is of Tk. 1,921,774,538. The company exported all products.</p> <p>The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>The revenue recognition has been considered as key audit matter, since it is one of the key performance indicators of the company and also the key financial element which would eventually increase the inherent risk of the company.</p>	<p>In order to obtain the competences, accuracy and correctness of the revenue, we have tested the following key control activities:</p> <ul style="list-style-type: none"> • Calculation the completeness of total sales and VAT. • Segregation of duties in invoice creation and modification. • Timing of revenue recognition, • Recording system of revenue. • Verifying the bank deposits with invoice, bill of entry and other documents on test basis. • Verifying the respective invoices, L/C documents, Mushak Challan, VAT Return to confirm the payment of VAT against export sales and aggregated sales values. <p>Our substantive procedures is relating to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> • Obtained supporting documents for export transactions. • Verified the invoice with the ledger as sampling basis and related accounting entries. • Verified the journals posted in the accounting systems, • Verified the appropriateness of disclosures against relevant accounting standards.

	<ul style="list-style-type: none"> Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards.
Please see Note No.19.00 to the Statement of Profit or Loss & Other Comprehensive Income.	

Risk	Our response to the risk
Valuation of Inventory	
<p>As at 30 June 2019, The reported amount of inventory is Tk. 514,296,610 held in factory.</p> <p>Most of the inventories are of specialized in nature and required to be maintained in controlled environment. Regular monitoring is required as the inventories are material by its value, quantity and its nature.</p> <p>On reporting date, inventories are carried at the lower of cost and net realizable value. As such, the company applies judgment in determining the appropriate values of Inventory in accordance with International Accounting Standards.</p>	<p>In order to obtain the competences accuracy and correctness of the revenue, we have tested</p> <p>We verified the appropriateness of management's assumptions applied in calculating the value of the inventory as per International Accounting Standard (IAS) by:</p> <ul style="list-style-type: none"> Evaluating the design and implementation of key inventory controls operating across the factory. Attending the physical verification of inventory counts and reconciling the count results to the inventory listing to test the accuracy of data. Reviewing the historical accuracy of inventory valuation. Applying professional skepticism to the completeness of inventory recording, assessing actual and forecast the sales of inventory and tested the slow moving/absolute inventory. <p>Our substantive procedure in relating to the inventory valuation are as follows:</p> <ul style="list-style-type: none"> Verified the recording system of inventory and confirm the opening balance of all items of inventory value. Verified the receiving and consumption of inventory with Challan, MRR, Import documents on test basis. Tested/verified the export documents with finished goods stock register on test basis. Checked the accounting records relating to inventory purchase and finished goods on test basis.
Please see Note No. 8.00 to the financial statements	

Risk	Our response to the risk
Valuation of Property, Plant and Equipment	
<p>The carrying value of the PPE is Tk. 1,844,852,202 as at 30 June, 2019. The valuation of PPE excluding land and land development are measured at cost less accumulated depreciation. The most s of PPE are revalued and shown in the financial statements of 2017-2018.</p> <p>The useful lives of PPE items are based on management's estimates regarding the period over which an asset is expected to be available for use. The estimates of useful life of the assets is a matter of judgment based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.</p>	<p>In order to obtain the completeness and accuracy of the measurement of Property, plant & equipment, we have tested the following key control activities:</p> <ul style="list-style-type: none"> Attending the physical verification of fixed assets. Checking the fixed assets register for property, plant and equipment. Assessing the legal right and obligations of property, plant and equipment. Assessing the control activities of Property, Plant and Equipment. Assessing whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.

DRAGON SWEATER & SPINNING LIMITED

	<p>Our substantive procedure in relating to the property, plant and equipment recognition and measurements are following:</p> <ul style="list-style-type: none"> • Checked the purchase and adjustments with the relevant bills and vouchers. • Verified the hard copy of fixed assets register. • Verified the calculation process of depreciation. • Checked whether the depreciation of PPE items was commenced from the date of ready to use and found the depreciation had been started accordingly.
Please see Note No. 4.00 and Annexure No. A to the financial statements	

Risk	Our response to the risk
Deferred Tax Liabilities	
Deferred Tax Liabilities has been recognized due to temporary difference of taxable depreciation and accounting depreciation in compliance of IAS-12.	<p>In order to obtain the completeness and correctness of differed tax, we have tested the following key control activities:</p> <ul style="list-style-type: none"> • Assessing the completeness and accuracy of the data used for the estimations/calculation of future taxable expenses. • Assessing the key assumptions, controls, recognition and measurement of deferred tax. <p>Our substantive procedure in relating to the deferred tax measurement are as followings:</p> <ul style="list-style-type: none"> • Tested the calculation of tax based depreciation and accounting based depreciation. • Verified the procedure of deferred tax calculation and recognition. • Assessed the appropriateness of presentation and disclosure against IAS-12.
Please see Annexure-5 to the financial statements	

Risk	Our response to the risk
Long Term Loan	
<p>As at 30 June 2019, the reported amount of total long-term loan is Tk. 329,032,643 Current & Non-current portion). The company borrowed fund from The City bank Ltd. for the purpose of acquisition of non-current assets and working capital as well.</p> <p>The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between import & export that may result in short-term cash flow crisis.</p>	<p>In order to obtain the completeness and accuracy of the measurement of Long Term Loan, we have tested the following key control activities:</p> <ul style="list-style-type: none"> • Reconciling the actual position of loan with the bank statement. • Checking the bank balances with the bank statement. • Checking the loan agreement. <p>Our substantive procedure in relating to the Long Term Loan recognition and measurements are following:</p> <ul style="list-style-type: none"> • Checked the bank statement also with the opening balance. • Checked the recording of the transaction. • We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the financial statements accurately.

DRAGON SWEATER & SPINNING LIMITED

Risk	Our response to the risk
	<ul style="list-style-type: none"> We also checked the financial expenses and classification of loan and repayment schedule as well. We checked the recording date of transactions and found the recording date is in line with the loan disbursement date. We also confirmed that the company has paid its installments within due time.
Please see Note No. 15.00 to the financial statements.	
Risk	Our response to the risk
Recoverability Assessment of Trade Receivable	
<p>The total amount of trade receivable is Tk. 1,318,818,891 (Receivable from Foreign Companies is Tk. 628,185,946 and from Local Companies is Tk. 690,632,9450 at 30 June, 2019. Customers in different business segments and jurisdictions are subject to their independent business risk.</p> <p>The total amount of trade receivable is Tk. 1,318,818,891 (Receivable from Foreign Companies is Tk. 628,185,946 and from Local Companies is Tk. 690,632,9450 at 30 June, 2019. Customers in different business segments and jurisdictions are subject to their independent business risk.</p>	<p>Our audit procedures of assess the recoverability of trade receivables including the following:</p> <ul style="list-style-type: none"> Tested the accuracy of ageing of Trade receivable at year end on a sample basis; Evaluated the Company's policy for making allowance for doubtful debts with reference to the requirements of the prevailing accounting standards; Assessed the classification of trade receivables in the trade receivable ageing report by comparison with sales invoice and other underlying documentation on a taste basis; Inspected subsequent bank receipts from customers and other relevant underlying documentation relating to trade receivable balances at 30 June 2019.
Please see Note No.9.00 & 10.00 to the financial statements	

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, The Companies Act 1994, The Securities and Exchange Rules 1987 and other applicable laws and regulations and for such

internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the management to ensure effective internal audit, internal control and risk management functions of the company.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in 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 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 event in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements we are responsible for the direction, supervision and performance of the company audit. We solely responsible for our audit opinion.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DRAGON SWEATER & SPINNING LIMITED

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the company so far as it appeared from our examinations of those books;
- c) The Statement of Financial Position, Statement of Profit or Loss & Other Comprehensive Income and Statement of Changes in Equity and Statement of Cash Flows of the Company dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purpose of the Company's business.

Dated: Dhaka;
October 29, 2019



Md. Shirazul Islam Khan, FCA
Principal Partner
Shiraz Khan Basak & Co.
Chartered Accountants

DRAGON SWEATER & SPINNING LIMITED
Statement of Financial Position
As at 30 June 2019

Particulars	Note	30 June 2019 Taka	30 June 2018 Taka
ASSETS			
Non-Current Assets		1,656,603,416	1,850,027,025
Property, Plant & Equipment	4	1,652,204,817	1,844,852,202
Intangible Assets	5	4,398,599	5,174,823
Capital Work-in-Progress	6	-	-
Current Assets		2,028,159,983	1,645,759,244
Short-Term Investment in FDR	7	4,542,409	4,349,243
Inventories	8	514,296,610	398,977,951
Trade Receivable from Foreign Companies	9	628,185,946	534,878,311
Trade Receivable from Local Companies	10	690,632,945	533,741,724
Advance, Deposit & Pre-payment	11	45,685,339	31,817,943
Cash & Cash Equivalents	12	144,816,734	141,994,073
TOTAL ASSETS		3,684,763,398	3,495,786,269
EQUITY AND LIABILITIES			
Shareholders' Equity		3,098,909,529	2,903,348,851
Share Capital	13	1,587,000,000	1,322,500,000
Retained Earnings		716,047,364	680,558,609
Reserve for Revaluation	14	795,862,166	900,290,242
Non-Current Liabilities		384,774,982	432,675,039
Long Term Loan	15	299,120,584	334,931,667
Deferred Tax Liability	Annx-5	85,654,397	97,743,372
Current Liabilities		201,078,887	159,762,379
Bills Payable	16	5,142,394	8,273,818
Liabilities for Expenses	17	22,702,262	27,037,183
Long Term Loan Net Current Portion	15	29,912,058	33,493,167
Provision for Income Tax	18	143,322,173	90,958,212
TOTAL EQUITY AND LIABILITIES		3,684,763,398	3,495,786,269
Net Assets Value (NAV) per share	25	19.53	18.29

The annexed notes form are an integral part of the Statement of Financial Position.



