

ANNUAL REPORT 2016-2017



GENERATION**NEXT** 
GENERATION NEXT FASHIONS LIMITED

ANNUAL REPORT 2016-2017



GENERATION NEXT
GENERATION NEXT FASHIONS LIMITED



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VISION

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

MISSION

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





Enhance profitability through customer's satisfaction.
Maximize the value of being our customers, shareholders and employee.
Optimize contribution to the society.
Eco-friendly manufacturing environment.



STRATEGIC OBJECTIVES

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





Generation Next Fashions Limited

Head Office: House # 348, Road # 05, DOHS Baridhara, Dhaka-1206
Telephone: +8802 8411623, 8412625 & Fax: +8802 8416491, Website: www.gnf-bd.com

NOTICE OF THE 13TH ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting (AGM) of the Shareholders of Generation Next Fashions Limited will be held on Sunday, December 17, 2017 at 11:00 A.M. at the Factory premises at Dhonaid, Earpur, Ashulia, Dhaka to transact the following businesses:-

1. Report and Accounts:

To receive, consider and adopt the Financial Statements of the Company for the year ended on June 30, 2017 together with the Reports of the Board of Directors and the Auditors thereon.

2. Dividend:

To declare the dividend for the financial year ended June 30, 2017 as recommended by the Board of Directors.

3. Election of Directors:

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

4. Appointment of Auditors:

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

5. Miscellaneous:

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

Special Agenda: The company intends to issue Non-convertible redeemable subordinate Bond of Tk.200.00 Crore for 07 years, for capital investment for: a) Business Expansion, b) Strengthening the Production Facilities and c) Settle Up the Existing High Cost Debt, subject to the approval of Bangladesh Securities and Exchange Commission, Shareholders in the 13th Annual General Meeting and other Regulatory Authorities.

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

Dated: Dhaka
November 26, 2017

Sd/-
Mohammad Shahjahan
Company Secretary

- The Board of Directors has recommended Stock Dividend @ 10% for the year ended June 30, 2017 subject to approval in the 13th Annual General Meeting (AGM).
- The Record Date is November 26, 2017 (Sunday). The shareholders whose names appeared in the Share Register of Members of the Company or in the Depository Register (CDBL) on the Record Date are eligible to attend the meeting and qualify for Stock Dividend.
- A member eligible to attend and vote at the Annual General Meeting (AGM) may appoint a proxy to attend and vote on his/her behalf. The Proxy Form must be affixed with revenue stamp of Tk.20/- and must be submitted to the Registered Office of the Company not less than 48 hours before the time fixed for the Annual General Meeting.
- Annual Report, Attendance Slip and Proxy Form along with the notice are being sent to all Members by Courier Service/Post. The Members may also collect the "Proxy Form" from the Share Department of the Company.
- Admission into the Venue of the AGM will be allowed on production of the attendance slip attached with the Annual Report. Shareholders are requested to register their names in the counter at the entrance of the Venue from 8.30 A.M. to 10.30 A.M.

NB: No gift and no food shall be given for attending the 13th Annual General Meeting of the Company as per rules.

LETTER OF TRANSMITTAL

To
The Shareholders
The Bangladesh Securities Exchange Commission
The Registrar of Joint Stock Companies and Firms
The Dhaka Stock Exchange Limited
The Chittagong Stock Exchange Ltd.
The Central Depository Bangladesh Limited

Subject: Annual Report for the period ended from July 01, 2016 to June 30, 2017

Dear Sirs,

We are pleased to transmit a copy of the Annual Report for the period ended from July 01, 2016 to June 30, 2017 containing the Director's Report, the Auditor's Report and the Audited Financial Statement, which includes the Statement Financial Position, Statement of Comprehensive Income, Statement in Change in Equity and Statement of Cash flows for the period ended from July 01, 2016 to June 30, 2017 along with notes for your record and necessary measures.

Yours sincerely,



Mohammad Shahjahan
Company Secretary

GENNEXT FUTURE HEAD QUARTER

In near future Generation
Next Fashions Limited
will shift Head Office at
own office space at
The Pearl Trade Centre (PTC),
Cha- 90/3, Progoti Shoroni,
Uttar Badda, Dhaka 1212.



GNFL AT A GLANCE

Generation Next Fashions Limited (GNFL) was incorporated in Bangladesh under the Companies Act 1994 on August 19, 2004 with and authorised capital of BDT 500.00 million and paid up capital BDT 47.20 million to carry out business of Spinning, weaving and manufacturing of various types of ready-made garments of International standard and design. At present the paid up capital of the company is BDT. 4090.70 million and the authorised capital is 5000.00 million.

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



CORE VALUES

EXCELLENCE

Our relentless pursuit of performance excellence manifested in relevant, effective, and quality products and services provided.

TEAMWORK

Work unity in an environment of mutual support, collaboration, communication, and open sharing of knowledge and skills.

INTEGRITY

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

INNOVATION

Our thinking is beyond traditional concepts and boundaries.

CUSTOMER PRIORITY

Our customer's satisfaction, trust, and confidence are of the highest priority.

COMMITMENT

The total resolve and involvement given in everything that is our responsibility.

CORPORATE INFORMATION



Chairman

Tauhidul Islam Chaudhury

Managing Director

Rajiv Sethi

Directors

Tauhidul Islam Chaudhury

Rajiv Sethi

Alavee Azfar Chaudhury

Shaheen Akhter Chaudhury

(Nominated by A.J Corporation Ltd.)

Independent Director

Atiar Rahman

Chief Financial Officer

Mark Niranjana Chowdhury

Head of Internal Audit

Abdus Salam, FCA

Company Secretary

Mohammad Shahjahan



REGISTERED NAME OF THE COMPANY

Generation Next Fashions Limited

LEGAL FORM

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

SHARE & REGISTERED OFFICE

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

CORPORATE OFFICE:

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

OPERATIONAL OFFICE & FACTORY

Dhonaid, Earpur, Savar, Dhaka.

COMPANY'S REGISTRATION NUMBER

C-53966, August 19, 2004

LISTING RECOGNITION

Company No: 17454, Trade Code: GENNEXT

AUDITORS

Ashraf Uddin & Co.

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

LEGAL ADVISOR

Mohsin Mojumder, Advocate

Mojumder & Associates
Khan Mansion (2nd floor), 107
Motijheel C/A, Dhaka-1000

Moyeen Firozee, Bar-at-Law

ABC House (4th floor),
8 Kamal Ataturk Avenue, Banani, Dhaka.

LISTING

Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

INSURER

Asia Insurance Limited

BANKERS

Southeast Bank Limited.
National Bank Limited.
IFIC Bank Limited.
Prime Bank Limited.
Exim Bank Limited.
Jamuna Bank Limited
Brac Bank Limited
Social Islamic Bank limited

MAMBERSHIP

Bangladesh Garment Manufacture's and Exporter's
Association (BGMEA)
Bangladesh Knitwear Manufacture's and
Exporter's Association (BKMEA)
Bangladesh Textiles Mills Associations (BTMA)
Bangladesh Association of Publicly Listed Companies
(BAPLC)
Dhaka Chamber of Commerce and Industry (DCCI).

DIRECTORS' PROFILE



TAUHIDUL ISLAM CHAUDHURY
Chairman



RAJIV SETHI
Managing Director



ALAVEE AZFAR CHAUDHURY
Director



SHAHEEN AKHTER CHAUDHURY
Director



ATIAR RAHMAN
Independent Director

Tauhidul Islam Chaudhury

Chairman

Mr. Chaudhury has 33 years of extensive entrepreneurial and business development experience in successfully steering export oriented Textiles and Clothing manufacturing Industrial and marketing Ventures and Projects in Bangladesh and in the USA. He successfully pioneered one of the first Bangladeshi Garment Import Houses in New York in since 1990 and marketed clothing from Bangladesh and Kenya to US retailers and wholesalers.

He has over 24 years of leadership experience in RMG buying and marketing business in Bangladesh exporting the widest variety of woven and knitted RMG to the US and European markets. He also has about 24 years of professional knowledge in human resource management, social and ethical standards for global RMG sector.

Mr. Chaudhury has Professional Membership with Bangladesh Garment Manufacture's and Exporter's Association (BGMEA), Bangladesh Knitwear Manufacture's and Exporter's Association (BKMEA), Bangladesh Textiles Mills Associations (BTMA) and Dhaka Chamber of Commerce and Industry (DCCI).

Rajiv Sethi

Managing Director

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

Alavee Azfar Chaudhury

Director

Mr. Alavee Azfar Chaudhury is well known business man in Bangladesh.

Shaheen Akhter Chaudhury

Director

(Nominated by A.J. Corporation Ltd.)

Ms. Shaheen Akhter Chaudhury is a service holder in A.J. Corporation Limited. he has an experience persons in business.

Atiar Rahman

Independent Director

Mr. Rahman is a dynamic asset of the company. He has played a vital role is streamlining the Merchandising production operations of the Company.



CHAIRMAN'S MESSAGE

Dear Valued Shareholders

It gives me immense pleasure to place before you the Annual report along with the audited accounts of your company and auditors report thereon for the period from July 01, 2016 to June 30, 2017.

Business Condition:

2017 experienced yet another successful year in terms of sales growth despite in spite of extreme competition in global apparel sector. We were able to overcome all odds situation prevailed during this period.

