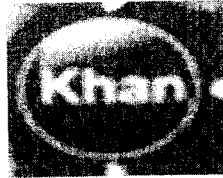


# Third Quarter

**Financial Statement ( Un-Audited)**

**July 2019 to March 2020**



## **Sonargaon Textiles Limited.**

a member of Khansons Group

**Khansons Centre (8<sup>th</sup> & 9<sup>th</sup> Floor ),37 Karwan bazar,Dhaka-1215.**



# SONARGAON TEXTILES LIMITED

Khansons Centre (8<sup>th</sup> & 9<sup>th</sup> Floor)  
37, Kawran Bazar, Dhaka-1215

Tel : 55013501, 55013597, 55013500, Fax: 880-2-55013498

## 3<sup>rd</sup> Quarter (Q3) Financial Statements

In compliance with listing regulation 2015 of Dhaka & Chittagong Stock Exchange as well as BSEC notification no. -SEC/CMRRCD/2008-183/Admin/03-34 dated : 27th Sept, 2009, we are pleased to provide you below the un-audited financial statements of the Company for the 3<sup>rd</sup> Quarter (Q3) ended March 31, 2020 as considered by the Board of Directors meeting held on 28.06.2020 at 3.00 pm at 37, Kawran Bazar, Dhaka-1215.

Md. Monir Hossain  
Company Secretary

### Statement of Financial Position ( Un-Audited )

As at March 31, 2020

	31 March, 2020 Taka	30 June, 2019 Taka
<b>Assets</b>		
<b>Non-Current Assets :</b>		
Property, Plant and Equipment	685,518,705	711,574,383
	<b>685,518,705</b>	<b>711,574,383</b>
<b>Current Assets :</b>		
Inventories	757,793,803	704,702,926
Trade & Other Receivables	353,297,352	329,633,233
Advances, Deposits and Prepayments	22,199,684	24,414,673
Investment in Shares Central Depository BD. Ltd. (CDBL)	1,569,450	1,569,450
Cash and cash equivalent	637,515	20,723,598
	<b>1,135,497,805</b>	<b>1,081,043,880</b>
	<b>1,821,016,509</b>	<b>1,792,618,263</b>
<b>Total Assets</b>		
<b>Equity and Liabilities :</b>		
<b>Shareholders' Equity</b>		
Share Capital	264,670,560	264,670,560
Capital Reserve	5,373,570	5,373,570
Share Premium	54,560,000	54,560,000
Revaluation Reserve	427,320,079	437,904,833
Retained Earnings	29,248,969	16,684,773
	<b>781,173,179</b>	<b>779,193,736</b>
<b>Non-Current Liabilities</b>		
Long Term Loan	607,534,903	523,858,156
Director's and Other Loans and Advances	17,320,197	17,320,197
Deferred Tax Liability	53,986,150	53,854,640
	<b>678,841,250</b>	<b>595,032,993</b>
<b>Current Liabilities</b>		
Short Term Loans	308,308,008	10,956,479
Current Portion of Long Term Loan	42,809,735	348,821,599
Trade & Other Payables	2,278,615	51,695,858
Workers Profit Participation and Welfare Fund	7,605,723	1,780,815
Provision for Income Tax		5,136,783
	<b>361,002,081</b>	<b>418,391,534</b>
	<b>1,821,016,509</b>	<b>1,792,618,263</b>
<b>Total Equity &amp; Liabilities</b>		
<b>Net Assets Value Per Share (NAVPS)</b>	<b>29.51</b>	<b>29.44</b>

The accounting policies and other notes form an integral part of these financial statements.

As per report Annexed.