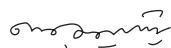
Company Secretary



Chief Financial Officer



Director



Managing Director



Chairman

Signed in terms of our separate report on even date.

Dated: October 29, 2019

Place: Dhaka



Shiraz Khan Basak & Co.
Chartered Accountants

DRAGON SWEATER & SPINNING LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

Particulars	Note	30 June 2019 Taka	30 June 2018 Taka
Revenue	19	1,921,774,538	1,687,646,647
Cost of Goods Sold	20	(1,436,583,659)	(1,197,818,232)
Gross Profit (GP)		485,190,879	489,828,415
Operating Expenses	21	(151,415,301)	(104,542,276)
Financial Expenses	22	(34,112,905)	(38,378,827)
Non-Operating Income	23	17,396,024	8,412,691
Profit Before Tax and WPPF		317,058,698	355,320,003
Worker's Profit Participation Fund (WPPF) Expenses		(15,098,033)	(16,920,000)
Profit before Tax		301,960,664	338,400,003
Tax Expenses:			
Current Tax	18	(52,363,961)	(45,528,230)
Deferred Tax Income/(Expenses)	Annx-5	12,088,975	4,070,238
Profit for the year		261,685,679	296,942,011
Other Comprehensive Income:			
Revaluation Surplus		-	876,932,727
Deferred Tax Expenses		-	(85,784,727)
Total Comprehensive Income		261,685,679	1,088,090,011
Basic Earnings Per Share (EPS)	24	1.65	1.87

The annexed notes form are an integral part of the Statement of Profit or Loss and Other Comprehensive Income.


 Company Secretary


 Chief Financial Officer


 Director


 Managing Director


 Chairman

Signed in terms of our separate report on even date.

Dated: October 29, 2019
 Place: Dhaka


 Shiraz Khan Basak & Co.
 Chartered Accountants

DRAGON SWEATER & SPINNING LIMITED

Statement of Changes in Equity

For the year ended 30 June 2019

Particulars	Ordinary Share Capital	Revaluation Surplus	Retained Earnings	Total
Balance as of 1 July 2018	1,322,500,000	900,290,242	680,558,609	2,903,348,851
Current Year Revaluation Surplus	-	-	-	-
Deferred Tax Expenses	-	-	-	-
Revaluation Surplus realized (Annexure-1)	-	(104,428,076)	104,428,076	-
Addition during the period	264,500,000	-	261,685,679	526,185,679
Sub-Total	1,587,000,000	795,862,166	1,046,672,364	3,429,534,529
Less: Dividend Paid during the period	-	-	(330,625,000)	(330,625,000)
Balance as at 30 June 2019	1,587,000,000	795,862,166	716,047,364	3,098,909,529

For the year ended 30 June 2018

Particulars	Ordinary Share Capital	Revaluation Surplus	Retained Earnings	Total
Balance as of 1 July 2017	1,150,000,000	128,033,847	537,224,993	1,815,258,840
Current Year Revaluation Surplus	-	876,932,727	-	-
Deferred Tax Expenses	-	(85,784,727)	-	(85,784,727)
Revaluation Surplus realized (Annexure-1)	-	(18,891,605)	18,891,605	-
Addition during the period	172,500,000	-	296,942,011	469,442,011
Sub-Total	1,322,500,000	900,290,242	853,058,609	3,075,848,851
Less: Dividend Paid during the period	-	-	(172,500,000)	(172,500,000)
Balance as at 30 June 2018	1,322,500,000	900,290,242	680,558,609	2,903,348,851



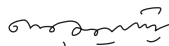
Company Secretary



Chief Financial Officer



Director



Managing Director



Chairman

Signed in terms of our separate report on even date.

Dated: October 29, 2019

Place: Dhaka



Shiraz Khan Basak & Co.

Chartered Accountants

DRAGON SWEATER & SPINNING LIMITED


Statement of Cash Flows

For the year ended 30 June 2019

Particulars	Note	30 June 2019 Taka	30 June 2018 Taka
A. Cash Flows from Operating Activities			
Cash Receipt from Customers	30.00	1,679,847,546	1,472,063,546
Cash Receipt from Non-Operating Income		7,899,085	8,412,691
Cash Paid to Suppliers and Others	31.00	(1,533,735,446)	(1,266,760,992)
Foreign Exchange Gain/(Loss)		652,487	(1,173,552)
Cash Generated from Operations	32.00	154,663,673	212,541,692
Cash Paid for Financial Expenses		(34,112,905)	(38,378,827)
Income Tax Paid		(12,532,842)	(11,157,588)
Net Cash Flows from Operating Activities		108,017,926	163,005,277
B. Cash Flows from Investing Activities			
FDR Investment		(193,166)	(209,014)
Investment for Non-current Assets		-	(135,146,445)
Inteest Received from FDR		193,166	-
Inteest Received from SND		321,926	-
Net Cash used in Investing Activities		321,926	(135,355,459)
C. Cash Flows from Financing Activities:			
Long Term Loan Net of Current Portion		(35,811,082)	(18,751,842)
Long Term Loan Current Portion		(3,581,108)	(1,875,184)
Cash Paid for Dividend		(66,125,000)	-
Net Cash used in Financing Activities		(105,517,190)	(20,627,027)
D. Net Increase in Cash & Cash Equivalents (A+B+C)		2,822,661	7,022,791
Opening:			
Cash & Cash Equivalents		141,826,170	134,827,005
Foreign Currency Account		167,902	144,277
Closing:			
Cash & Cash Equivalents		144,648,831	141,849,796
Foreign Currency Account		167,902	144,277
F. Cash & Cash Equivalents at end of the year (D+E)		144,816,734	141,994,073
Net Operating Cash Flows Per Share	26.00	0.68	1.03

The annexed notes form are an integral part of the Statement of Cash Flows.


Company Secretary


Chief Financial Officer


Director


Managing Director


Chairman

Dated: October 29, 2019
Place: Dhaka

DRAGON SWEATER & SPINNING LIMITED

Notes, comprising a summary of significant accounting policies and explanatory information

For the year ended 30 June 2019

1.00 The Background and Activities of the Company:

1.01 Legal Status of the Company:

Dragon Sweater & Spinning Limited was incorporated on June 16, 1999 as a 'Private' Company limited by Shares, Registered under the Companies Act 1994 as adopted in Bangladesh vide certificate of incorporation No. C-37951 (2251)/99. Dragon Sweater & Spinning Limited was converted into a Public Limited Company as on 13th January 2012. The Company's registered office is situated at 25/2, DIT Road, Malibagh Chowdhury Para, Dhaka and its factory is located at Chandul, Miah Bazar, Chowddagaram, Comilla.

1.02 Principal Activities of the Company:

The company has been incorporated with the primary objective of getting involved to promote, established and conduct textile, yarn and acrylic spinning mills in Bangladesh and to undertake all other business in connection therewith. Dragon Sweater & Spinning Limited runs the business of producing Spinning and manufacturing and exporting of readymade sweater, pull over and wearing apparels of all kinds out of wool, cotton, synthetic, fibers, acrylics and others to establish a modern Sweater Factory or manufacturing Sweater shirt and pullover of acrylic cotton, wool, silk, jute, flex, synthetic, and/or any fabric yarn for men, women, boys, and girls and marketing the same in the foreign market.

1.03 Summary of Significant Accounting and Valuation Policies:

The principal accounting policies have been consistently applied to all the years presented, unless other wise stated. The specific Accounting Policies selected and applied by the company's management for significant transactions and events that have a material effect within the framework of International Accounting Standard (IAS)-1 "Presentation of Financial Statements" in preparation and presentation of financial statements. Compared to the previous period, there were no significant changes in the accounting and valuation principles affecting the financial position and performance of the company. Accounting and valuation methods are disclosed for reasons of clarity.

2.00 Basis of Financial Statements Preparation and Presentation:

2.01 Accounting Standard:

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) which include International Accounting Standards (IAS).

2.02 Accounting Convention:

The financial statements are prepared under the historical cost convention. The company classified the expenses using the function of expenses method as per IAS-1.

2.03 Legal Compliance:

The financial statements have been prepared and the disclosures of information have been made in accordance with the requirements of the Companies Act 1994, The Securities and Exchange Rules 1987, IASs and IFRSs. On the basis of these regulations International Accounting Standards (IAS) & International Financial Reporting Standards (IFRS) were applied at the date of financial statements.

2.04 Accounting Estimates, Assumptions and Judgments:

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Therefore the management has fulfilled these requirements for ration and presentation of financial statements of the company.

2.05 Reporting Framework and Compliance Thereof:

The Financial Statement have been prepared in compliance with the requirements of the Companies Act 1994, the Securities & Exchange Rules 1987 and other relevant local laws as applicable, and in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS).

