

**Golden Harvest Agro Industries Ltd.**



# Annual Report 2020

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A grayscale photograph of a complex industrial piping system, likely in a factory or refinery. The pipes are made of metal and are arranged in a grid-like pattern, with various valves and fittings. The background is a wall of white tiles.

# mission

Serve the nation with  
pioneering innovative  
product

A grayscale photograph of a food processing plant. The scene is filled with a complex network of pipes, metal railings, and large industrial tanks. In the foreground, a large, rounded, stainless steel tank is prominent. The background shows more of the facility, including overhead pipes and industrial lighting. A semi-transparent yellow rectangular box is centered in the middle of the image, containing text.

Imagine safe food, for  
all, affordable

**vision**

# Strategy and Resource Allocation

## Corporate strategy

Maintaining our competitive position in the core business, we employ our brand name, unique organizational culture, professional excellence and financial strength diversifying in local and alliance with Global conglomerate through acquisitions and new projects thus achieving synergy towards value creation for our stakeholders.

## Management objectives

	OBJECTIVE 01	OBJECTIVE 02	OBJECTIVE 03
	<b>Enhance productivity through balanced food application</b>	<b>Maintain industry leadership</b>	<b>Expand sales</b>
Strategy	Our long term strategy has lead for collaborative culture that keeps a collective focus on our purpose	Stay abreast of technological developments and continuously upgrade production facilities to maximize efficiency	Sales expansion through geographical diversification and improved farmers' awareness
Nature	Medium / Long-term	Medium-term	Short / medium-term
Priority	High	High	High
Resources allocated	Financial capital, human capital, manufactured capital	Financial capital, manufactured capital	Financial capital, manufactured capital, human capital, social and relationship capital
KPI Monitored	Funds allocation to Farm Advisory Centres (FACs)	Market share and production efficiency ratio	Market share and production efficiency ratio
Status	Ongoing process – Targets for the year achieved	Ongoing process – State of the art production facilities	The Company achieved foods & Ice cream production of 14.66 thousand tonnes and sales volume of 14.65 thousand tonnes.
Future relevance of KPI	Bangladeshi's per acre yield needs to be improved. The management analyses the impact on an annual basis	The KPI will remain relevant in the future	The KPI will remain relevant in the future
Opportunities / Threats	Improvement in per acre agricultural output of Bangladesh is necessary for long-term food security of the Country. However, poor education and knowledge makes them unwilling to adopt modern techniques in achieving this objective	Continuous depletion of Bangladeshi's gas reserves is resulting in declining gas pressure, impacting the Company's food & ice cream production. To be sustainable in the long-term, the Company focuses on investment in upgradation and maintenance activities, besides evaluating alternative fuel options. These ventures require high capital costs and increased production downtime but are necessary for sustaining production levels	There is still room for expansion of our domestic distribution network besides exploring export opportunities. However, any possible shortage of gas in the future is a cause for concern and would hamper progress in the long run if not proactively addressed by the Government. Increasing gas cost and pricing pressures can impede Company's margins

## Significant changes in objectives & strategies

Business objectives & strategies of GHAIL are carefully planned. There were no significant changes during the year which affected our course of action for achievement of these objectives

### OBJECTIVE 04

#### Create / enter new lines of business to augment profitability and achieve sustained economic growth

Continuously seek profitable avenues to diversify within and outside the Fertilizer Industry

Medium / Long-term

High

Human capital, intellectual capital, financial capital

Profitability: EPS, ROE, Asset Turnover and DPS  
Sustainability: Current Ratio, Gearing and Interest Cover

Diversification: Annual resource allocated for expansion of the projects already acquired in addition to identification and development of new investment projects

The KPI will remain relevant in the future

### OBJECTIVE 05

#### Enhance operational efficiency to achieve synergies

Align our business processes, reducing time and money losses

Short-term

High

All capitals

Market share and production efficiency ratio

The KPI will remain relevant in the future

### OBJECTIVE 06

#### Costs Economization

Keeping our resource utilization at an optimum level through strict governance policies

Short / medium term

High

Human capital, intellectual capital, financial capital

Gross Profit Margin & Net Profit Margin

The KPI will remain relevant in the future

# Core Values & Code of Conduct

## Core Values

At GHAIL we seek uncompromising integrity through each individual's effort towards quality products for our customers, maximizing returns to the shareholders and making sizable contributions to the National Exchequer

Our business success is dependent on trusting relationships. Our reputation is founded on the integrity of the Company's personnel and our commitment to the principles of:

### HONESTY

in communicating within the Company and with our business partners, suppliers and customers, while at the same time protecting the Company's confidential information and trade secrets

### EXCELLENCE

in high-quality products and services to our customers

### CONSISTENCY

in our words and deeds

### COMPASSION

in our relationships with our employees and the communities affected by our business