A. K. M. Azizur Rahman  
Chairman

Bazlur Rahman  
Managing Director

Rosy Rahman  
Director

Md. Mostafa  
CFO

Md. Monir Hossain  
Company Secretary

Dated: Dhaka  
28 June 2020

# SONARGAON TEXTILES LIMITED


## Statement of Profit or Loss and Other Comprehensive Income ( Un-Audited )

For the 3rd Quarter (Q3) ended March 31, 2020

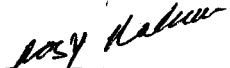
	Nine Months Results (Tk.)		3 <sup>rd</sup> Quarter Results (Tk.)	
	July to March 2019-2020	July to March 2018-2019	Jan. to Mar. 2019-2020	Jan. to Mar. 2018-2019
Turnover	503,616,880	602,456,870	148,756,240	213,988,320
Cost of Goods sold	(441,908,488)	(485,515,312)	(134,986,784)	(165,900,948)
Gross Profit	61,708,392	116,941,558	13,769,456	48,087,372
<b>Operating Expenses :</b>				
Administrative Expenses	(15,866,552)	(15,099,629)	(5,905,651)	(5,485,245)
Selling & Distribution Expenses	(3,060,900)	(3,522,372)	(1,010,325)	(1,173,650)
Financial Expenses	(31,196,812)	(66,565,440)	(6,902,999)	(21,404,886)
<b>Total Expenses</b>	<b>(50,124,264)</b>	<b>(85,187,441)</b>	<b>(13,818,975)</b>	<b>(28,063,781)</b>
Operating Profit/(Loss)	11,584,128	31,754,117	(49,519)	20,023,591
Non Operating Income	1,433,682	1,427,955	1,427,955	1,427,955
<b>Net Profit/(Loss)</b>	<b>13,017,810</b>	<b>30,326,162</b>	<b>1,378,436</b>	<b>18,595,636</b>
Provision for WPPF	(497,800)	-	(68,922)	-
Provision for WWF		(150,000)	-	(150,000)
	(497,800)	(150,000)	(68,922)	(150,000)
<b>Net Profit/(Loss) before tax (G-H)</b>	<b>12,520,010</b>	<b>30,176,162</b>	<b>1,309,514</b>	<b>18,445,636</b>
<b>Provision for Taxation</b>				
Current Tax	(2,468,940)	(6,867,254)	(196,427)	(2,789,345)
Deferred Tax	(131,510)	(138,873)	(43,255)	(45,631)
<b>Net Profit/Loss after tax</b>	<b>9,919,560</b>	<b>23,170,035</b>	<b>1,069,832</b>	<b>15,610,660</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>9,919,560</b>	<b>23,170,035</b>	<b>1,069,832</b>	<b>15,610,660</b>
<b>Earning Per Share (EPS)</b>	<b>0.37</b>	<b>0.88</b>	<b>0.04</b>	<b>0.59</b>

The accounting policies and other notes form an integral part of these financial statements.

As per report Annexed.

  
A. K. M. Azizur Rahman  
Chairman

  
Bazlur Rahman  
Managing Director

  
Rosy Rahman  
Director

  
Md. Mostafa  
CFO

  
Md. Monir Hossain  
Company Secretary

Dated: Dhaka  
28 June 2020

# SONARGAON TEXTILES LTD.

## Statement of Changes in equity ( Un-Audited )

For the 3rd Quarter (Q3) ended March 31, 2020

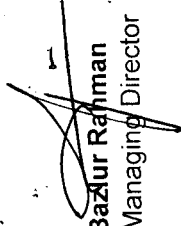
Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
<b>As at 1 July, 2019</b>	264,670,560	54,560,000	5,373,570	437,904,833	16,684,773	779,193,736
Adjustment in Revaluation Reserve	-	-	-	(10,584,754)	10,584,754	-
Net profit/Loss (July, 19 to March, 20)	-	-	-	-	9,919,560	9,919,560
Dividend 2019	-	-	-	-	(7,940,117)	(7,940,117)
<b>As at March 31, 2020</b>	<b>264,670,560</b>	<b>54,560,000</b>	<b>5,373,570</b>	<b>427,320,079</b>	<b>29,248,969</b>	<b>781,173,179</b>

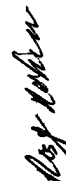
## Statement of Changes in equity ( Un-Audited )


For the 3rd Quarter (Q3) ended March 31, 2019

Particulars	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Retained Earnings	Total Taka
<b>As at 1 July, 2018</b>	264,670,560	54,560,000	5,373,570	453,000,955	(22,931,269)	754,673,816
Adjustment in Revaluation Reserve	-	-	-	(13,332,272)	13,332,272	-
Net profit/Loss ( 1 July, 18 to March, 19 )	-	-	-	-	23,170,035	23,170,035
<b>As at 31<sup>st</sup> March, 2019</b>	<b>264,670,560</b>	<b>54,560,000</b>	<b>5,373,570</b>	<b>439,668,683</b>	<b>13,571,038</b>	<b>777,843,851</b>

  
A. K. M. Azizur Rahman  
Chairman

  
Bazlur Rahman  
Managing Director

  
Rosy Rahman  
Director

  
Md. Mostafa  
CFO

  
Md. Mostafiz Hossain  
Company Secretary

Dated: Dhaka  
28 June 2020

# SONARGAON TEXTILES LIMITED

Statement of Cash flows ( Un-Audited )  
For the 3rd Quarter(Q3)ended March 31, 2020.