2.06 Presentation of Financial Statements:

The presentation of these financial statements is in accordance with the guidelines provided by IAS 1: **“Presentation of Financial Statements”**. The Financial Statement comprises:

- i) A Statement of Financial Position as at 30 June 2019;
- ii) A Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019;
- iii) A Statement of Changes in Equity for the year ended 30 June 2019;
- iv) A Statement of Cash Flows for the year ended 30 June 2019; and
- v) Notes, comprising a summary of significant accounting policies and explanatory information.

2.07 Application of Standards:

The following IASs are applicable for the financial statements of the company for the period under audit:

Name of the accounting standards	Ref. No.	Status of Application
Presentation of Financial Statements	IAS-1	Applicable
Inventories	IAS-2	Applicable
Statement of Cash Flows	IAS-7	Applicable
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applicable
Events After the Reporting Period	IAS-10	Applicable
Income Taxes	IAS-12	Applicable
Property, Plant and Equipment	IAS-16	Applicable
Revenue	IFRS-15	Applicable
Employee Benefits	IAS-19	Applicable
The Effects of Changes in Foreign Exchange Rates	IAS-21	Applicable
Borrowing Costs	IAS-23	Applicable
Related Party Disclosure	IAS-24	Applicable
Earnings Per Share (EPS)	IAS-33	Applicable
Impairment of Assets	IAS-36	Applicable
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applicable
Intangible Assets	IAS-38	Applicable

2.08 Reporting Period:

The financial statement covers from 1 July 2018 to 30 June 2019.

2.09 Date of Authorization:

The Board of Directors has authorized these financial statements on October 29, 2019.

2.10 Functional and Presentation Currency:

The Financial Statements are prepared and presented in Bangladesh Currency (Taka), though the major sales and purchase activities were carried out in US Dollar. Foreign currencies are translated at the applicable rates of exchanges ruling at that date. All Financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

2.11 Going Concern:

It was reviewed by the management; there were no significant going concern threats available in the operation of the company.

3.00 Significant Accounting Policies:

The accounting policies in respect of material items of financial statements have been set out below:

3.01 Revenue Recognition:

In compliance with the requirements of IFRS 15: **“Revenue from contracts with customers”** a performance obligation is satisfied by transferring the promised good or service to the customer. The good or service is transferred when the customer obtains control of the promised good or service. An indicator of this is when the customer has the risk and reward of ownership.

Revenue from sales is exclusive of VAT.

3.02 Property, Plants and Equipments:

3.02.1 Recognition and Measurement:

This has been stated at cost or revalued amount less accumulated depreciation in compliance with the requirements of IAS 16: **“Property, Plant and Equipment”**. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

3.02.2 Pre-Operating Expenses and Borrowing Costs:

Interest and other expenses incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of IAS 23: **“Borrowing Costs”**.

3.02.3 Subsequent Costs and Maintenance Activities:

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are charged to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

3.02.4 Software:

Software is generally charged off as revenue expenditure. Customized software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Which is locally developed customized software with the technical assistant of Wotech India Limited.

3.02.5 Disposal of Fixed Assets:

On Disposal of Fixed Assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the Statement of Comprehensive Income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02.6 Depreciation of Fixed Assets:

Depreciation is calculated using 'Reducing Balance Method' over the estimated useful life of each item of property, plant and equipments. Depreciation has been charged on addition of property, plant and equipments during the period when the assets are ready for use. Depreciation has been charged on disposal of assets as per IAS-16 Para-55. Rate(s) of depreciation of assets considering their useful lives are as follows:

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Category	Rate
Land & Land Development	0%
Building	10%
Plant & Machinery	15%
Generator	15%
Boiler	15%
Washing Machine	15%
Weight Machine	15%
Cleaning Machine	15%
Transformer	10%
Furniture & Fixture & Decoration	10%
Office Equipments	10%
Cookeries	20%
Air Compressor	10%
Water & Gas Installation	10%
Computer & Accessories	20%
Telephone & PABX	10%
Electric Installation	10%
Fire Fighting's	10%
C.C. Camera	20%
Motor Vehicles	15%

3.02.7 Intangible assets and amortization:

Intangible assets comprise the value of computer software. Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less amortization and impairment losses if any. Amortization is calculated using the Reducing Balance Method at 15% to write-off the cost of intangible assets.

3.02.8 Revaluation of Property, Plant and Equipment:

The company revalued its Property, Plant and Equipment (Land, Building and Plant Machineries) in the year ended 30 June 2018 by Ata Khan & Co., Chartered Accountants dated on 03 August 2018 to reflect the fair value (prevailing market price) of those classes of assets. "They applied "Current Cost Method" to determine the fair value of those assets which are in compliance with IAS-16 **"Property, Plant and Equipment"**. Revaluation Surplus has arisen Tk. 876,932,727 The increase in the carrying amount of revalued assets is recognized in the separate component of equity under the head "Revaluation Surplus".

3.03 Valuation of Inventory:

Inventories are carried at the lower of cost and net realizable value as prescribed by IAS-2: "Inventories". Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.04 Financial Instruments:

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity.

3.04.1 Financial Assets:

Financial assets of the company include cash and cash equivalents, accounts receivable and other receivables.

The company initially recognizes receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction. The company derecognizes a financial asset when, and only when, the contractual rights of probabilities of receiving the cash flows from the asset expire or it transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

3.04.1 (a) Accounts Receivable:

Bills receivables are recognized at cost or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with IAS-21: **“The Effects of Changes in Foreign Exchange Rates”**.

3.04.1 (b) Advances, Deposits and Prepayments:

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads. Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit and loss account.

3.04.1 (c) Cash and Cash Equivalents:

Cash and Cash Equivalents are carried in the Statement of Financial Position at cost and include cash in hand and with banks on current and deposit accounts, which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

3.04.2 Financial Liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes a financial liability when its contractual obligations are discharged or canceled or expire.

Financial liabilities include payable for expenses, liability for capital expenditure and other current liabilities.

3.04.2 (a) Accounts Payable:

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

3.05 Impairment:

a) Financial Assets:

Accounts receivable and other receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc.

b) Non-Financial Assets:

An asset impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

3.06 Provisions:

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

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3.07 Taxation:

Income tax expense is recognized in profit and loss account and accounted for in accordance with the requirements of IAS 12: **"Income Taxes"**

- a) Tax deducted by the authorized Bank on proceeds realized from 01 July 2018 to 30 June 2019 was considered as minimum tax under section 82(C).

b) Current Tax:

As per section 53BBBB of the Income Tax Ordinance 1984 tax has been deducted at source from export proceeds @ 0.65% from 01st July, 2018 and the deducted amount is treated as the minimum tax under section 82(C).

c) Deferred Tax:

Deferred tax arises due to temporary difference deductible or taxable for the events or transaction which is recognized in the Statement of profit or loss and other comprehensive Income. A temporary difference is the difference between the tax bases of an asset or liability and its carrying amount/reported amount in the Statement of Financial Position. Deferred tax assets or liability is the amount of income tax recoverable or payable in future periods recognized in the current period. Therefore, deferred tax policy has been adopted by the management during the period.

3.08 Borrowing Costs:

This has been dealt with the requirement of IAS 23: **"Borrowing Costs"**.

Borrowing costs relating to projects in commercial operation are recognized as expenses in the year in which they are incurred. In respect of projects that have not yet commenced commercial production, borrowing costs are debited to capital work in progress.

3.09 Employee Benefits:

The company taking initiative to maintain contribution plan for its eligible permanent employees in compliance with the provisions of IAS 19: **"Employee Benefits"**.

As per Section 232 of Bangladesh Labor Act 2006, which states that in sub-section 2 "The Government may, by notification in the official Gazette apply this chapter to such other companies as it may specify therein." And in sub-section 3 "Notwithstanding anything contained in sub-section (1) and (2), in industrial sector which is hundred percent export oriented or which is hundred percent foreign invested, the government may, by rules, for the beneficiaries working in such sectors, from sector-wise a central fund consolidating buyers and owners, fund management board, determine amount of donation and procedure for recovery thereof, adopt rules for using money of that fund and relevant other necessary rules. Provided that, such board, may very prior approval of government adopt regulations for the purpose of this section."

3.10 Statement of Cash Flows:

The Statement of Cash Flow has been prepared in accordance with the requirements of IAS 7: **"Statement of Cash Flows"**. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules 1987 and as the benchmark treatment of IAS 7, whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.11 Earnings per Share (EPS):

The Company calculates Earnings per Share (EPS) in accordance with IAS-33: **"Earnings per Share"** which has been shown at the bottom of the Statement of Comprehensive Income.

Basic Earnings (Numerator):

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

Weighted Average Number of Ordinary Shares outstanding during the period (Denominator):

This represents the number of ordinary shares outstanding at the beginning of the period plus the number of ordinary shares issued during the period multiplied by a time-weighting factor is the number of days the specific shares are outstanding as a proportion of the total number of days in the year.

3.12 Foreign Currency Transactions:

The financial records of the company are maintained and the financial statements are stated in Bangladeshi Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The major activities of the company were carried out in USD but recorded and reported in Bangladesh Taka as this is the reporting currency.

The import activities were not subject to any exchange fluctuation. Only the unencumbered portions of export bills were subject to exchange fluctuation which was dealt through Statement of Comprehensive Income of the entity. Foreign currency transaction is recorded at the applicable rates of exchange ruling at the transaction date.