Financial Aspects:

Sales revenue has been increased by 9.30% compared to last period & EPS has increased by 47.5%.

BMRE & EXPANSION PLAN:

As you know we have successfully completed our BMRE of most important and heavy machines that was due utilizing our funds of Rights Issue. It may also be mentioned we have added new heavy machine to increase our dyeing capacity by another 25% increasing dyeing capacity to 30 Tons. Further we have made extensive expansion in building new facility 150,000 sft which shall create employment of 2000 new jobs & increase our export 50% in the coming financial year.

Total Assets rose to Tk. 639.73 crore.

Human Resources:

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

Conclusion:

Here I would like to take this opportunity on behalf of the Board of Directors and express my deepest appreciation to all our valued customers for their confidence in our product, to the employees for their tireless work effort, to the suppliers for their quality goods, to the fellow honourable shareholders and most for their continuous support and interest for the welfare of the company. We however hope that the same support from all Stakeholders are to continue in the coming year.

Thank you all,



Tauhidul Islam Chaudhury
Chairman of the Board



MANAGING DIRECTOR'S MESSAGE

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GENERATION**NEXT**



Annual Report

2016-2017

GENERATION NEXT FASHIONS LIMITED

Dear Shareholders

It is with great pleasure that I welcome you on behalf of the Board of Directors to the 13th Annual General Meeting of our company. The Annual Report containing audited accounts and directors' and auditors reports thereon for the year ending June 30, 2017 has already been dispatched to you for your kind perusal. I am also pleased to report that our company has earned a net profit of Tk.241,713,994 during this year, sales revenue of the company has increased from Tk. 3,000,352,440 for the year ended June 30, 2016 to 3,279,614,648 for the year ended June 30, 2017.

Looking ahead we are striving to produce more value added products in the year ahead to enhance our re-tention and maximize profitability. Our sector is facing various enhanced compliance standards from customers, new regulations in regard to building and fire safety, increase in minimum wages, among others. To offset these difficulties and augmented costs, the management is striving to make operations more efficient. Also we would like to add on our future expansion on our dyeing, knitting & sewing units to enhance export to double fold and reduce production cost.

We thank you for your continued support and we are working for further growth in coming days. I would also take this opportunity to express my gratitude to our honourable share holder, all our colleagues & to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Central Depository Bangladesh Limited and all regulatory bodies for the cooperation and support.


Rajiv Sethi
Managing Director





DIRECTOR'S REPORT



Dear Shareholders

On behalf of the Board of Directors of Generation Next Fashions Limited, I have the pleasure to welcome you all to the 13th Annual General Meeting of the company. We are pleased to submit before you the operational activities and Audited Financial Statements for the year ended June 30, 2017 as approved by the Board of Directors.

Background

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

Business Activities and Contribution to National Economy

The company has earned Tk.3.28 billion in foreign exchange in the period from July 01, 2016 to June 30, 2017 as against Tk.3.00 billion in the period from July 01, 2015 to June 30, 2016. This is significant as we are a 100% export oriented firm and revenues are generated in foreign currency. We also purchase our raw materials in US dollars. The fact that we generated revenues through exports earnings is a testament to the company's contribution to the national economy.

Industry outlook and possible future developments in the industry.

The major challenges for the period from July 01, 2016 to June 30, 2017 will be inflation, high cost of funding, export order devastation. Despite the challenge Generation Next Fashions Limited will continue to look into its potentials and development options with its business strategy. Corporate image, professionalism and product quality growth with enhanced buyer will be priority.

Segment-wise or product-wise performance during the year.

Particulars	Capacity	Actual Production	Capacity Utilization
Garments	2,000,000 Dozen	1,840,000 Dozen	92.00%
Fabrics	5,000 MT	4,100 MT	82.00%
Dyeing	5,000 MT	4,100 MT	82.00%

Reason: Actual Production as per market demand.

*Based on present product mix.

Risks and Concerns.

1. Exchange Rate Risk

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

Management Perception

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

2. Industry Risks

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

Management Perception

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

3. Market Risks

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

Management Perception

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

However the company successfully archive new potential buyer in the world market.

4. Technology Related Risks Potential

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

Management Perception

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

5. Potential or Existing Government Regulations

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



Management Perception

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

6. Changes in Global or National Policies

The performance of the Company may be affected due to unavoidable circumstances by worldwide, Changes in global affect the economy in general.

Management Perception

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

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

Cost of Goods sold has increased compared to last period due to high rise of labour and materials cost

Discussion on continuity or any Extra Ordinary gain or loss.

There is no extra ordinary gain or loss in the financial statements under report except Tk. 17,346,968 /-interest from bank deposit against Rights Issue Fund.

Related Party Transactions

During the year ended 30th June, 2017 the company has purchased Office space at The Pearl Trade Centre (PTC), Cha- 90/3, Progoti Saroni, Uttar Badda, Dhaka amounting Tk. 187,132,000/- from owner M/s A.J Corporation Limited, a first class developer and a shareholder.

Taxation

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

Deferred Tax:

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



Utilization of proceeds from public issues, rights issues and/or through any others Instruments.

The raised fund thereby has maximum utilized and has been reported to regulators quarterly and remaining fund to be utilized by June 30, 2018.

An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.

No deterioration of financial result during the period

Significant variance between Quarterly Financial performance and Annual Financial Statements

No significant variations have occurred between Quarterly and final financial results of the Company during the year under report.

Remuneration to Directors including Independent Directors.

Remuneration paid during the year are given in notes no.23 in this Annual Repot and there is no pay to Directors attendant fee regarding Board meeting.

The Financial Statements prepared by the management of Generation Next Fashions Limited fairly present its state

of affairs, the result of its operations, cash flows and changes in its equity.

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

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

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

The system of internal control is sound in design and has been effectively implemented and monitored. There are no significant doubts upon the issuer company's ability to continue as a going concern.

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

No significant deviations accord during the year ended June 30, 2017.



Financial Highlights:

Value in Crore Taka

Particulars	2016 to 2017	Jan 15 to June 16	2014	2013	2012
Turnover	327.96	447.91	260.53	213.38	167.41
Gross Profit	64.24	82.82	72.81	67.15	55.15
Operating Profit	38.41	57.32	63.13	58.30	46.71
Net Profit/(Loss)	24.17	42.71	49.78	36.36	28.21
Earnings Per Share (in Taka)	0.59	1.14	1.54	2.15	2.01
Net Non-Current Assets	399.80	359.37	309.56	298.18	269.77

Five years' Significant Ratios

Particulars	2016 to 2017	Jan 15 to June 16	2014	2013	2012
Liquidity Ratios:					
Current Ratio	2.87	2.44	2.86	1.04	1.06
Quick Ratio	1.69	1.37	1.92	0.61	0.61
Debt Equity Ratio	0.23	0.22	0.19	0.52	0.56
Operating Ratios:					
Accounts Receivable Turnover Ratio	98	71	111	106	110
Inventory Turnover Ratio	2.5	3.78	2.76	2.54	2.10
Asset Turnover Ratio	0.51	0.74	0.48	0.48	0.42
Profitability Ratios:					
Gross Profit Margin Ratio	0.20	0.18	0.28	0.31	0.33
Operating Profit Margin Ratio	0.12	0.13	0.24	0.27	0.28
Net Profit Margin Ratio	0.07	0.10	0.19	0.17	0.17
Return on Assets Ratio	0.04	0.07	0.09	0.08	0.07
Return on Equity Ratio	0.05	0.09	0.11	0.12	0.11
Earnings Per Share	0.59	1.14	1.54	2.15	2.01
Earnings Per Share – Diluted	0.59	1.04	1.22	0.89	0.69

If the issuer company has not declared dividend (cash or stock) for the period July 01, 2016 to June 30, 2017 the reasons thereof shall be given.

The Board of Directors of the company has recommended stock dividend of 10% for the period ended July 01, 2016 to June 30, 2017.

The number of Board meetings held for the period from July 01, 2016 to June 30, 2017 and attendance by each director shall be disclosed.

The Board of Directors had 19 meetings during the period ended July 01, 2016 to June 30, 2017 Name of the Directors and number of meetings attended are given below:

Tauhidul Islam Chaudhury	16
Rajiv Sethi	17
Wahid Salam	11
Alavee Azfar Chaudhury	04
Shaheen Akhter Chaudhury (Nominated by A.J Corporation Limited)	19
Atiar Rahman	16

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

Shareholding Pattern

Pattern of Shareholding as at 30 June 2017

Sl. No.	Shareholder's Group	No. of Share Held
i)	Share held by Parent/Subsidiary/Associated Company etc.	NIL
ii)	Shares held by Directors:	
	Tauhidul Islam Chaudhury, Chairman	20,999,191
	Rajiv Sethi, Managing Director	8,181,397
	Alavee Azfar Chaudhury	8,662,346
	A. J Corporation Limited	18,522,784
iii)	Executives	NIL
iv)	Shareholders who are holding 10% or more voting right:	
	ICB	45,955,919

Directors' Election and Re-Appointment

Mr. Rajiv Sethi, Managing Director and Ms. Shaheen Akhter Chaudhury Nominated Director, retired by rotation at this AGM and being eligible offered themselves for re-election under Article 128 of the company's Articles of Association.