	July to March 2019-2020	July to March 2018-2019
<b>A. Cash Flows from Operating Activities :</b>		
Collection from Turnover & Others	481,386,443	679,606,638
Payment to Suppliers and Employees	(499,997,413)	(673,213,188)
<b>Cash Generated from Operation</b>	<b>(18,610,970)</b>	<b>6,393,450</b>
Collection from Non-operation Income	1,433,682	-
Interest Paid	-	(3,710,000)
Income Tax paid	(2,908,794)	(2,888,609)
<b>Net Cash Flows from Operating Activities</b>	<b>(20,086,083)</b>	<b>(205,159)</b>
<b>B. Cash Flows from Investing Activities :</b>		
Acquisition of property Plant & Equipment	-	-
Acquisition/Addition of Long Term Assets	-	-
Sale Proceeds of Long Term Assets	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flows from Financing Activities :</b>		
Long Term Loan received	-	-
Other Loans and Advances Received /(Paid)	-	-
Short Term Loan Paid	-	-
<b>Net cash flow from Financing Activities</b>	<b>-</b>	<b>-</b>
Increase/(decrease) in Cash and Cash Equivalent (A+B+C)	(20,086,083)	(205,159)
Cash and Cash Equivalent at Opening	20,723,598	632,447
<b>Cash and Cash Equivalent at Closing</b>	<b>637,515</b>	<b>427,288</b>
<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	<b>(0.76)</b>	<b>(0.01)</b>

A. K. M. Azizur Rahman  
Chairman

Razur Rahman  
Managing Director

Rosy Rahman  
Director

Md. Mostafa  
CFO

Md. Monir Hossain  
Company Secretary

Dated: Dhaka  
29 January 2020



# Sonargaon Textiles Ltd.

Notes to the Interim Un-Audited Financial Statements  
for the 3<sup>rd</sup> Quarter ended March 31, 2020.

## Basis of Preparation of the Interim Un-Audited Financial Statements:

These Financial Statements are the un audited interim financial statement (here after 'the un audited Interim Financial Statements') of **Sonargaon Textiles Limited**, Companies incorporated in Bangladesh under companies act, for the 3<sup>rd</sup> Quarter ended March 31, 2020 (here after 'the interim period'). They are prepared in accordance with the International Accounting Standards (IAS-34) 'Interim Financial Reporting'. These financial statements should read in conjunction with 3<sup>rd</sup> Quarter ended Financial Statements as of March 31, 2020, as they provide an update of previously reported information.

The accounting policies and presentation used are consistent with those used in the Annual Financials, except where noted below. Where necessary, the comparative figures have been reclassified or extended from the previously reported Interim Financial Statements to take into account any presentational changes made in the 3<sup>rd</sup> Quarter ended March 31, 2020 Financial Statements or in these Interim Financial statements.

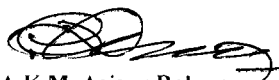
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the Interim Financial Statement. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the Interim Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Income Tax expense is recognized based upon as applicable reduced tax rate for the reporting period.

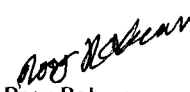
Long Term Loan includes a classified loan availed from **Mutual Trust Bank (MTB)** with a loan balance representing taka 29,20,80,230 as on 30.06.2019. However, the bank made a suit through "Artha Rin Adalat" vide suit no. 878 of 2015 against the company for recovery of money with suit value taka 219,501,331 the company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due the on going litigation with the courts. As a result, we did not make provision in the 3<sup>rd</sup> Quarter ended March 31, 2020 because of the additional provision up to the financial year ended 30 June 2019 compared to the loan amount mentioned in the bank made a suit against the company.


In respect of the loan facilities availed from **Bangladesh Development Bank Ltd. (BDBL)** (Former Bangladesh Shilpa Bank) for Unit No. 1, 2 & 3, the loan amount presented in the statement of financial position equals Tk. 308,308,008. However, the bank has made a suit through "Artha Rin Adalat" vide suit no. 7 of 2017 with suit value 34,62,91,000. The company is currently contesting this claim in the courts. The loan balance presented in the statement of financial position represent the original principle amount due plus accrued interest calculated as per the original interest and not the interest rate claimed by the bank. Due the on going litigation with the courts. As a result, we did not make provision in the 3<sup>rd</sup> Quarter ended March 31, 2020 because of the additional provision up to the financial year ended 30 June 2019 compared to the loan amount mentioned in the bank made a suit against the company.

The Company availed loan from **Rupali Bank Limited (RBL)** for Unit 3 through mortgage of Company's Fixed Assets and personal guarantee of all sponsor Directors. The bank performed a reschedule for the loan in the current year. The bank charges interest on the loan facilities @ 9% of the Term Loan. In the current year, the bank performed a reschedule for the loan due and the difference between the old and updated loan balance was accrued by the Company as interest expense to ensure the carrying value of the loan matches the amount confirmed by the bank..