Among the monetary assets and liabilities denominated in foreign currencies at the reporting date, only the export retention quota accounts were translated at the applicable rates of exchange ruling at that date. Exchange difference on such translation was also dealt through the Statement of Comprehensive Income.

The monetary assets and liabilities, if any, denominated in foreign currencies at the reporting date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure / gain in compliance with the provisions of IAS 21: The Effects of changes in Foreign Exchange Rates.

3.13 Segment Reporting:

No segment reporting is applicable for the company as required by "IFRS - 8: **Operating Segments**" as the company operates in a single industry segment and within as geographical segment.

3.14 Events after the Reporting Period:

In compliance with the requirements of IAS 10: **"Events after the Reporting Period"**, provided additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.

3.15 Related Party Disclosures:

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 to the accounts.

3.16 Comparative information and General:

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

	30 June 2019 Taka	30 June 2018 Taka
4.00 Property, Plant & Equipment		
At Cost/Valuation		
Opening Balance	2,760,294,619	1,579,007,572
Add: Current year Revaluation Surplus	-	876,932,727
Addition during the period	-	304,354,320
	2,760,294,619	2,760,294,619
Accumulated Depreciation		
Opening Balance	915,442,416	823,445,969
Charged during the period	192,647,386	91,996,447
	1,108,089,802	915,442,416
Written Down Value	1,652,204,817	1,844,852,202
<p>The company revalued its Property, Plant and Equipment (Land, Building and Plant Machineryes) in the year ended 30 June 2018 by Ata Khan & Co., Chartered Accountants dated on 03 August 2018 to reflect the fair value (prevailing market price) of those classes of assets. "They applied "Current Cost Method" to determine the fair value of those assets which are in compliance with IAS-16 Property, Plant and Equipment". Revaluation Surplus has arisen Tk. 876,932,</p> <p>The details of the above is given in Annexure-1.</p>		
5.00 Intangible Assets		
At Cost/Valuation		
Opening Balance	23,591,000	23,591,000
Addition during the period	-	-
	23,591,000	23,591,000
Accumulated Amortization		
Opening Balance	18,416,177	17,502,973
Charged during the period	776,223	913,204
	19,192,401	18,416,177
Written Down Value	4,398,599	5,174,823
The details of the above is given in Annexure-1		
6.00 Capital Works-in-Progress		
Buildings	-	-
Security Building	-	-
Drain Line	-	-
Water Trunks	-	-
Plant & Machineryes	-	-
Spare Parts	-	-
	-	-
7.00 Short-Term Investment in FDR		
FDR No.	Name of the Bank	
4122020500005	City Bank Ltd.	1,478,086
4122020502006	City Bank Ltd.	1,478,086
4122020486005	City Bank Ltd.	588,684
4852005398001	City Bank Ltd.	314,568
4851175306001	City Bank Ltd.	283,317
4851175306002	City Bank Ltd.	399,668
		4,542,409
The above FDR are kept as lien with City Bank Ltd.		
		4,349,243

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		30 June 2019 Taka	30 June 2018 Taka	
8.00 Inventories				
Raw Materials	20.01	368,814,785	274,852,685	
Packing Materials	20.02	68,718,524	51,425,142	
Work in Process	20.00	4,214,547	4,154,876	
Finished Goods	20.00	72,548,754	68,545,248	
		514,296,610	398,977,951	
9.00 Trade Receivable (Foreign)				
Walmart		-	271,536,068	
Lidl		235,487,548	254,875,480	
Golden Tuch		168,547,878	-	
Centex		215,741,253	-	
		619,776,679	526,411,548	
Exchange Gain/(Loss)		8,409,267	8,466,763	
		628,185,946	534,878,311	
9.01 Exchange Gain/(Loss)				
	Receivable In	USDRate	Receivable In	Receivable In
Current Market Rate	\$7,434,153	84.50	628,185,946	534,878,311
Average Rate	\$7,434,153	83.37	619,776,679	526,411,548
Exchange Gain/(Loss)			8,409,267	8,466,763

Bills receivable have been stated at their nominal value. Bills receivable are accrued in the ordinary course of business. All receivables have been considered as good and realizable. Trade Receivable is a monetary items, so exchange gain or loss has been recognized to profit or loss in accordance with IAS-21, Para-28.

Receivable Ageing report is given below:

Party Name	Not more than	Above 90 days	Total
Wal-Mart	-	-	-
Lidl	235,487,548	-	235,487,548
Golden Tuch	168,547,878	-	168,547,878
Total:	404,035,426	-	404,035,426

10.00 Trade Receivable from Local Companies

Dragon Sweater (BD.) Ltd.	377,973,831	280,233,825
CD Acrylic Bangladesh Ltd.	82,111,601	52,053,691
Imperial Sweater (BD.) Ltd.	230,547,513	201,454,208
	690,632,945	533,741,724

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year 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:

		30 June 2019 Taka	30 June 2018 Taka
Sl.	Particulars	Amount in Taka	
I	Receivables considered good in respect of which the company is fully secured	628,185,946	534,878,311
II	Receivables due by directors or other officers & staffs	690,632,945	533,741,724
	Total:	1,318,818,891	1,068,620,034

A schedule of bills receivable is given in Annexure-2 & 3.

11.00 Advance, Deposit & Pre-payment			
Advance	11.01	44,735,339	30,867,943
Deposits	11.02	950,000	950,000
		45,685,339	31,817,943
11.01 Advance			
Advance Income Tax	11.01A	30,843,425	18,310,582
Advance Salary to Staff		7,548,450	6,854,200
Advance against Expenses	11.01B	5,094,894	4,454,591
Advance for Fire Fighting's		1,248,570	1,248,570
		44,735,339	30,867,943
11.01A Advance Income Tax			
Advance Tax under Section 53-BBBB		30,719,435	18,227,901
Advance Tax from SND		40,696	20,851
Advance Tax from FDR		83,294	61,831
		30,843,425	18,310,582
11.01B Advance against Expenses			
Advance against Factory Supply & Chemicals		1,245,800	895,780
Advance against Repair & Maintenance of Machineries		745,870	657,420
Advance against License Renewal		547,855	654,820
Advance against Commercial Work		854,714	754,875
Advance against Lab Test		1,345,875	1,245,876
Advance against Compliance Audit Fee		354,780	245,820
		5,094,894	4,454,591
11.02 Deposits			
Deposit with PDB		250,000	250,000
Deposit with DESA		150,000	150,000
Deposit with T&T		50,000	50,000
Deposit with CDBL		500,000	500,000
		950,000	950,000
12.00 Cash & Cash Equivalents			
Cash in Hand		945,877	1,258,763
Cash at Bank		143,870,857	140,735,310
		144,816,734	141,994,073

Cash in hand represent a substantial amount as all most of all the transactions were made in cash. We could not verified the cash in hand at the ended of the year as our audit was post dated.

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	July 2019 Taka	July 2018 Taka
12.01 Cash at Bank		
Cash at Bank	143,870,857	140,735,310
	143,870,857	140,735,310
Bank Name		
The City Bank Ltd. (CD A/c)	6	6
The City Bank Ltd. (FC A/c)	169,507	167,902
Bank Asia Ltd. (CD A/c)	71,245,805	75,689,542
South Bangla Agriculture Bank	72,451,826	64,875,985
National Bank Ltd.	3,713	1,874
	143,870,857	140,735,310

Bank balances have been confirmed with the bank statements and also reconciled.

13.00 Share Capital

13.01 Authorized Capital

300,000,000 Ordinary Shares of Tk. 10 each	3,000,000,000	1,500,000,000
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13.02 Issued, Subscribed and Paid up Capital

158,700,000 Ordinary Shares of Tk. 10 each fully paid up	1,587,000,000	1,322,500,000
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The shareholding position of the company are as under:

<u>Name of Shareholders</u>	<u>No. of Share</u>	<u>(%)</u>		
Mostafa Golam Quddus	3,548,035	2.236%	35,480,350	29,566,960
Mostafa Quamrus Sobhan	26,067,822	16.426%	260,678,220	292,231,850
Tasnia Quamrun Anika	3,195,386	2.013%	31,953,860	26,628,220
Shafia Sobhan Chowdhury	3,433,436	2.163%	34,334,360	28,611,970
Fazlutun Nessa	3,433,436	2.163%	34,334,360	28,611,970
Fauzia Quamrun Tania	11,373,608	7.167%	113,736,080	94,780,070
CD Spinning Mills Limited	33,158	0.021%	331,580	276,320
CD Acrylic Bangladesh Ltd.	33,158	0.021%	331,580	276,320
Muzaffar Ahmed	-	0.000%	-	661,250
Mrs Sadia Akhter	200,000	0.126%	2,000,000	2,000,000
Mrs Nasima Ferdous	200,000	0.126%	2,000,000	2,000,000
A. S. Shahudul Huque Bulbul	200,000	0.126%	2,000,000	2,000,000
Tanzila Ferdous	200,000	0.126%	2,000,000	2,000,000
Mohammad Zahir	120,000	0.076%	1,200,000	1,150,000
Zaed Bin Zahir	110,000	0.069%	1,100,000	1,000,000
Fahmida Kamal	-	0.000%	-	1,000,000
IPE Capital Limited	69,000	0.043%	690,000	575,000
Heritage Capital Management Limited	-	0.000%	-	575,000
Pandemic Fisheries Limited	-	0.000%	-	20,000,000
Pandemic Trade International	161,300	0.102%	1,613,000	20,000,000
Dr. Tamanna Mostafiz	-	0.000%	-	20,000,000
A. K. M. Sajedur Rahman	-	0.000%	-	20,000,000
NRB Equity Management Limited	2,350	0.001%	23,500	10,000,000
Mohammed Ashraful Huque	200,000	0.126%	2,000,000	2,000,000
M. Shefaque Ahmed	1,100,000	0.693%	11,000,000	10,000,000