Financial Results

The company's financial results for the period July 01, 2016 to June 30, 2017 with recommendation of appropriations are as follows:

Net Profit for the year June 30, 2017	:Tk. 241,713,994
Profit Brought Forward	:Tk. 569,989,089
Depreciation on Revaluation Surplus	:Tk. 8,713,916
Excess provision for Income Tax	:Tk. 12,080,217
Difference AIT between CAIT & DCT Assessment	:Tk. 4,731,304
Bonus Share Issued for the year 2017	:Tk.(371,881,710)
Profit Available for Appropriation	:Tk. 465,346,811
Appropriations:	
Proposed Stock Dividend	:Tk. 409,069,881
Transferred to Retained Earnings	:Tk. 56,276,930

Board of Director's

Tauhidul Islam Chaudhury
Rajiv Sethi
Alavee Azfar Chaudhury
Shaheen Akhter Chaudhury
(Nominee of A.J. Corporation Ltd.)
Atiar Rahman
(Independent Director)

Auditors

The present auditors' Ashraf Uddin & Co., Chartered Accountants, will retire at this Annual General Meeting and being eligible, offered themselves for re-election for the year to June 30, 2018

Business Expansion

The company plans to use its already expanded capacity to enhance turnover and profitability during the periods 2017 and 2018.

Insurance Coverage

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

Human Resources

The company employed a total of 3891 people as of June 30, 2017. Currently, the management believes that it can reduce production expenses and enhance exports in future and is taking necessary steps in this regard.

Rights Issue Fund

The company earlier raised Rights Issue Fund which is amongst utilized. Remaining balance to be utilized for import machineries (under differed scheme) up to June 30, 2018.

Acknowledgement

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

With Best Wishes



Tauhidul Islam Chaudhury
Chairman



AZIZ HALIM KHAIR CHOUDHURY
CHARTERED ACCOUNTANTS

EXCLUSIVE CORRESPONDENT FIRM OF PKF INTERNATIONAL

**CERTIFICATE OF COMPLIANCE ON CORPORATE GOVERNANCE OF
 GENERATION NEXT FASHIONS LIMITED**

[As required under the Bangladesh Securities and Exchange Commission (BSEC) Guideline]

We have examined compliance to the Bangladesh securities and Exchange commission (BSEC) Guideline on corporate Governance by Generation Next Fashions Limited (the company) for the period from 01 July 2016 to 30 June 2017. These guideline related to the Notification No. SEC/CMRRCD/2006-158/134/ Admin dard 7th August 2012, as amended vide notification dated 21 July 2013 and 18 August 2013 of BSEC on Corporate Governance.

The compliance with the said conditions of Corporate Governance and reporting the status thereof is the responsibility of the Management of the Generation Next Fashions Limited. Our responsibility is to provide certificate about whether the company is in compliance with the said conditions of corporate governance based on our examination. Our examination for the purpose of issuing this Certificate was limited to the procedures including implementation thereof as adopted by the company for ensuring the complicit of the conditions on the attached statement on the basis of evidence gathered and representation received. It is Neither an audit nor an expression of opinion on the financial statements of Generation Next Fashions Limited.

Based On the audited financial statements for the period from 01 July 2016 to 30 June 2017 issued by Ashraf Uddin & Co., Chartered Accountants dated October 28, 2017 and our examination of condition of compliance and status of corporate governance issued by BSEC Notification no.SEC/CMRRCD/2006-158/134/Admin/44 dated 7th august 2012, as amended vide notification dated 21 July 2013 and 18 August 2013, in our opinion and to the best of our information and according to the explanations Provided by the Management to us, we certify that the Company has complied with the conditions of corporate Governance as stipulated in the above mentioned guideline issued by BSEC. We also state that such compliance is neither an assurance as to the future viability of the company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the company.



Dated : November 16, 2017
 Dhaka



Aziz Halim Khair Choudhury
 Chartered Accountants

Generation Next Fashions Limited

Corporate Governance Compliance Status Report Under Condition No. 7.00

Status of Compliance with the conditions imposed by the Commission's Notification No.SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 and Notification No.SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July 2013 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is as follows:

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



Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.2 (ii) i)	Who has not been convicted for a criminal offence involving moral turpitude;	√		
1.2 (iii)	The Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1.2 (iv)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days;	√		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	√		
1.3	Qualification of Independent Director (ID)	√		
1.3 (i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business.	√		
1.3 (ii)	The person should be a Business Leader/Corporate Leader/Bureaucrat/ University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/professional experiences.	√		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not Applicable
1.4	Chairman of the Board and Chief Executive Officer (CEO): The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer.	√		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5	The Directors' Report to Shareholders The directors of the companies shall include the following additional statements in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994)			
1.5 (i)	Industry outlook and possible future developments in the industry.	✓		
1.5 (ii)	Segment-wise or product-wise performance.	✓		
1.5 (iii)	Risk and concerns.	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit.	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	✓		
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others Instruments.	✓		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.			Not Applicable
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report			Not Applicable
1.5 (x)	Remuneration to directors including independent directors.	✓		
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.	✓		
1.5 (xii)	Proper books of account have been maintained.	✓		
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xiv)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	✓		
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5 (xvi)	There are no significant doubts upon the company's ability to continue as a going concern.	✓		
1.5 (xvii)	Significant deviations from the last year's operating results of the company shall be highlighted and the reasons thereof should be explained	✓		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years are summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the period from 01 July 2016 to 30 June 2017, the reasons thereof shall be given.			Not Applicable, as the Company declared stock dividend @ 10% for the year ended 30 June 2017
1.5 (xx)	The number of Board meetings held during the period from 01 July 2016 to 30 June 2017 and attendance by each director.	✓		
1.5 (xxi)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:-	✓		
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties (name wise details).	✓		
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	✓		
1.5 (xxi) c)	Executives.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
1.5 (xxii)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:-	✓		
1.5 (xxii) a)	A brief resume of the directors.	✓		
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	✓		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.0	Chief Financial Officer (CFO), Head of Internal Audit and Company Secretary (CS):	✓		
2.1	Appointment: The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS.	✓		
2.2	Requirement to attend the Board Meetings: The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters.	✓		
3.0	Audit Committee:	✓		
3(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3(iii)	The Audit Committee shall be Responsible to the Board of Directors. The duties of Audit Committee shall be clearly set forth in writing.	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.1	Constitution of the Audit Committee	✓		
3.1 (i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	✓		
3.1 (iii)	All members of the audit committee should be “financially literate” and at least 1 (one) member shall have accounting or related financial management experience. Explanation: The term “financially literate” means the ability to read and understand the financial statements like Balance Sheet, Income Statement and Cash Flow Statement and a person will be considered to have accounting or related financial management expertise if (s)he possesses professional qualification or Accounting/ Finance graduate with at least 12 (twelve) years of corporate management/professional experiences.	✓		
3.1 (iv)	Fill the casual vacancy in audit department.	✓		
3.1 (v)	The company secretary shall act as the secretary of the Committee.	✓		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
3.2	Chairman of the Audit Committee	✓		
3.2 (i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	✓		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	✓		
3.3	Role of Audit Committee	✓		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.3 (i)	Oversee the financial reporting process.	✓		
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	Monitor Internal Control Risk management process.	✓		
3.3 (iv)	Oversee hiring and performance of external auditors.	✓		
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3 (vii)	Review the adequacy of internal audit function.	✓		
3.3 (viii)	Review statement of significant related party transactions submitted by the Management.	✓		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds 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. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus.	✓		
3.4	Reporting of the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1 (i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1 (ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings, if any:-	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
3.4.1 (ii) a)	Report on conflicts of interests;			Not Applicable as no such event found
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;			Not Applicable as no such event found
3.4.1 (ii) C)	Suspected infringement of Laws including securities related Laws, rules and regulations.			Not Applicable as no such event found
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.			Not Applicable as no such event found
3.4.2	Reporting to the Authorities: If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.			Not Applicable as no such event found
3.5	Reporting to the Shareholders and General Investors: Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer Company.			Not Applicable as no such event found
4.0	External/Statutory Auditors: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely:-	✓		



Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
4. (i)	Appraisal or valuation services or fairness opinions.	√		
4.0(ii)	Financial information systems design and implementation.	√		
4.0(iiii)	Book-keeping or other services related to the accounting records or financial statements.	√		
4.0 (iv)	Broker-dealer services.	√		
4.0 (v)	Actuarial services.	√		
4.0 (vi)	Internal Audit Services	√		
4.0 (vii)	Any other services that Audit Committee determines.	√		
4.0 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√		
4.0 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No.7	√		
5.0	SUBSIDIARY COMPANY			
5. (i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			Not Applicable
5. (ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			Not Applicable
5. (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			Not Applicable
5. (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			Not Applicable
5 (v)	The Audit Committee of the holding company review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6.0	Duties of Chief Executive Officer (CEO) and Chief Financial Officer (CFO): The CEO and CFO shall certify to the Board that:-	✓		
6.0 (i)	They have reviewed financial statements for the period from 01 July 2016 to 30 June 2017 and that to the best of their knowledge and belief:	✓		
6 (i) a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	✓		
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the period from 01 July 2016 to 30 June 2017 which are fraudulent, illegal or violation of the company's code of conduct.	✓		
7.0	Reporting and Compliance of Corporate Governance:	✓		
7 (i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant/Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis.	✓		
7 (ii)	The directors of the company shall state, in accordance with the Annexure attached, in the directors' report whether the company has complied with these conditions.	✓		