  
A.K.M. Azizur Rahman  
Chairman

  
Bazur Rahman  
Managing Director

  
Rosy Rahman  
Director

  
Md. Mostafa  
CFO

  
Md. Monir Hossain  
Company Secretary

# Sonargaon Textiles Limited

Selected explanatory notes on the Un-Audited Financial Statements  
For the 3<sup>rd</sup> Quarter (Q3) ended March 31, 2020

**1) Accounting Policies & Methods used for preparation & presentation of Financial Statements:**

We have followed the similar accounting policies and methods for preparation and presentation of financial statements for the period from July 01, 2019 to March 31, 2020 compared to the most recent annual financial statements for the period ended June 30, 2019.

**2) Seasonality/Cyclicity of Interim Operation:**

There was no significant seasonality/cyclicity effect. However, turnover for the period from July 01, 2019 to March 31, 2020 decreased by 16.41 % compared to same period of last year. Turnover falls due to lower sales price in current period.

**3) Changes in Non-Current Assets:**

Total non-current assets during the period from July 01, 2019 to March 31, 2020 decreased by Tk. 26,055,678 mainly due to net impact of depreciation charged during the period.

**4) Changes in Current Assets:**

Total current assets during the period from July 01, 2019 to March 31, 2020 Increased by Tk. 54,453,925 covering the following:

Particulars	Amount in taka
Inventories	53,090,877
Trade & Other Receivables	23,664,119
Advances, Deposits and Prepayments	(2,214,989)
Investment in Shares Central Depository BD. Ltd. (CDBL)	-
Cash and cash equivalent	(20,086,083)
<b>Total</b>	<b>54,453,925</b>

**5) Changes in Shareholders' equity:**

Shareholders' equity changed due to the addition of after tax profit & Adjustment in Revaluation Reserve for the period July 01, 2019 to March 31, 2020 and dividend paid for the year 2018-2019.

**6) Changes in Non-Current Liabilities:**

Total non-current liabilities Increased by Tk. 83,808,257 mainly due to provision of Bank loan & Deferred Tax Liability.

**7) Changes in Current Liabilities:**

Total current liabilities decreased by Tk: 57,389,453 covering the following:

Particulars	Amount in Taka
Short Term Loans	(10,956,479)
Current Portion of Long Term Loan	(40,513,591)
Trade & Other Payables	(8,886,123)
Workers Profit Participation and Welfare Fund	497,800
Provision for Income Tax	2,468,940
<b>Total</b>	<b>(57,389,453)</b>

**8) Changes in Operating Income:**

Sales Revenue decreased by 63.52% compared to same period of last year. Revenue falls due to lower sales price in the current period.

**9) Decrease of Cost of Goods Sold:**

Cost of goods sold decreased by 8.98% compared to same period of last year is mainly due to the lower cost of materials and utility cost.

**10) Changes in Gross Profit/(loss):**

GP 47.23 % decreased mainly due to lower sales price.

**11) Changes in Net Profit/(loss):**

Net Profit decreased mainly due to lower cost of materials & we did not make bank loan interest provision in the 3<sup>rd</sup> Quarter ended March 31, 2020 because of the additional provision up to the financial year ended 30 June 2019 compared to the loan amount mentioned in the bank made a suit against the company.

**12) Significant deviation in EPS:**

Earnings per Share was decreased by 57.95 % mainly due to Higher cost of materials, Lower sales price & we did not make bank loan ( MTBL & BDBL ) interest provision in the 3<sup>rd</sup> Quarter ended March 31, 2020 because of the additional provision up to the financial year ended 30 June 2019 compared to the loan amount mentioned in the bank made a suit against the company.

**13) Deviation In Net Operating Cash Flows:**

Net operating cash flows per share increased Tk. (0.75 ) compared to the same period of last year Tk. (0.01) is mainly because of decreased in collection from customers.

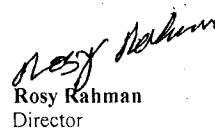
**14) Disclosure of key management personnel compensation:**

As per the paragraph 17 of IAS-24: Related Party Disclosure, there was no payment of benefits during this period on account of:

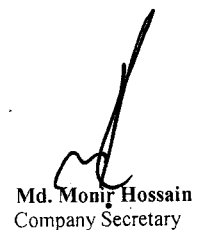
- a) Short-term employee benefits
- b) Post-employment benefits
- c) Other long-term benefits
- d) Termination benefits
- e) Share-based payment.

  
A.K.M. Azizur Rahman  
Chairman

  
Bazlur Rahman  
Managing Director

  
Rosy Rahman  
Director

  
Md. Mostafa  
CFO

  
Md. Monir Hossain  
Company Secretary