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			July 2019 Taka	July 2018 Taka
Molla Abdul Hakim	-	0.000%	-	1,000,000
Farid Ahmed	-	0.000%	-	1,000,000
Mohammad Ziaul Hossain	-	0.000%	-	1,000,000
A. K. Mostafizur Rahman	-	0.000%	-	20,000,000
Dragon	3,240,000	2.042%	32,400,000	27,000,000
Sonali Life	2,082,500	1.312%	20,825,000	20,200,000
Md. Arifur Rahman	-	0.000%	-	800,000
MR.S.M. Iftekhar Imam	10,000	0.006%	100,000	700,000
Md. Mustafizur Rahman	-	0.000%	-	400,000
Md. Raihan Ahmed	15,870	0.010%	158,700	132,250
Fortune Wealth	-	0.000%	-	670,000
Md. Al-Amin Khan	-	0.000%	-	1,330,000
Hoda Ali Selim	1,000,000	0.630%	10,000,000	10,000,000
All Remaining	98,670,941	62.175%	986,709,410	622,322,820
	158,700,000	100.00%	1,587,000,000	1,322,500,000

14.00 Revaluation Reserve

The company revalued its Property, Plant and Equipment (Land, Building and Plant Machineries) in the year ended 30 June 2018 by Ata Khan & Co., Chartered Accountants dated on 03 August 2018 to reflect the fair value (prevailing market price) of those classes of assets. "They applied "Current Cost Method" to determine the fair value of those assets which are in compliance with IAS-16 Property, Plant and Equipment". Revaluation Surplus has arisen Tk. 876,932,727.

Building	85,828,679
Plant & Machinery	114,860,596
Generator	2,007,253
Boiler	2,071,621
Washing Machine	92,730
Cleaning Machine	1,411,099
Transformer	399,321
Air Compressor	172,922
Water & Gas Installation	544,563
Electric Installation	849,856
Motor Vehicles	615,370

Opening Balance	Addition during the year	Adjustment	Adjustment of Deferred Tax Expenses	
900,290,242	-	(104,428,076)	-	795,862,165
				900,290,242

15.00 Long Term Loan

Opening Balance	368,424,833	389,051,860
Add: Interest during the period	34,107,810	38,372,973
Less: Paid during the period	(73,500,000)	(59,000,000)
Closing Balance	329,032,643	368,424,833
Current Portion	(29,912,058)	(33,493,167)
Closing Balance	299,120,584	334,931,667

Note: Long Term Loan amount to be paid in 11 (Eleven) years by 22 (Twenty Two) half yearly installments. Mortgaged 64 decimals land along with all structures constructed or to be constructed thereon, situated within District-Comilla, PS & SR. Office- Chowddagram under Comilla Collectorate, Touzi No. 252, J.L No. 30, Mouza- Chandul.

DRAGON SWEATER & SPINNING LIMITED

	July 2019 Taka	July 2018 Taka
16.00 Bills Payable		
M/S. Active Zipper	542,817	1,458,782
M/S. Labib Dyeing	1,245,758	2,658,540
M/S. Nice Cotton	625,487	2,541,251
M/S. Redwan packaging	214,785	875,482
M/S. S.B.Trade	954,854	245,875
M/S. Zhangjiagan	1,478,785	356,485
	5,062,486	8,136,415
Exchange (Gain)/Loss	79,908	137,403
	5,142,394	8,273,818

16.01 Exchange (Gain)/Loss

	Payable In USD	USD Rate	Payable In BDT	Payable In BDT
Current Market Rate	\$60,857	84.50	5,142,394	8,273,818
Average Rate	\$60,857	83.19	5,062,486	8,136,415
Exchange (Gain)/Loss			79,908	137,403

Bills Payable is a monetary items, so exchange gain or loss has been recognized to profit or loss in accordance with IAS-21, Para-28.

A schedule of bills payables is given in **Annexure-4**.

Payable ageing report is given below:

Party Name	Not more than 90 days	Above 90 days	Total
M/S. Active Zipper	542,817	-	542,817
M/S. Labib Dyeing	1,245,758	-	1,245,758
M/S. Nice Cotton	625,487	-	625,487
M/S. Redwan packaging	214,785	-	214,785
M/S. S.B.Trade	954,854	-	954,854
M/S. Zhangjiagan	1,478,785	-	1,478,785
Total:	5,062,486	-	5,062,486

17.00 Liabilities for Expenses

Audit fee	125,000	125,000
Salaries, Wages & Remuneration	4,208,754	6,372,450
Fuel, Water and Power	2,985,475	3,334,733
Rent & Others	285,000	285,000
Worker's Profit Participation Fund (WPPF)	15,098,033	16,920,000
	22,702,262	27,037,183

		July' 18 to June '19 Taka	July'17 to June '18 Taka
18.00 Provision for IncomeTax			
Opening Balance		90,958,212	45,429,983
Add: Addition during the period (Annex-6)		52,363,961	45,528,230
		143,322,173	90,958,212
Less: Adjustment during the period		-	-
		143,322,173	90,958,212
The details of the above is given in Annexure-6			
19.00 Revenue			
Revenue		1,921,774,538	1,687,646,647
		1,921,774,538	1,687,646,647
20.00 Cost of Goods Sold			
Raw Materials Consumed	20.01	787,290,784	687,959,780
Packing Materials Consumed	20.02	317,945,172	286,519,939
		1,105,235,956	974,479,719
Add: Work in Process-Opening	8.00	4,154,876	3,875,842
		1,109,390,832	978,355,561
Less: Work in Process-Closing	8.00	4,214,547	4,154,876
Total Consumption		1,105,176,285	974,200,685
Add: Manufacturing Overhead	20.03	162,028,233	145,436,738
Add: Depreciation (Annexure-1)		173,382,647	82,796,802
Cost of Production		1,440,587,165	1,202,434,225
Add: Finished Goods-Opening	8.00	68,545,248	63,929,255
		1,509,132,413	1,266,363,480
Less: Finished Goods - Closing	8.00	72,548,754	68,545,248
		1,436,583,659	1,197,818,232
20.01 Raw Materials Consumed			
Opening Stock	8.00	274,852,685	230,355,368
Add: Purchase during the period		881,252,884	732,457,097
Raw Materials Available for Production		1,156,105,569	962,812,465
Less: Closing Stock	8.00	368,814,785	274,852,685
		787,290,784	687,959,780
20.02 Packing Materials Consumed			
Opening Stock	8.00	51,425,142	47,177,273
Add: Purchase during the period		335,238,554	290,767,808
Materials Available for Packing		386,663,696	337,945,081
Less: Closing Stock	8.00	68,718,524	51,425,142
		317,945,172	286,519,939

DRAGON SWEATER & SPINNING LIMITED

		July' 18 to June '19 Taka	July'17 to June '18 Taka
20.03	Manufacturing Overhead		
	Salary & Wages	90,405,978	78,109,562
	Fuel Water & Power	40,944,630	35,343,065
	Factory Lease Rent	1,758,000	1,500,000
	Lab test Charges	5,987,044	5,936,924
	Store & Spares Expenses	3,636,864	3,814,141
	Repairs & Maintenance	1,115,886	1,382,571
	Chemical Expenses	5,140,127	5,044,615
	Security Service Charges	2,352,000	2,352,000
	Uniform & Liveries	761,833	696,239
	Medical Expenses	509,190	487,538
	Carriage Inward	3,154,772	4,017,594
	Garments Printing & Washing Expenses	1,331,373	682,354
	Import Material Utilization Declaration Expenses	728,068	851,186
	C & F Charges	3,063,611	3,483,509
	Entertainment	909,581	1,388,927
	Other Overhead	229,276	346,513
		162,028,233	145,436,738
21.00	Operating Expenses		
	Distribution & Selling 21.01	51,817,442	29,989,277
	Administrative Expenses 21.02	99,597,859	74,552,999
		151,415,301	104,542,276
21.01	Distribution & Selling		
	Salaries & Welfare	8,664,529	6,155,041
	B/L, Air Freight Charges	5,315,395	4,367,029
	Advertising Expenses	463,487	441,520
	Transpiration and Handling Expenses	4,716,515	3,287,142
	Repair & Maintenance	2,938,452	1,814,945
	Sales Promotion Expenses	6,314,900	5,224,251
	Traveling Expenses	4,794,720	3,205,979
	Courier & Handling Charges	3,901,954	2,467,058
	Buyers Entertainment	3,969,576	3,266,238
	L/C Charges & Commission	3,552,102	2,464,022
	Misc. Expenses	3,332,864	2,611,931
	Exchange Gain/Loss	-	(7,155,808)
	Depreciation (Annexure-1)	3,852,948	1,839,929
		51,817,442	29,989,277
21.02	Administrative Expenses		
	Salary & Allowances	50,010,145	36,144,681
	Remuneration	1,224,000	1,224,000
	Board Meeting Fee 21.02A	240,000	320,000
	Postage & Telecommunication	993,228	1,071,412
	Repair & Maintenance	4,251,732	3,950,526
	Vehicle Expenses /GSP	2,630,935	1,655,323
	Electricity, Fuel & Power	5,242,703	3,889,089
	Printing & Stationery	1,488,331	1,487,028
	Donation & Others	1,553,621	2,087,062
	Entertainment	611,466	560,295
	Insurance	1,970,920	1,970,920