 Chairman
 Generation Next Fashions Limited


 Managing Director
 Generation Next Fashions Limited


 Company Secretary
 Generation Next Fashions Limited

CORPORATE GOVERNANCE

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

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

BOARD COMMITTEES

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

Audit Committee, includes

1. Rajiv Sethi, Chairman
2. Atiar Rahamn, Member
3. Shaheen Akther Chaudhury, Member Secretary

Purchase & Procurement Committee, includes

1. Alavee Azfar Chaudhury, Chairman
2. Shaheen Akhter Chaudhury, Member
3. Atiar Rahman, Member Secretary

Operation & Maintenance Committee, includes

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

- ▶ The main goal to form these committees is to assess how to minimize the risk in various sector of operation and how to maximize the performance and how to achieve the ultimate objective of the company. To govern the objectives, governance framework is based on the following principles:
- ▶ That the Board size is appropriate and the members of the board are aware about their responsibilities and duties;
- ▶ That the internal control system is sound to avoid error and omission of information and risk management is effective to minimize risk in different level of operation;
- ▶ That all material information is timely flow to the board and other committees to ensure efficiency of decision making;
- ▶ That all material information concerning to the capital market will flow to the shareholder as well as to the stakeholders to determine their investment decision;
- ▶ That all transactions are transparent and accountable;
- ▶ That all regulatory and statutory rules and regulations are complied with.

BOARD ORGANIZATION & STRUCTURE

a) Role of the Board and its composition

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

- ▶ To ensure proper guidance to the company to achieve its goal;
- ▶ To ensure maintaining good governance throughout the company;
- ▶ To monitor the effectiveness of Internal Control System and risk management;
- ▶ To ensure the optimum utilization of company's resources to achieve maximum profit and also concentrate on minimize cost;
- ▶ To make sure transparency, accountability and timely flow of accounting information;
- ▶ To protect the interest of shareholders and stakeholders as well as the employees of the company;
- ▶ To comply with all regulatory and statutory rules & regulations.

b) Board Meeting

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

MANAGEMENT TEAM

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

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

AUDITORS' REPORT & FINANCIAL STATEMENT

FOR THE YEAR ENDED 30TH JUNE, 2017



Ashraf Uddin & Co.

CHARTERED ACCOUNTANTS

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MANAGING PARTNER
MD. ASHRAF UDDIN AHMED
LLB, CFC, FCA
PARTNERS
ENAMUL KABIR FCA
MD. MOHIUDDIN AHMED, FCA

Office : 142/B, Green Road (3rd & 4th Floor) Dhaka-1215
Chamber : Rahman Chamber (5th Floor)
12-13, Motijheel Commercial Area, Dhaka-1000

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of **Generation Next Fashions Limited** (the company) which comprise the Statement of Financial Position as on 30th June, 2017 and the Statement of Profit or Loss and Other Comprehensive Income, Statement of changes in equity and Cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS). This responsibility includes; designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the financial position of **Generation Next Fashions Limited** as of 30th June, 2017, and results of its financial performance and its cash flows for the year then ended & comply with The Companies Act 1994, & other applicable laws & regulations.

We also report that:

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

Dhaka
Date: 28 October 2017




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Financial Position

As at June 30, 2017

Particulars	Notes	Amount in Taka	
		30.06.2017	30.06.2016
A. NON-CURRENT ASSETS		3,997,985,157	3,593,697,285
Property, Plant & Equipment	Annexure-1	3,694,771,174	2,891,657,320
Capital Works-in-Progress	04	303,213,983	702,039,965
B. CURRENT ASSETS		2,399,357,831	2,454,693,432
Inventories	05	1,041,071,140	1,069,563,556
Accounts Receivable	06	883,439,410	873,199,626
Advances, Deposits and Pre-Payments	07	100,919,902	106,764,355
Cash & Cash Equivalents	08	373,927,379	405,165,895
C. CURRENT LIABILITIES & PROVISIONS		835,821,950	1,007,659,313
Accounts & Other Payables	09	36,825,901	34,953,782
Accrued Expenses	10	307,055,126	303,777,374
Bank Overdraft	11	36,586,342	17,471,177
Short Term Bank Credits	12	304,497,247	473,964,333
Deferred L/C Liabilities	13	109,450,472	41,337,199
Share Money Refundable	14	2,370,862	2,372,341
Current Maturity of Long Term Loans	15	39,036,000	133,783,107
D. NET CURRENT ASSETS (B-C)		1,563,535,881	1,447,034,119
E. NET ASSETS (A+D)		5,561,521,038	5,040,731,404
F. SHAREHOLDERS' EQUITY		5,214,062,313	4,955,536,798
Share Capital	16	4,090,698,810	3,718,817,100
Share Premium	17	236,779,111	236,779,111
Revaluation Surplus	18	421,237,581	429,951,498
Retained Earnings	19	465,346,811	569,989,089
G. LONG TERM LOAN	20	347,458,724	85,194,606
H. LIABILITIES & SHAREHOLDERS' EQUITY (F+G)		5,561,521,038	5,040,731,404
Net Assets Value Per Share (NAVPS)		12.75	12.11

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


Chairman


Managing Director


Company Secretary

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




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2017

Particulars	Notes	Amount in Taka	
		30.06.2017	30.06.2016
Sales Revenue	21	3,279,614,648	3,000,352,440
Less: Cost of Goods Sold	22	2,637,141,557	2,549,708,191
Gross Profit		642,473,091	450,644,249
Less: Administrative & Selling Expenses	23	258,375,770	181,295,570
Operating Profit		384,097,321	269,348,679
Add: Other Income	24	90,488,907	139,777,764
		474,586,228	409,126,443
Less: Financial Expenses	25	154,254,291	207,243,519
Net Profit Before Tax and WPWFs		320,331,937	201,882,924
Less: Workers' Participation/Welfare Funds		16,016,597	9,613,472
Less: Central Fund (RMG Sector)		1,025,268	-
Net Profit Before Tax		303,290,072	192,269,452
		61,576,078	30,152,828
Less: Current Year Tax Expenditure	26	29,106,971	30,152,828
Deferred Tax Expenditure	27	32,469,107	-
Net Profit After Tax		241,713,994	162,116,624
Earning Per Share (Fully Diluted)	28	0.59	0.40
EPS From Recurring Income (Fully Diluted)	29	0.54	0.30
EPS From Non-Recurring Income (Fully Diluted)	30	0.05	0.09

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


Chairman


Managing Director


Company Secretary

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




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Changes in Equity For the year ended June 30, 2017

For (01 July 2016 to 30 June 2017):

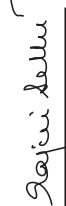
Particulars	Share Capital	Share Premium	Retained	Revaluation	Total
Balance at July 01, 2016	3,718,817,100	236,779,111	569,989,089	429,951,498	4,955,536,798
Depreciation on Revaluation Surplus	-	-	8,713,916	(8,713,916)	-
Net Profit during the year	-	-	241,713,994	-	241,713,994
Issue of Bonus Shares	371,881,710	-	(371,881,710)	-	-
Excess provision for Income Tax	-	-	12,080,217	-	12,080,217
Deferrance AIT between CAIT & DCT Assessment	-	-	4,731,304	-	4,731,304
Balance at June 30, 2017	4,090,698,810	236,779,111	465,346,811	421,237,582	5,214,062,313

For (01 July 2015 to 30 June 2016):

Particulars	Share Capital	Share Premium	Retained	Revaluation	Total
Balance at July 01, 2015	3,718,817,100	250,000,000	398,827,673	438,996,293	4,806,641,066
Depreciation on Revaluation Surplus	-	-	9,044,796	(9,044,796)	-
Net Profit during the year	-	-	162,116,620	-	162,116,620
Rights Issue Expenses Written Off	-	(13,220,889)	-	-	(13,220,889)
Balance at June 30, 2016	3,718,817,100	236,779,111	569,989,089	429,951,498	4,955,536,798

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



Chairman


Managing Director


Company Secretary

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




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Statement of Cash Flows

For the year ended June 30, 2017

Particulars	Amount in Taka	
	30.06.2017	30.06.2016
A. CASH FLOWS FROM OPERATING ACTIVITIES:	421,217,355	185,235,133
Cash Received from Customers and Other Income	3,359,863,771	3,138,265,354
Cash Paid for Materials, Expenses and Services	(2,910,170,238)	(2,929,856,833)
Income Tax Paid/(Deducted)	(28,476,178)	(23,173,388)
B. CASH FLOWS FROM INVESTING ACTIVITIES:	(486,431,004)	(485,152,461)
Acquisition of Fixed Assets	(885,256,986)	(941,985,721)
Expenditures for Capital Work-in-Progress	398,825,982	456,833,260
C. CASH FLOWS FROM FINANCING ACTIVITIES:	33,975,133	178,029,288
Bank Overdraft Received/(Repaid)	19,115,165	(27,464,129)
Short Term Bank Credit Received/(Repaid)	(169,467,086)	108,624,456
Long Term Loan (Repaid)	167,517,012	96,906,794
Excess provision for Income Tax	12,080,217	-
Deffirence AIT between CAIT & DCT Assessment	4,731,304	-
Share Money Deposit (Refunded)/Adjusted	(1,479)	(37,833)
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(31,238,516)	(121,888,040)
E. Cash & Cash equivalents at the beginning of the year	405,165,895	527,053,935
F. Cash & Cash equivalents at the end of the year (D+E)	373,927,379	405,165,895
Operating Cash Flow Per Share	1.03	0.45

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


Chairman


Managing Director


Company Secretary

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




Ashraf Uddin & Co.
Chartered Accountants

GENERATION NEXT FASHIONS LIMITED

Schedule of Property, Plant & Equipment

As on 30th June, 2017

Schedule of Property, Plant & Equipment

Annexure-1

Particulars	Cost or Valuation		Rate of Dep. (%)	Depreciation		Written down value as on 30.06.2017
	Balance as on 01.07.16	Addition or valuation during the period		Balance as on 01.07.16	Charged during the period	
Land & Land Development	249,687,532	-	-	-	-	249,687,532
Building	2,052,831,921	755,425,168	2%	130,871,911	39,299,779	2,638,085,399
Plant & Machinery	936,520,517	85,926,167	5%	274,412,428	36,122,029	711,912,227
Vehicles	43,603,266	36,600,000	10%	13,667,274	3,482,859	63,053,133
Other Assets	46,017,681	7,305,651	10%	18,051,984	3,238,465	32,032,883
Total	3,328,660,917	885,256,986	-	437,003,597	82,143,132	3,694,771,174
Total as on June 30, 2016	2,563,249,206	765,411,711	-	400,765,438	36,238,159	2,891,657,320

Particulars	Amount in Taka	
	30.06.2017	30.06.2016
Depreciation charge during the year ended June 30, 2017	82,143,132	28,064,149
Head of Accounts:		
Factory Overhead (Note: 22.02)	78,035,975	64,916,193
Administrative & Selling Expenses (Note: 23)	4,107,157	3,416,642
Total	82,143,132	68,332,835



GENERATION NEXT FASHIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE, 2017

1. INCORPORATION AND BUSINESS ACTIVITIES

1.1 Reporting Entity:

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

1.2 Nature of business

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Statement of Compliance:

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

2.2. Measurements of the elements of financial statements:

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

2.3. Components of Financial Statements:

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

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

2.4. Functional and presentation currency:

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

2.5. Use of estimates and judgments:

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

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

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

2.6. Reporting period:

These financial statements of the company cover a period of one year from 1st July 2016 to 30th June, 2017.

2.7. Comparative information and rearrangements thereof:

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

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

2.8. Going Concern:

The company has adequate resources to continue in operation for the foreseeable future. For this reason the Directors continue to adopt Going Concern Basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to make the present requirement of its existing business. Neither the management nor any other authority of the company has the intension to cease or liquidate the company in near future. During the year the company has achieved a good of profit of Tk. 241,713,994/- net to which significantly indicates the company's ability to run as a going concern in the foreseeable future.

2.9. Accrual Basis of Accounting:

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

2.10. Offsetting:

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

2.11. Events after reporting Period:

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

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

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

Non-adjusting Events: Those are indicative of conditions that arose after the reporting period. There was no events after reporting period of such importance for which accounting or disclosure is required to be adjusted except stock dividend at 10% (2015-2016: 10%) as recommended in the meeting of Board of Directors held on October 28, 2017 (2015-2016: April 27, 2016).

2.12. Date of Authorization for Issue of The Financial Statements:

On September 28, 2017 the Board of Directors reviewed the financial statements and authorized them for issue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation used in preparation of financial statements for the year ended 30th June, 2017 are consistent with the policies and methods adopted in preparing the financial statements for the year ended 30th June, 2016.

3.1. PROPERTY, PLANT & EQUIPMENT:

Recognition and measurement

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

Subsequent costs

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

Addition during the year

Name of Property, plant and equipment	(Amount in Tk.) 2017	(Amount in Tk.) 2016
Land and Land Development	0	26,702,032
Building	755,425,168	655,633,483
Plant and Machinery	85,926,167	72,164,906
Vehicles	36,600,000	6,370,601
Other Assets	7,305,651	4,540,689
Total	885,256,986	765,411,711

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

3.2. Depreciation:

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

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

3.3. Impairment:

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

3.4. Advances, deposits and prepayments:

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

3.5. Cash & Cash Equivalents:

Cash and cash equivalents comprise cash in hand and cash at bank which are held and available for use by the company without any restriction. Cash at bank again comprises of –
On current/ Short notice Deposit Accounts with the following banks:-

- | | |
|------------------------|----------------------------|
| 1. EXIM Bank Ltd. | 5. Social Islami Bank Ltd. |
| 2. National Bank Ltd. | 6. IFIC Bank Ltd. |
| 3. Prime Bank Ltd. | 7. Jamuna Bank Ltd. |
| 4. Southeast bank Ltd. | 8. BRAC Bank Ltd. |
- And FDR Accounts with Southeast Bank Ltd. and Social Islami Bank Ltd.

3.6. Receivables:

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

3.7. Accrued Expense and Other Payables:

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

3.8. Borrowing Costs:

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

3.9. Responsibility for preparation and presentation of Financial Statements:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act 1994 and as per the provision of the Framework for the Preparation and Presentation of Financial Statements issued by the International Accounting Standards Board (IASB). Accordingly the management has fulfilled the above provision.

3.10. Provisions and Accruals:

Provisions

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

Accruals

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

3.11. Foreign Currency:

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

3.12. Taxation:

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

Current tax

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

Deferred Tax:

The provision for deferred tax has also been made based on the temporary difference amount between Accounting depreciation and tax depreciation of property, plant and equipment calculated by the tax authority in the assessment year 2009-10. The rate of deferred tax has been applied as per Income Tax Ordinance, 1984. The calculation has been shown in note 27.

3.13 Revenue recognition:

Revenue is recognized when goods are delivered from factory godown and delivery challans are issued as per BAS-18 "Revenue Recognition".

3.14. Finance expense:

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

3.15. Earnings per share:

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

Basic Earnings:

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

Weighted Average Number of Shares:

The basis of computation of number of shares is in line with the provisions of BAS-33: Earnings Per Share. Therefore the total number of shares outstanding at the end of the period multiplied by a time weighting factor which is the number of days the specific shares were outstanding as proportion of total number of days in the period. Generation Next fashions Limited has issued bonus shares of Tk. 371,881,710 during the year and has been accounted for in calculating the EPS in accordance with BAS-33.

3.16. Compliance with Financial Standards as applicable in Bangladesh:

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

BAS	TITLE	REMARKS
1	Presentation of Financial Statement	Complied
2	Inventories	Complied
7	Statement of Cash Flows	Complied
8	Accounting Policies, Changes in Accounting Estimates and Errors	Complied
10	Events after the Reporting Period	Complied
12	Income Taxes	Complied
16	Property, Plant & Equipment	Complied
18	Revenue	Complied
19	Employee Benefits	Complied
21	The Effects of Changes in Foreign Exchange Rates	Complied
23	Borrowing Costs	Complied
24	Related Party Disclosures	Complied
33	Earnings per Share (EPS)	Complied
37	Provisions, Contingent Liabilities and Contingent Assets	Complied

3.17. Related party Disclosure:

During the year ended 30th June, 2017 the company has purchased Office space at Pearl Trade Centre (PTC), Cha- 90/3, Progoti Saroni, Uttar Badda, Dhaka amounting Tk. 187,132,000/- from owner M/s A.J Corporation Limited, a first class developer and a shareholder.

3.18. Long Term loan:

Long term loan consists of loans and financial obligations lasting over one year. The long term loan outstanding of Generation Next Fashions Limited, as on 30th June, 2017 are fully secured by first charge on the fixed assets of the company.

Nature of Security of Loans :

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

Interest on Bank Loan:

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

BANK OVERDRAFT	09.75% p.a. with Quarterly rests subject to revision from time to time.
LONG TERM LOAN	09.75% p.a. with Quarterly rests subject to revision from time to time.
TIME LOAN , PACKING CREDIT & BILL PURCHASE	Time Loan: 09.75 % p.a. with Quarterly rests subject to revision from time to time. Packing Credit: 7.00% p.a. with Quarterly rests subject to revision from time to time. Bill Purchase: 09.75 % p.a. with Quarterly rests subject to revision from time to time.

3.19. Short Term Loan:

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

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

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

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

3.20. Capital Expenditure Availed:

There was no Capital expenditure contracted but not incurred or provided for as on 30.06.2017.

There was no material capital expenditure authorized by the Board but not contracted for as on 30.06.2017.

3.21. Contingent Liabilities And Contingent Assets:**Contingent liabilities**

A contingent liability arises where a past event may lead to an entity having a liability in the future but the financial impact of the event will only be confirmed by the outcome of some future event will only be confirmed by the outcome of some future event not wholly within the entity's control. A contingent liability should be disclosed in the financial statements unless the possible outflow of resources is thought to be remote.