DRAGON SWEATER & SPINNING LIMITED

			July' 18 to June '19 Taka	July'17 to June '18 Taka
	Commercial Audit Fees		825,000	335,000
	Audit Fee		125,000	125,000
	Office Rent		1,920,000	1,920,000
	Conveyance		2,616,732	1,629,366
	Renewal & License Fee		2,435,054	3,251,966
	Legal & Professional Charges		3,274,021	3,062,947
	Security Service Charges		1,500,000	1,140,000
	BTMA Expenses		496,957	455,464
	Depreciation	(Annexure-1)	15,411,791	7,359,716
	Amortization	(Annexure-1)	776,223	913,204
			99,597,859	74,552,999
21.02A	Board Meeting Fee			
	Mr. Mostafa Quamrus Sobhan	Chairman	30,000	40,000
	Mr. Mostafa Golam Quddus	Managing Director	30,000	40,000
	Mrs. Tasnia Quamrun Anika	Director	30,000	40,000
	Mrs. Shafia Sobhan Chowdhury	Director	30,000	40,000
	Mrs. Fazlutun Nessa	Director	30,000	40,000
	Mrs. Fauzia Quamrun Tania	Director	30,000	40,000
	A. M. Saidur Rahman	Independent Director	30,000	40,000
	M. Jinnat Ali Mian	Independent Director	30,000	40,000
			240,000	320,000
22.00	Financial Expenses			
	Bank Charge & Commission		5,095	5,854
	Interest on Long Term Loan		34,107,810	38,372,973
			34,112,905	38,378,827
23.00	Non-Operating Income			
	FDR Interest		193,166	209,014
	SND Interest Receive		321,926	161,604
	Exchange Gain/(Loss)		8,981,847	-
	Scrap Sales		7,899,085	8,042,073
			17,396,024	8,412,691
24.00	Basic Earnings Per Share (BEPS)			
	(a) Profit After Tax (Tk.)		261,685,679	296,942,011
	(b) Number of Ordinary Shares outstanding during the period		158,700,000	158,700,000
			1.65	1.87
25.00	(a) Net Asset Value (NAV) Per Share			
	Share Capital		1,587,000,000	1,322,500,000
	Retained Earnings		716,047,364	680,558,609
	Reserve for Revaluation		795,862,166	900,290,242
	Net Asset Value (NAV)		3,098,909,529	2,903,348,851
	Number of Ordinary Shares		158,700,000	158,700,000
			19.53	18.29
26.00	Net Operating Cash Flow Per Share (NOCFPS)			
	Net Operating Cash Flows		108,017,926	163,005,277
	Number of Ordinary Shares Outstanding	158,700,000	158,700,000	
	Net Operating Cash Flows Per Share		0.68	1.03
27.00	Events After Reporting Period (IAS-10)			
	There was no significant event that has been occurred between Balance Sheet date and the date on which the financial statement are authorized for issue.			

28.00 Other Commitments, Contingencies and Relevant Information

28.01 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June 2019 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

(a) Sales :

Particulars	01-07-2018 to 30-06-2019		01-07-2017 to 30-06-2018	
	Quantity in Pcs	Amount in Taka	Quantity in Pcs	Amount in Taka
Domestics Sales	-	-	-	-
Export Sales	6,107,658	1,921,774,538	4,718,710	1,687,646,647
Total	6,107,658	1,921,774,538	4,718,710	1,687,646,647

(b) Raw Materials Consumed in Quantities (Lbs)

	30 June 2019 Taka	30 June 2018 Taka
Opening Stock	1,002,458	936,251
Add: Purchase	7,661,297	5,804,013
Raw Material available for consumption	8,663,755	6,740,264
Less: Closing Stock	1,124,514	1,002,458
Raw Material Consumed	7,539,241	5,737,806

(c) Particulars in respect of Opening Stock, Sales and Closing Stock of Finish Goods

Period	Opening Stock		Closing Stock		Sales	
	Quantity (in pcs)	Value (in Taka)	Quantity (in pcs)	Value (in Taka)	Quantity (in Pce)	Value (in Taka)
July-18 to July 19	216,915	68,545,248	235,548	72,548,754	6,107,658	1,921,774,538
July-17 to July 18	200,405	63,929,255	216,915	68,545,248	4,718,710	1,687,646,647

(d) Particulars in Respect of Opening Stock and Closing Stock of Inventories

Period	Opening Stock		Sales	
	Quantity (pcs/lbs)	Value (in Taka)	Quantity (pcs/lbs)	Value (in Taka)
Raw Materials	1,002,458	274,852,685	1,124,514	368,814,785
Packing Materials	16,482,417	51,425,142	20,887,089	68,718,524
Work in Process	27,885	4,154,876	24,938	4,214,547
Finished Goods	216,915	68,545,248	235,548	72,548,754

28.02 Information as per requirement of Para 8, Schedule XI, Part II, of The Companies Act, 1994

Disclosure under Para 8, Schedule XI, Part II of the Companies Act, 1994 are as under:

Raw Materials:

Items	Purchas in Taka			Consumption in Taka	% of Consumption of Total Purchase
	Import	Inter company	Total		
Yarn	881,252,884	-	881,252,884	787,290,784	89%
Accessories & Packing	335,238,554	-	335,238,554	317,945,172	95%
Total	1,216,491,438	-	1,216,491,438	1,105,235,956	

28.03 Number of Employees

Employee Position as at 30 June 2019

Salary Range	Office Staff		Worker	Total Employee
	Factory	Head Office		
5,300	-	-	-	-
Above 5,300	108	45	362	515
Total:	108	45	362	515

28.04 Capacity Utilization

Details of Capacity has given below:

Particulars	Full Capacity	Installed Capacity	Actual Production	Percentage
Sweater	6,918,000 pcs per year	6,918,000	6,107,658	88%
Spinning	6,570,000 lbs per year	6,570,000	6,014,875	92%

28.05 Capital Expenditure Commitment

There was no capital expenditure commitment or contract at 30 June 2019. There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2019.

28.06 Directors' Interest in Contracts with the Company

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

28.07 Foreign Remittances

No remittances was made in foreign currency on account of dividend, royalty, technical experts, profes sional advisor fees, interest, etc.

28.08 Related party disclosures

i) Related Party Transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on an arms' length basis. The name of these related parties, nature of these trans actions and their total value have been set out:

- a) Company under common directorship

Name of the Party	Dr.or Cr.	Nature of Transactions	Nature of Relation ship	Balance as on 01-07-2018	Addition during the year	Adjustment during the year	Transaction Value in Taka 30 June 2019		Form of payment
Dragon Sweater (BD) Ltd.	Dr.	Sub-contract	Common Management	280,233,825	124,875,489	27,135,483	27,135,483	377,973,831	Chugue/LC/ Cash
CD Acrylic (BD) Ltd.	Dr.	Sub-contract	Common Management	52,053,691	145,487,542	115,429,632	115,429,632	82,111,601	
Imperial Sweater (BD.) Ltd.	Dr.	Sub-contract	Common Management	201,454,208	85,457,452	56,364,147	56,364,147	230,547,513	
Total:				533,741,724	355,820,483	198,929,262	198,929,262	690,632,945	

DRAGON SWEATER & SPINNING LIMITED

Name of the Party	Dr. or	Nature of Transactions	Nature of Relation ship	Transactions during the Year	Outstanding as at 30 June 2019
Dragon Sweater BD. Ltd.	Cr.	Office Rent	Common Management	1,920,000	160,000
Total:				1,920,000	160,000

No provision for bad debts was made for related party transactions since the transaction are made against contract and are regular or realised fully in subsequent years.

b) Directors' Remuneration & Fees

Name of the Party	Nature of Transactions	Nature of Relationship	Transactions during the Year	Outstanding as at 30 the June 2019
Mostafa Quamrus Sobhan	Remuneration & Fees	Chairman	270,000	20,000
Mostafa Golam Quddus	Remuneration Feed and Factory Rent	Managing Director & Director	294,000	22,000
Fauzia Quamrun Tania	Remuneration & Fees	Director (Operation)	750,000	60,000
Fazlutun Nessa	Fees	Director	30,000	-
Tasnia Quamrun Anika	Fees	Director	30,000	-
Shafia Sobhan Chowdhury	Fees	Director	30,000	-
A. M.Saidur Rahman	Fees	Independent Director	30,000	-
M. Jinnat Ali Mian	Fees	Independent Director	30,000	-
Total			1,464,000	102,000

ii) Particulars of Directors of Dragon Sweater & Spinning Ltd. as at 30 June 2019

Name of Directors	"BOD of Dragon Sweater &	Entities where they have interests
Mostafa Quamrus Sobhan	Chairman	Rupali Insurance Company Ltd.
Mostafa Golam Quddus	Managing Director & Director	Rupali Insurance Company Ltd.
Fazlutun Nessa	Director	Rupali Insurance Company Ltd.
Fauzia Quamrun Tania	Director	Rupali Insurance Company Ltd.
Tasnia Quamrun Anika	Director	Sonali Life Insurance Company Ltd
Shafia Sobhan Chowdhury	Director	Rupali Insurance Company Ltd.