Contingent Asset

A contingent asset is a potential asset that arise from past events but whose existence can only be confirmed by the outcome of future events not wholly within an entity's control. A contingent asset should be disclosed in the financial statements only when the expected inflow of economic benefits is probable.
The company does not have any contingent liability or contingent assets as on 30.06.2017.

3.22. Claims not Acknowledged:

There was no claim against the Company not acknowledged as debt as on 30.06.2017.

3.23. Credit Facilities Available:

Credit facilities available to the Company were from banks as on 30.06.2017 and Trade credit available in the ordinary course of business. No other credit facilities were available to the company as on 30.06.2017.

3.24. Commission, Brokerage or Discount Against Sales:

No other commission, brokerage or discount was incurred or paid by the company against sales during the year ended 30.06.2017.

3.25. Employees:

Number of employees whose salary was below Tk. 6,000 is 537 as on 30.06.2017

Number of employees whose salary was above Tk. 6,000 is 3,354 as on 30.06.2017.

3.26. Capacity Utilization

Particulars	Capacity	Actual Production	Percentage
Garments*	2,000,000 Dozens	1,840,000 Dozens	92%
Fabrics	5,000 MT	4,100 MT	82%
Dyeing	5,000 MT	4,100 MT	82%

Reason: Actual production as per market demand

*Based on present product mix.

3.27. Managerial Remuneration

3.27.1. Total remuneration of managers aggregates during the year ended June 30, 2017 at Tk. 36,441,395 (2015-2016; Tk. 34,624,715).

3.27.2. Total remuneration of Managing Director for the year ended June 30, 2017 stood at Tk. 2,400,000 (2015-2016; Tk. 2,400,000).

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

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

(a) Interest rate risks:

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



Management perception:

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

(b) Exchange rate risks:

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

Management perception:

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

(c) Industry risks:

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

Management perception:

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

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

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

Management perception:

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

(ii) Technology-related Risks:

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

Management perception:

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



(e) **Potential or existing government regulations risks:**

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

Management perception:

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

(f) **Potential changes in global or national policies:**

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

Management perception:

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

(g) **Operational Risks:**

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

Management perception:

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

(h) **Input Cost Risks:**

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

Management perception:

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



04 Capital Works-in-Progress

Buildings
Security Building
Engineered Steel Building
Drain Line
Gas Line and other Installation
Electrical Installation
Water Tanks
Deep Tubewell
Total

Amount in Taka	
30 June 2017	30 June 2016
303,213,983	669,477,690
-	643,916
-	2,527,497
-	632,545
-	13,685,207
-	13,525,912
-	631,479
-	915,719
303,213,983	702,039,965

05 Inventories

Raw Materials (**Note-5.1**)
Work-in-Process (534,773 Kgs; 2015: 563,454 Kgs)
Finished Goods (190,585 Dozens; 2015-2016: 182,188 Dozens)
Materials in Transit
Total

359,063,402	374,317,442
264,712,500	278,909,647
375,452,708	358,911,125
41,842,530	57,425,341
1,041,071,140	1,069,563,556

05.1 Raw Materials

Yarn (801,535 Kgs; 2015-2016: 1,064,0975 Kgs)
Fabrics (211,891 Kgs)
Chemicals (234,766 Kgs; 2015: 130,407 Kgs)
Accessories
Total

203,910,507	270,706,374
61,024,508	-
35,906,340	32,341,027
58,222,046	71,270,041
359,063,402	374,317,442

06 Accounts Receivables

ASDA Stores Limited
Cromo Diffusion INC
Crosswinds Sourcing LLC.
Dresscue GMBH
Distra Warenhandeksges. MBH
El Corte Ingles SA
Fashion Link
G. Enpfenning GMBH
GOR Factory SA
Impetus Vandillen Asiatex GMBH
Jaytex of Canada Limited
Jeans Fritz
KIK TEXTILIEN UND NON-FOOD GMBH
LF Centennial Pte Ltd.
Miles Fashions GMBH
National Stores Inc.
Other Receivable (Note: 06.01)
PLC
Primark Stores Limited
TESCO Stores Limited
TEXBO
TU Clothing
TCW Trends INC
ZXY
Total

-	1,479,190
4,317,713	-
-	9,204,875
-	278,645
83,084,709	-
-	61,466,258
9,570,131	-
122,133,399	74,693,850
-	1,997,583
-	2,462,844
-	5,127,877
928,287	-
18,932,042	-
-	2,519,024
26,503,009	27,390,574
-	35,866,723
43,806,643	65,787,098
-	4,000,861
574,163,477	493,173,349
-	8,673,535
-	6,839,793
-	2,201,125
-	44,358,621
-	25,677,801
883,439,410	873,199,626



Amount in Taka	
30 June 2017	30 June 2016

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

Dues upto 6 months	583,070,011	581,027,031
Dues above 6 months	300,369,399	292,172,595
Total	883,439,410	873,199,626

06.01 Other Receivables

Alok Industries Limited	-	1,523,560
Antim Knitting Dyeing & Finishing Ltd.	-	1,068,316
Alpine	-	502,356
Basspro	-	1,122,322
Elegant Team Development Limited	-	809,850
Fashions FX Limited	225,276	840,870
Fashion FX Ltd	-	2,446,181
GEBR. Huber GMBH	-	2,245,612
JMS Composite Knitware Ltd.	317,226	317,226
Korooni Knit Composite Ltd.	20,016	-
KGB	-	7,040,497
Niagara Textile Ltd.	4,951	-
Rahman Composite	11,951	-
Redom Composite	7,260	-
Pelican Limited	-	1,640,523
SA Sourcing Ltd.	2,043,049	-
Sadma Fashions Ltd.	15,312	-
Scandex Textile Ltd.	99,682	-
Summit Dye-Chem Ltd.	8,320	-
SRKH Design	-	361,964
Vortex Fashions	-	81,300
Cash Subsidy from the Government.	41,053,600	45,786,521
Total	43,806,643	65,787,098

07 Advances, Deposits and Prepayments

Advances (Note: 07.1)	100,294,198	106,138,651
Deposits	625,704	625,704
Total	100,919,902	106,764,355

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

Dues upto 6 months	33,303,568	33,096,950
Dues above 6 months	67,616,334	73,667,405
Total	100,919,902	106,764,355



07.1 Advances

Advance against Salary
 Advance Income Tax **Note: 07.1(a)**
 Advance against Purchase / Expenses **Note: 07.1(b)**
 Advance against House Rent
 Advance for Construction & Others **Note: 07.1(c)**
Total

07.1(a) Advance Income Tax

Opening Balance
 Add: Addition During the Year

Less: Partly Adjustment for Assessment

Less: Remaining Advance for the Assessment year upto 2015-2016 which adjusted by the assessment value

Add: Deposit by payment order/ Challan for Assessment year 2016-2017

07.1(b) Advance against Purchase / Expenses

Dhaka Traders
 Mehedi Hasan Enterprise
 Mr. Munir (Procurement)
 Mr. Noman (C & F)
 Mr. Ainal Haque
 Mr. Basek Hossen
 Tutun Agency
 Word of Techonology
 Khan Enterprise
 Nokta Accessories
Total

07.1(c) Advance for Construction & Others

Azim Engineering Workshop & Thai Aluminum
 Brothers Builders
 Hasib Thai
 M/S. Happy Enterprise
 M/S. Saleem Sanitary Ent.
 Maliha Enterprise
 Millenium Enterprise
 Bangladesh Power Development Board (BPDB)
 Royal Marble
Total

Amount in Taka	
30 June 2017	30 June 2016

856,000	1,716,000
56,392,956	59,341,309
22,091,432	27,974,673
3,875,122	1,765,000
17,078,688	15,341,669
100,294,198	106,138,651
59,341,309	49,147,668
27,976,178	14,402,331
87,317,487	63,549,999
-	4,208,690
87,317,487	59,341,309
31,424,531	-
55,892,956	59,341,309
500,000	-
56,392,956	59,341,309
54,200	854,200
-	394,570
90,570	890,570
-	53,415
14,130,935	14,360,804
3,950,708	8,950,708
15,019	-
2,500,000	-
1,350,000	1,350,000
-	1,120,406
22,091,432	27,974,673
5,784,603	5,582,680
1,768,049	1,150,645
690,026	945,632
641,150	1,355,400
-	1,754,602
-	1,793,407
517,200	1,517,200
7,677,660	-
-	1,242,103
17,078,688	15,341,669



08 Cash & Cash Equivalents

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

 Balance in Central Cash
 Balance in Factory Cash
Total
08.2 Cash at Banks

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

<u>Bank Name</u>	<u>A/c Number</u>	<u>Branch Name</u>
EXIM Bank Ltd.	711100038467	Gulshan Br.
National Bank Ltd.	00036000534	Gulshan Br.
Prime Bank Ltd.	11831020024366	Gulshan Br.
Southeast Bank Ltd.	101110011987	Gulshan Br.
Southeast Bank Ltd.	1015600000040	Gulshan Br.
Southeast Bank Ltd.	10155000000256	Gulshan Br.
Southeast Bank Ltd.	10152000000041	Gulshan Br.
Southeast Bank Ltd.	172000000002	Gulshan Br.
Social Islami Bank Ltd.	0181360001416	Foreign Ex. Br
IFIC Bank Ltd.	1002390905001	Gulshan Br.
Jamuna Bank Ltd.	00060210017279	Dilkusha Br.
BRAC Bank Ltd.	1501201918541001	Gulshan Br.
BRAC Bank Ltd.	1501201918541002	Gulshan Br.
BRAC Bank Ltd.	1501201918541003	Gulshan Br.
BRAC Bank Ltd.	1501201918541004	Gulshan Br.
BRAC Bank Ltd.	1501201918541006	Gulshan Br.
BRAC Bank Ltd.	1501201918541007	Gulshan Br.
Total		