29.00 Disclosure as per Requirement of Schedule XI, part II, para 4 of Companies act 1994

Payment to directors during the year from 1st July 2018 to 30 th June 2019.

Director Remuneration & Fees

Director are entitled to Tk. 5,000 as Board Meeting fee for attending each Board Meeting as per Articles of Association. Managing Director's monthly remuneration is Tk. 22,000 and Chairman's remuneration is Tk. 20,000.

This is made up as follows

Name of Board of Directors	Position	Meeting Attending	Salary & Benefits	Factory Rent	Amount in Taka
Mostafa Quamrus Sobhan	Chairman	30,000	240,000	-	270,000
Mostafa Golam Quddus	Managing Director &	30,000	264,000	1,758,000	2,052,000
Fauzia Quamrun Tania	Director	30,000	720,000	-	750,000
Fazlutun Nessa	Director	30,000	-	-	30,000
Tasnia Quamrun Anika	Director	30,000	-	-	30,000
Shafia Sobhan Chowdhury	Director	30,000	-	-	30,000
A. M.Saidur Rahman	Independent Director	30,000	-	-	30,000
M. Jinnat Ali Mian	Independent Director	30,000	-	-	30,000
Total		240,000	1,224,000	1,758,000	3,222,000

The number of Board Meeting and The Attendance of Directors During the year from 1st July 2018 to 30 June 2019 were as follows:

Shareholdings by	Designation	Meeting Held	Attendance
Mostafa Quamrus Sobhan	Chairman	6	6
Mostafa Golam Quddus	Managing Director	6	6
Fauzia Quamrun Tania	Director	6	6
Fazlutun Nessa	Director	6	6
Tasnia Quamrun Anika	Director	6	6
Shafia Sobhan Chowdhury	Director	6	6
A. M. Saidur Rahman	Independent Director	6	6
M. Jinnat Ali Mian	Independent Director	6	6

29.01 Particulars of Audit Committee

An audit committee has been formed by the board of directors of the company in its Board Meeting held on October 10, 2016. The committee constituted with a chairman and two members. At 30 the June 2019, the members of the committee were as follows:

Name	position	Status with Committee	Educational Qualification
M Jinnat Ali Mia	Indepenent Director	Chairman	M.A.(Eco)
Mostafa Golam Quddus	Managing Director & Director	Member	M.Com
Fauzia Quamrun Tania	Director	Member	M.A.(Math)
S.M. Khaja Hossan	Company Secretary	Secretary	M. Com

During the year ended June 30, 2019, the followings number of 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	28-Oct-18
2	13-Nov-18
3	25-Feb-19
4	28-May-19

29.02 Income Tax Assessment Status

Accounting Year	Assessment Year	Assessment Status
2014-2015	2015-2016	Assessment complete
2015-2016	2016-2017	Assessment complete
2016-2017	2017-2018	Assessment complete
2017-2018	2018-2019	Assessment complete

30.00 Cash Receipts from Customers

Opening Balance of Accounts Receivable from Foreign Customer	9.00	526,411,548
Add: Sales during the period	19.00	1,921,771,538
Add: Opening Receivable fro Inter-Company	9.00	533,741,724
Closing Receivable from Inter-Company	9.00	(690,632,745)
Add: Foreign Currency Loss Gain		8,329,360
Closing Balance of Accounts Receivable from Foreign Customer	9.00	(619,776,679)
		1,679,844,746

31.00 Cash paid to Suppliers and Others:

Cost of Goods Sold	20.00	(1,436,583,659)
Add: Closing Inventories	16.00	(514,296,610)
Add: Accounts Payable	8.00	(8,136,415)
Less: Opening Inventories	16.00	398,977,951
Less: Closing Accounts payable	8.00	5,062,486
Operating Expenses	10.00	(151,415,301)
Add: Closing Advance & Prepayments	10.00	(14,841,914)
Add: Oprenig Accruals	17.00	(10,117,183)
Less: Opening Advance & Prepayments		13,507,361
Add: Accruals		7,604,229
Less: Amortization		776,223
Add: Paid WPPF		(16,920,000)
Less: Depraciation		192,647,386
		(1,533,735,446)

32.00 Calculation of Cash Generate from operation

Profit before Tax	301,960,664
Add. Finance Cost	34,112,905
Add. Depreciation	192,647,386
Add. Amortization	776,223
Less; Inventory Increase	(115,318,659)
less: Debtors Increase(Local)	(156,891,221)
less: Debtors Increase(Foreign)	(93,365,131)
Less: Trade payable Decrease	(3,073,929)
Less : Advance Increase	(1,334,553)
Less : Liabilities for Expenses Decrease	(4,334,920)
Less : Investment Income from (SND)	(321,926)
Less : Investment Income from (FDR)	(193,166)
Cash Generate From Operation	154,663,673

DRAGON SWEATER & SPINNING LIMITED
Fixed Assets Schedule
As at 30 June 2019

Annexure -2
(Amount in Taka)

Particulars	Cast/ Revaluation			Depreciation				Revaluation Cost			Balance			Balance as on 30 June 2018	Balance as on 30 June 2019
	Balance as on 1 July, 2018	Addition during	Revaluation Balance as on 30 June 2019	Cost & Revaluation Surplus	Balance as on	Rate	Original Cost Balance as on 1 July, 2018	Charged during the	Balance as on 30 June 2019	Balance as on July,	Charged during the	Balance as on	Total Depreciation	Total Accumulated	
Land & Land Development Building	94,440,000	-	94,440,000	162,060,000	256,500,000	0%	-	-	-	-	-	-	-	-	256,500,000
	682,938,563	-	682,938,563	514,786,245	1,197,724,808	10%	241,769,645	44,116,892	285,886,537	71,375,807	44,341,044	115,716,851	88,457,936	401,603,388	796,121,420
Plant & Machinery	597,437,258	-	597,437,258	550,939,762	1,148,377,020	15%	371,886,849	33,831,061	405,727,910	154,786,465	59,422,685	214,211,159	93,255,756	619,939,070	528,437,960
Spare Parts	52,402,683	-	52,402,683	-	52,402,683	15%	10,716,154	6,252,979	16,969,134	-	-	-	6,252,979	16,969,134	35,433,549
Generator	23,355,200	-	23,355,200	3,845,266	27,200,466	15%	18,281,077	761,119	19,042,195	2,705,015	171,038	2,876,052	932,156	21,916,247	5,282,219
Boiler	6,905,512	-	6,905,512	3,968,576	10,874,088	15%	5,426,036	221,921	5,647,957	2,791,759	176,523	2,968,282	398,444	8,616,239	2,257,849
Washing Machine	2,100,000	-	2,100,000	177,642	2,277,642	15%	1,570,687	79,397	1,650,084	124,965	7,302	132,867	87,298	1,782,951	494,891
Cleaning Machine	178,000	-	178,000	-	178,000	15%	158,083	2,986	161,079	-	-	-	2,986	161,079	16,921
Transformer	5,751,000	-	5,751,000	2,703,223	8,454,223	15%	4,703,692	157,096	4,860,788	1,901,626	120,240	2,021,866	277,336	6,882,654	1,571,569
Furniture & Fixture & Decoration	3,785,000	-	3,785,000	608,628	4,393,628	10%	2,237,148	154,795	2,391,933	332,078	27,655	359,733	182,440	2,751,666	1,641,982
Office Equipments	4,641,367	-	4,641,367	-	4,641,367	10%	2,670,593	197,077	2,867,670	-	-	-	197,077	2,867,670	1,773,697
Cooleries	1,724,820	-	1,724,820	-	1,724,820	10%	691,843	103,298	795,141	-	-	-	103,298	795,141	929,679
Air Compressor	72,300	-	72,300	-	72,300	20%	63,320	1,796	65,116	-	-	-	1,796	65,116	7,184
Water & Gas Installation	2,797,800	-	2,797,800	283,560	3,081,360	10%	1,600,455	119,735	1,720,189	143,803	11,976	155,779	131,710	1,875,968	1,185,392
Computer & Accessories	7,300,772	-	7,300,772	830,000	8,130,772	10%	4,492,982	280,779	4,773,761	452,863	37,714	490,577	318,493	5,264,338	2,866,434
Telephone & PABX	1,190,000	-	1,190,000	-	1,190,000	20%	839,917	70,217	909,134	-	-	-	70,217	909,134	280,866
Electric Installation	23,400	-	23,400	-	23,400	10%	14,695	870	15,566	-	-	-	870	15,566	7,834
Fire Fighting's	5,025,478	-	5,025,478	1,295,315	6,320,793	10%	3,777,543	124,793	3,902,337	706,747	58,857	765,604	183,650	4,667,941	1,652,852
C.C. Camera	22,048,100	-	22,048,100	-	22,048,100	10%	5,197,937	1,685,016	6,882,953	-	-	-	1,685,016	6,882,953	15,165,147
Motor Vehicles	720,293	-	720,293	-	720,293	20%	584,342	27,190	611,532	-	-	-	27,190	611,532	108,761
Total Tangible Assets:	2,800,000	-	2,800,000	1,178,856	3,978,856	15%	2,597,993	30,301	2,628,294	829,285	52,436	881,721	82,737	3,510,015	468,841
ERP Software	1,517,637,546	-	1,517,637,546	1,242,657,073	2,760,294,619	-	679,290,003	88,219,309	767,509,312	236,152,414	104,428,076	340,580,490	192,647,396	1,108,089,802	1,652,204,817
Total Intangible Assets:	23,591,000	-	23,591,000	-	23,591,000	15%	18,416,177	776,223	19,192,401	-	-	-	776,223	19,192,401	4,398,589
	23,591,000	-	23,591,000	-	23,591,000	-	18,416,177	776,223	19,192,401	-	-	-	776,223	19,192,401	4,398,589