Amount in Taka	
30 June 2017	30 June 2016

270,686	277,945
373,656,693	404,887,950
373,927,379	405,165,895

247,124	205,355
23,562	72,590
270,686	277,945

57,314,815	88,309,794
316,341,878	316,578,156
373,656,693	404,887,950

77,408	78,938
21,427	22,123
8,674	10,054
1,111,147	173,977
372,677	94,105
806,902	13,756,377
2,749,321	1,928,543
-	11,144,247
149,889	111,485
49,327,726	58,357,162
93,478	94,053
2,266,667	2,210,108
221,912	218,668
4,308	4,118
4,712	4,089
70,262	71,562
28,305	30,185
57,314,815	88,309,794

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

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

<u>Bank Name</u>	<u>A/c Number</u>	<u>Branch Name</u>
Southeast Bank Ltd.	24300052000	Gulshan Br.
Social Islami Bank Ltd.	0185310048597	Foreign Ex. Br
Social Islami Bank Ltd.	0185310048586	Foreign Ex. Br
Total		

111,361,250	110,000,000
102,490,314	103,289,078
102,490,314	103,289,078
316,341,878	316,578,156



09 Accounts & Other Payables

Global Way
M/s Hasina Enterprise
Chemitex
Chowdhury Trading
City Chemical
Impressive Textile
Nantong Lilan Textile CPO Ltd.
Shepherd Textile (BD) Ltd.
Delta Spinning Mills Ltd.
Akbar Cotton Mills Ltd.
Metro Spinning Mills Ltd.
BSB Spinning Mills Ltd.
Jaba Textile Mills Ltd.
Tamijuddin Textile Mills Ltd.
Other Payables **(Note: 09.1)**

Total

These are unsecured, payable within one year.

09.1 Other Payables

Badhan Electronics
KM Serviceing Center
Shimanta Paribahan
The Daily New Age
The Daily Somokal

Total

10 Accrued Expenses

Audit fee
Salaries and Wages Payable
Bonus
Gas Bill
Electricity Bill
G4S Secure Solutions Bangladesh (Pvt.) Ltd.
Telephone Bill and Others Utilities
Securities Services
Workers' Participation/Welfare Funds **(Note: 10.1)**
Provision for tax **(Note: 10.2)**
Provision for deferred tax

Total

10.1 Workers' Participation/Welfare Funds

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

These are unsecured, falling due within one year.

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

Amount in Taka	
30 June 2017	30 June 2016

2,421,760	3,186,911
58,336	132,614
2,398,956	2,281,476
9,416,180	6,379,900
2,369,727	2,036,920
643,500	-
-	2,398,257
589,481	589,481
3,062,709	-
44,460	4,846,140
2,594,670	-
5,863,092	7,414,512
5,656,264	3,448,279
-	1,504,776
1,706,766	734,516

36.825.901

34.953.782

-	32,000
918,520	161,480
461,157	224,467
111,700	92,900
215,389	223,669
1,706,766	734,516

1.706.766

734.516

500,000	550,000
58,861,416	50,598,640
-	13,200,000
9,095,000	7,476,644
174,937	115,732
313,059	319,998
99,973	91,688
-	469,339
87,805,891	84,271,709
117,735,743	146,683,624
32,469,107	-

307.055.126

303.777.374

84,271,709	79,109,880
16,016,597	5,161,829
100,288,306	84,271,709
12,482,415	-
87,805,891	84,271,709

87.805.891

84.271.709



10.2 Provision for tax

Accounting Year	Assessment Year	Amount	Status
July 2016 to June 2017	2017-2018	29,106,971	Return not yet due.
Jan 2016 to June 2016	2016-2017	16,131,959	Return submitted.
2015	2016-2017	26,033,710	Return submitted.
Amount after Adjustment up to assessment year upto 2015-2016		46,463,103	Assessment Completed/ Agreed.
		117,735,743	

11 Bank Overdraft

Bank Name	Br Name	Amount in Taka	
		30 June 2017	30 June 2016
Southeast Bank Ltd. CC A/c 01073300000167 Gulshan Br.		36,586,342	17,471,177
Total		36,586,342	17,471,177

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

12 Short Term Bank Credits :

Southeast Bank Ltd.:			
Time Loan		-	18,817,843
Packing Credit		105,532,209	112,998,702
Bill Purchase		104,095,875	119,444,256
Other Loans		94,869,163	222,703,532
Total		304,497,247	473,964,333

These are secured, falling due within one year. The security and other term are specified as follows: Time Loans are fully secured by first charge on the fixed assets of the Company. Packing Credit, Bill Purchase and other Loans are against Lien on Master/Export L/C.



13 Deferred L/C Liabilities

ABM Accessories
Active Zipper Ltd.
AIR Apperals Ltd.
Alim Printing
BSB Spinning Mills Limited
Basic Thread Industries Ltd.
Chemitex
Corus Knit Composite Ltd.
Dalas Fashion
Givensee Spinning Mills Ltd
Hanjin Sehwha Glotech Co.Ltd
I. M. CHEMICAL
Jack Sewing Machine Co. Ltd.
Moral Fashions Ltd.
NRG Knit Composite Mills Ltd
Nassa Taipei Spinners Ltd.
Other Deferred L/C Liabilities
Pakiza Cotton Mills Ltd
Taipei Knit and Composite Ltd.
Tamijuddin Textile Mills Ltd.
BIANCO SPA
Allam Marine Ltd.
EHWA GIOTECH. CO. LTD.
Total

Amount in Taka	
30 June 2017	30 June 2016
-	566,124
-	164,337
1,632,000	780,000
4,808,506	1,491,672
-	502,452
3,372,679	11,561,780
6,042,240	-
3,254,000	1,170,000
5,528,328	8,754,560
-	715,205
-	894,354
1,439,400	-
-	2,105,600
1,626,000	1,170,000
-	852,110
7,657,431	4,348,500
-	1,571,590
-	4,059,315
-	629,600
5,334,615	-
27,510,959	-
11,009,039	-
30,235,275	-
109,450,472	41,337,199

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

14 Share Money Refundable

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

<u>Bank Name</u>	<u>A/C No.</u>	<u>Branch</u>		
BRAC Bank Ltd	1501201918541001	Gulshan Br.	2,114,706	2,115,281
BRAC Bank Ltd	1501201918541002	Gulshan Br.	219,067	218,668
BRAC Bank Ltd	1501201918541003	Gulshan Br.	4,560	4,118
BRAC Bank Ltd	1501201918541004	Gulshan Br.	4,224	4,089
BRAC Bank Ltd	1501201918541007	Gulshan Br.	28,305	30,185
Total			2,370,862	2,372,341

15 Long Term Bank Loans (Current Portion)

Current portion of Long Term Bank Loans Tk.39,036,000 (2015-2016; Tk.133,783,107) has been shown under the head Current Liabilities which is payable within June -2018.



16 Share Capital
16.1 Authorised Capital

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

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

 224,363,400 Ordinary Shares of Tk. 10/- each issued for cash
 184,706,481 Bonus Shares of Tk.10/- each

The Shareholding position of the Company are as under :

Name of Shareholders	No. of Shares
Tauhidul Islam Chaudhury	20,999,191
Alavee Azfar Chaudhury	8,662,346
Shaheen Akhter Chaudhury	157,796
AJ Corporation Limited	18,522,784
Rajiv Sethi	8,181,397
Wahid Salam	8,195,000
New England Equity Ltd.	5,700,000
Others	338,651,367
Total	409,069,881

Particulars	No. of Shareholders	No. Of Shares
Less than 500 Shares	6,828	1,509,681
501 to 5,000 Shares	14,306	29,402,591
5,001 to 10,000 Shares	3,494	27,139,769
10,001 to 20,000 Shares	2,354	34,785,780
20,001 to 30,000 Shares	927	23,224,014
30,001 to 40,000 Shares	473	16,711,292
40,001 to 50,000 Shares	349	16,213,784
50,001 to 100,000 Shares	545	39,039,856
100,001 to 1,000,000 Shares	307	66,569,365
Above 1,000,000 Shares	25	154,473,749
Total	29,608	409,069,881

17 Share Premium
Opening Balance
Total
18 Revaluation Surplus

 Land & Land Development
 Building
 Plant & Machinery

Less: Depreciation on Revaluation Surplus

Total

Amount in Taka	
30 June 2017	30 June 2016

5,000,000,000 5,000,000,000

 2,243,634,000 2,243,634,000
 1,847,064,810 1,475,183,100

4,090,698,810 3,718,817,100

Percentages (%) Amount (Tk.)