Allocation of Depreciation

	Amount
Manufacturing Overhead 90%	173,382,647
Distribution & Selling Expenses 2%	3,852,948
Administrative Expenses 8%	15,411,791

Total :

192,647,386

Intangible Assets: Intangible assets are being amortized @ 15% every year. During this year intangible assets is amortized by Tk. 776,223

Dragon Sweater & Spinning Limited
Schedule of Trade Receivable (Foreign)
As at 30 June 2019

Annexure -2

(Amount in Taka)

Particulars	Balance as on 01-07-2018	Addition during the year	Realized during the year	Balance as on 30-06-2019
Walmart	271,536,068	-	271,536,068	-
Lidl	254,875,480	487,548,952	506,936,884	235,487,548
Golden Tuch	-	548,758,784	380,210,906	168,547,878
Michel & Klider	-	315,485,754	315,485,754	-
KSL	-	254,874,587	254,874,587	-
Centex	-	230,527,707	14,786,454	215,741,253
ABSIX	-	84,578,754	84,578,754	-
Sub-Total	526,411,548	1,921,774,538	1,828,409,407	619,776,679
Marked to Market Gain/(Loss)	8,466,763	-	-	8,409,267
Total	534,878,311	1,921,774,538	1,828,409,407	628,185,946

Dragon Sweater & Spinning Limited
Schedule of Trade Receivable from Local Companies
As at 30 June 2019

Annexure -3

(Amount in Taka)

Particulars	Balance as on 01-07-2018	Addition during the year	Adjustment during the year	Balance as on 30-06-2019
Dragon Sweater (BD.) Ltd.	280,233,825	124,875,489	27,135,483	377,973,831
CD Acrylic (BD) Ltd.	52,053,691	145,487,542	115,429,632	82,111,601
Imperial Sweater (BD.) Ltd.	201,454,208	85,457,452	56,364,147	230,547,513
Total:	533,741,724	355,820,483	198,929,262	690,632,945

The above Inter Company were created to procure raw materials for the company and it is also executing exports orders on behalf of the companies under the common ownership. Since, the transactions among the companies are regular in nature and, therefore, no provision for bad debts is required.

DRAGON SWEATER & SPINNING LIMITED

Dragon Sweater & Spinning Limited
Schedule of Bills Payable
As at 30th June 2019

Annexure -4

(Amount in Taka)

Particulars	Balance as on 01-07-2018	Addition during the year	Realized during the year	Balance as on 30-06-2019
M/S. Daeyu Bangladesh	-	245,787,545	245,787,545	-
M/S. Active Zipper	1,458,782	254,875,485	255,791,450	542,817
M/S. Alif Enterprise	-	-	-	-
M/S. Everway Yarn	-	21,548,756	21,548,756	-
M/S.Knit Cotton	-	248,795,842	248,795,842	-
M/S.Labib Dyeing	2,658,540	154,787,584	156,200,366	1,245,758
M/S.Liberty Poly Zone	-	13,254,875	13,254,875	-
M/S. Marubeni Corporation	-	54,754,875	54,754,875	-
M/S. Monica Button	-	-	-	-
M/S.Muna Enterprise	-	-	-	-
M/S. Nahar Spinning	-	-	-	-
M/S. Nice Cotton	2,541,251	21,589,654	23,505,418	625,487
M/S. Nova Accessories	-	-	-	-
M/S. Padma trading	-	18,457,878	18,457,878	-
M/S. Redwan packaging	875,482	5,248,754	5,909,451	214,785
M/S. S.B.Trade	245,875	6,857,547	6,148,568	954,854
M/S. Zhangjiagan	356,485	170,532,643	169,410,343	1,478,785
Sub-Total:	8,136,415	1,216,491,438	1,219,565,367	5,062,486
Exchange Gain/(Loss)	137,403	-	-	79,908
Total:	8,273,818	1,216,491,438	1,219,565,367	5,142,394

DRAGON SWEATER & SPINNING LIMITED

Dragon Sweater & Spinning Limited
Deferred Tax Calculation
As at 30th June 2019

Deferred tax assets/liability recognized in accordance with the provision of IAS's-12, is arrived as follows:

Annexure -4
(Amount in Taka)

Particulars	Amount in BDT	
	30 June 2019	30 June 2018
Opening Balance	97,743,372	16,028,883
Deferred Tax Liability /(Assets) as on 30 June 2019	85,654,397	97,743,372
Increase/(Decrease) of Deferred Tax Liability	(12,088,975)	81,714,489

As at 30 June 2019

Particulars	Carrying	Tax Base	Temporary
Fixed Assets (At Cost less Accumulated	1,400,103,415	671,218,738	728,884,677
Temporary difference for lease Assets	-	-	-
Liability to Employees	(15,098,033)	-	(15,098,033)
Net temporary difference	1,385,005,382	671,218,738	713,786,644
Applicable Tax Rate			12%
Deferred Tax Liability/(Asset) Closing			85,654,397
Deferred Tax Liability/(Asset) Opening			97,743,372
			(12,088,975)
Movement of Deferred Tax:			
Transfer to Other Comprehensive Income		12%	-
Deferred Tax (Income)/Expenses Transfer to P/L			(12,088,975)
			(12,088,975)

As at 30 June 2018

Particulars	Carrying	Tax Base	Temporary
Fixed Assets (At Cost less Accumulated	1,593,527,024	762,078,922	831,448,102
Temporary difference for lease Assets	-	-	-
Liability to Employees	(16,920,000)	-	(16,920,000)
Net temporary difference	1,576,607,024	762,078,922	814,528,102
Applicable Tax Rate			12%
Deferred Tax Liability/(Asset) Closing			97,743,372
Opening Deferred Tax Liability/(Asset)			16,028,883
Deferred Tax during the year-DT Income			(81,714,489)

As at 30 June 2017

Particulars	Carrying	Tax Base	Temporary
Fixed Assets (At Cost less Accumulated	667,209,628	528,990,236	138,219,392
Temporary difference for lease Assets	-	-	-
Liability to Employees	(4,645,368)	-	(4,645,368)
Net temporary difference	662,564,260	528,990,236	133,574,023
Applicable Tax Rate			12%
Deferred Tax Liability/(Asset)			16,028,883

Dragon Sweater & Spinning Limited
Income Tax Liabilities
As at 30 June 2019

Annexure -6

Particulars	Amount in BDT	
	01 July 2018 to 30 June 2019	01 July 2017 to 30 June 2018
Computation of Total Income		
Accounting Profit before other Income and Tax	284,564,641	329,987,312
Add: Other Inadmissible Allowances		
Accounting Depreciation	192,647,386	91,996,447
Less: Items for Separate Consideration		
Depreciation as per 3rd Schedule	77,087,403	60,108,285
Total Taxable Income	400,124,623	361,875,474
Rate	12%	12%
A. Tax on Total Taxable Income	48,014,955	43,425,057
Other Income	17,396,024	8,412,691
Rate	25%	25%
B. Tax from Other Income	4,349,006	2,103,173
Total Tax Expenses (A+B)	52,363,961	45,528,230



DRAGON SWEATER & SPINNING LIMITED

25/2, DIT Road, Malibagh Chowdhury Para
Dhaka-1219, Bangladesh

PROXY FORM

I/We.....of
.....being a member of
DRAGON SWEATER & SPINNING LIMITED hereby appoints Mr./Mrs./Ms.....of
.....as
my/our proxy, to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to
be held on Saturday, December 14, 2019 at 11 A.M.at any adjournment thereof.

BO A/C No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature of the Proxy

Revenue
Stamp
for Tk. 20.00
(twenty) only

Signature of Shareholder

No. of Shares:

N. B.: IMPORTANT

- 1) This Proxy Form, duly completed, must be deposited at least 48 hours before the meeting at the company's Registered Office. Proxy is invalid if not signed and stamped as explained above.
- 2) Signature of the Shareholder and the Proxy should agree with the specimen signature registered with the company.



DRAGON SWEATER & SPINNING LIMITED

25/2, DIT Road, Malibagh Chowdhury Para
Dhaka-1219, Bangladesh

ATTENDANCE SLIP

I hereby record my attendance at the 20th Annual General Meeting of the Company being held on Saturday, December 14, 2019 at 11 A.M. at Imperial Convention Center (4th Floor), 68/B, DIT Road, Malibagh, Chowdhury Para, Dhaka-1219.

Name of member/Proxy

Folio/BO ID No

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Signature.....

Date

NOTE. Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and submit it before entering the meeting hall. N.B: As per BSEC Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013 "No benefit in cash or kind, other than in the form of cash dividend or stock dividend, shall be paid to the holders of the equity security."



DRAGON SWEATER AND SPINNING LTD
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