 5.13 209,991,910
 2.12 86,623,460
 0.04 1,577,960
 4.53 185,227,840
 2.00 81,813,970
 2.00 81,950,000
 1.39 57,000,000
 82.79 3,386,513,670
 100 4,090,698,810

Percentage Amount in Taka

 0.37 15,096,810
 7.19 294,025,910
 6.64 271,397,690
 8.50 347,857,800
 5.68 232,240,140
 4.09 167,112,920
 3.96 162,137,840
 9.54 390,398,560
 16.27 665,693,650
 37.76 1,544,737,490
 100.00 4,090,698,810

236,779,111 236,779,111

236,779,111 236,779,111

 136,740,234 136,740,234
 198,221,559 200,223,797
 94,989,705 97,425,338

429,951,498 434,389,369

8,713,916 4,437,871

421,237,581 429,951,498

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



Opening Balance

Add: Current Period Profit

Less: Bonus Share Issue

Add: Difference AIT between CAIT & DCT Assessment

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

Export Sales Revenue is recognised for 1,660,564 Dozens at USD 40,995,183.1 @ average Tk.80.00 equivalent to Tk.3,279,614,648 (2015-2016: 1,519,166 Dozens at USD 37,504,405.50 @ average Tk.80 equivalent to Tk.3,000,352,440) when delivery challan is issued .

Amount in Taka	
30 June 2017	30 June 2016
569,989,089	398,827,673
241,713,994	162,116,620
811,703,083	560,944,293
8,713,916	9,044,796
820,417,000	569,989,089
371,881,710	-
448,535,290	569,989,089
12,080,217	-
460,615,507	569,989,089
4,731,304	-
465,346,811	569,989,089
175,562,331	85,194,606
150,000,000	-
21,896,393	-
347,458,724	85,194,606

22 Cost of Goods Sold

Opening Stock of Raw Materials
Add: Purchases (Note : 22.01)
Less: Closing Stock of Raw Materials (Note : 05.01)
Material Consumed
Add: Direct Labour
Prime Cost
Add: Factory Overhead (Note : 22.02)
Cost of Manufacturing
Add: Opening Work-In-Process (Note: 05.00)
Less: Closing Work-In-Process (Note: 05.00)
Cost of Goods Manufactured
Add: Opening Stock of Finished Goods (Note: 05.00)
Less: Closing Stock of Finished Goods (Note: 05.00)
Cost of Goods Sold

22.01 Purchases of Raw Materials

Yarn (4,605,202 Kgs; 2015-2016: 4,826,964 Kgs)
Fabrics (805,376 Kgs)
Chemicals (931,595 Kgs; 2015: 1,021,833 Kgs)
Accessories
Total

22.02 Factory Overhead

Rent
Security Service
Depreciation
Utility Charges
Transport
Repair and Maintenance
Fuel & Lubricant
Carriage Inward
Overtime and Similar Allowance
Labour Bill
Entertainment
Inspection Charge
Insurance Premium
Other Expenses
Total

22.03 CIF costs of imported items from aboard aggregated

Amount in Taka	
30 June 2017	30 June 2016
374,317,443	277,591,067
1,934,798,571	2,195,374,269
359,063,402	374,317,443
1,950,052,612	2,098,647,893
499,729,625	418,061,486
2,449,782,237	2,516,709,379
189,703,756	138,159,100
2,639,485,993	2,654,868,479
278,909,647	235,870,966
264,712,500	278,909,647
2,653,683,140	2,611,829,798
358,911,125	296,789,518
375,452,708	358,911,125
2,637,141,557	2,549,708,191
1,171,563,428	1,467,397,055
231,948,276	-
231,035,536	253,414,598
300,251,331	474,562,616
1,934,798,571	2,195,374,269
5,053,766	1,062,000
7,080,675	5,563,969
78,035,975	64,916,193
52,043,741	39,472,999
9,612,790	5,388,802
7,506,321	3,138,397
7,946,273	4,414,773
6,920,982	5,387,426
-	1,977,137
884,247	1,446,308
2,072,981	1,216,385
4,694,009	2,146,611
5,746,372	45,000
2,105,624	1,983,101
189,703,756	138,159,101



23 Administrative & Selling Expenses

Staff Salaries
Directors' Remuneration
Bonus
Air Freight Charge
Buying House Expenses
Utility Charge
Entertainment
C & F Charges
Courier & Postage
Telephone and Other
Office Rent
Service Charges
Car Rent and Other Expenses
Depreciation
Insurance Premium
Annual Audit Fee
Professional, Consultancy and Other Audit fee
Traveling & Conveyance
Stationeries
Fuel & Lubricant
Carriage Outward
Advertisement
License & Renewals
Commercial Expenses
Business Development Expenses
AGM and EGM Expenses
Compliance Expenses
Fire Extinguisher & Fire Fighting
Exchange Loss/Gain
Donation
Other Expenses
Total

24 Other Income

Income from Cash Incentive
Other Revenues
Interest on Investment and Deposits
Total

25 Financial Expenses

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

Amount in Taka	
30 June 2017	30 June 2016

115,440,182	82,720,116
9,600,000	9,200,000
29,059,942	19,067,579
18,083,549	1,876,228
9,285,323	3,269,956
976,066	1,056,038
1,618,930	1,057,582
10,723,552	10,959,251
4,085,975	1,240,756
2,089,174	2,227,369
2,257,000	2,037,560
69,000	373,459
699,400	3,325,672
4,107,157	3,416,642
550,101	2,103,086
700,000	800,000
1,915,000	1,765,000
6,147,005	4,008,894
754,343	684,950
975,287	2,540,993
17,445,528	8,341,094
2,817,720	1,304,298
543,220	552,712
6,279,003	4,994,386
2,529,374	2,770,650
1,765,998	708,718
1,696,019	2,671,463
64,960	19,750
2,947,853	4,164,853
1,579,000	805,177
1,570,109	1,231,339
258,375,770	181,295,570
67,855,702	100,668,152
3,231,127	1,562,502
19,402,078	37,547,110
90,488,907	139,777,764
17,386,672	14,444,825
304,745	84,166,961
9,529,981	11,052,312
16,358,451	22,656,433
66,047,203	32,865,493
44,627,239	42,057,495
154,254,291	207,243,519



26 Provision for Income Tax

Particulars	Amount	Rate	Amount
Other Than Business Income:			
Other Revenues	3,231,127	25.00%	807,782
Interest on Investment and Deposits	19,402,078	25.00%	4,850,520
	22,633,205		5,658,301
Tax on Business Income:			
Business Income Tax			23,448,670
The provision for business income has been made after add back of disallowed amount as per Income Tax Ordinance, 1984 and Finance Act 2017.			
Total Provision for Income Tax			29,106,971

27 Provision for Deferred Tax:Deferred Tax for Property Plant & Equipment **Note: 27.1**

Particulars	Rate	Amount	Tax Provision
Deferred Tax	12%	270,575,890	32,469,106.78

27.1 Deferred Tax for Property Plant & Equipment

Depreciation as per third schedule
Less: Depreciation as per Accounting Policy

3,694,771,174
3,424,195,284
270,575,890

28 Earning Per Share (Fully Diluted)

		01.07.2016 to 30.06.2017	01.07.2015 to 30.06.2016
Earning Per Share (EPS) =	$\frac{\text{Earnings attributable to shareholders}}{\text{No. of Shares}}$	$\frac{241,713,994}{409,069,881}$ = 0.59	$\frac{162,116,624}{409,069,881}$ = 0.40

29 EPS From Recurring Income (Fully Diluted)

Earning Per Share (EPS) =	$\frac{\text{Earning from recurring income}}{\text{No. of Shares}}$	$\frac{222,311,916}{409,069,881}$ = 0.54	$\frac{124,569,514}{409,069,881}$ = 0.30
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30 EPS From Non-Recurring Income (Fully Diluted)

Earning Per Share (EPS) =	$\frac{\text{Earning from non-recurring income}}{\text{No. of Shares}}$	$\frac{19,402,078}{409,069,881}$ = 0.05	$\frac{37,547,110}{409,069,881}$ = 0.09
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Chairman


Managing Director


Company Secretary


Ashraf Uddin & Co.
Chartered Accountants



Generation Next Fashions Limited

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

PROXY FORM

I/We of Generation Next Fashions Limited hereby appoint Mr./MS of as my proxy to attend and vote for me on my behalf at the 13th Annual General Meeting of the company to be held on Sunday, the 17th day of December 2017 at Factory premises, Dhonaid, Earpur, Savar, Dhaka at 11.00 A.M. and at any adjournment thereof.

As witness my hand this day of 2017 signed by the said in presence of

.....
Signature of Proxy
Date:

Revenue
Stamp of
Tk. 20/=

.....
Signature of the Shareholder(s)

(Signature of witness) Register BO ID.....

Dated

Note:

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



Generation Next Fashions Limited

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

ATTENDANCE SLIP

I/We hereby record my attendance at the 13th Annual General Meeting being held on Sunday, the 17th day of December 2017 at Factory premises, Dhonaid, Earpur, Savar, Dhaka at 11.00 A.M.

Name of Member/Proxy

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

.....
Signature of Shareholder(s) / Proxy

N. B.

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



SHARE & REGISTERED OFFICE

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

CORPORATE OFFICE:

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

OPERATIONAL OFFICE & FACTORY

Dhonaidd, Earpur, Savar, Dhaka