### FAIRNESS

to our fellow employees, stakeholders, business partners, customers and suppliers through adherence to all applicable laws, regulations and policies and a high standard of moral behaviour

## Policy Statement of Ethics & Business Practices

- It is the policy to follow the highest business ethics and standards of conduct. It is the obligation of every one of us to act responsibly; that is, to be honest, trustworthy, conscientious and dedicated to the highest standards of ethical business practices
- The Company's reputation and its actions as a legal entity depend on the conduct of its directors and employees. Each one of us must endeavor to act according to the highest ethical standards and to be aware of and abide by applicable laws
- We all must ensure that our personal conduct is above reproach and complies with the highest standards of conduct and business ethics, and have the obligation to ensure that the conduct of those who work around us complies with these standards. The Company's Code of Business Ethics and Code of Conduct will be enforced at all levels fairly and without prejudice
- This code to which the Company is committed in maintaining the highest standards of conduct and ethical behaviour is obligatory, both morally as well as legally and is equally applicable to all the directors and employees of the Company who all have been provided with a personal copy

## Code of Conduct

1

We shall conduct our employment activities with the highest principles of honesty, integrity, truthfulness and honour. To this end, we are to avoid not only impropriety, but also the appearance of impropriety

2

We shall not make, recommend, or cause to be taken any action, contract, agreement, investment, expenditure or transaction known or believed to be in violation of any law, regulation or corporate policy

3

We shall not use our respective positions in employment to force, induce, coerce, harass, intimidate, or in any manner influence any person, including subordinates, to provide any favour, gift or benefit, whether financial or otherwise, to ourselves or others

4

In business dealings with suppliers, contractors, consultants, customers and Government entities, we shall not provide or offer to provide, any gratuity, favour or other benefit and all such activities shall be conducted strictly on an arm's length business basis

5

While representing the Company in dealings with third parties we shall not allow ourselves to be placed in a position in which an actual or apparent conflict of interest exists. All such activities shall be conducted strictly on an arm's length business basis

6

All of us shall exercise great care in situations in which a pre-existing personal relationship exists between an individual and any third party or Government employee or official of an agency with whom the Company has an existing or potential business relationship. Where there is any doubt as to the propriety of the relationship, the individual shall report the relationship to management so as to avoid even the appearance of impropriety

7

We shall not engage in outside business activities, either directly or indirectly, with a customer, vendor, supplier or agent of the Company, or engage in business activities which are inconsistent with, or contrary to, the business activities of the Company

8

We shall not use or disclose the Company's trade secrets, proprietary or confidential information, or any other confidential information gained in the performance of Company duties as a means of making private profit, gain or benefit

## NOTICE OF THE 16TH ANNUAL GENERAL MEETING

Dhaka, Dated 3rd December 2020

Notice is hereby given that the 16th Annual General Meeting (AGM) of Golden Harvest Agro Industries Limited will be held on 24th December at 4.00 p.m. The AGM will be held virtually by using digital platform through the link <https://ghail.bdvirtualagm.com> to transact the following businesses:

### Agenda for General Resolution:

1. To consider and adopt the Company's Financial Statements for the year ended 30th June, 2020 and the report of the Auditors' and Directors' there on.
2. To approve dividend as recommended by board of directors for the year ended 30th June, 2020.
3. Retirement and re-election of Directors.
4. To Approve appointment of Independent Directors .
5. To approve appointment of Auditors of the Company for the year ended 30th June 2021 and fixation of their remuneration.
6. To approve appointment of Corporate Governance Compliance Auditor for the year ended 30th June 2021.
7. Approval of Intercompany loans and guarantees.
8. Approval of related party transactions.
9. To transact any other business with the permission of the chair.

By the Order of the Board

Sd/-

**Nirmal Chandra Sardar**

Company Secretary

### NOTES:

- a) The Record Date of the Company was 23rd November 2020 Monday and the name of Shareholders whose names appear on the Members/Depository Register on Record Date will be eligible to attend the AGM (Virtual meeting through digital platform).
- b) The Annual Report for the year ended 30th June 2020 and the proxy form is available in the company's website: [www.goldenharvestbd.com](http://www.goldenharvestbd.com)
- c) Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC/SRMIC/04 – 231/932 dated 24th March 2020, the AGM will be conducted virtually by using digital platform. The link for the virtual AGM and detailed procedure to attend the meeting will be communicated to the shareholders' email ID in due course and also will be available in company's website: [www.goldenharvestbd.com](http://www.goldenharvestbd.com)
- d) A shareholder may appoint a proxy to attend and vote in his/her place by filling proxy form. The Proxy Form duly completed and stamped, must be deposited at the share division of the Company not later than 48 hours before the time scheduled for holding the meeting and in default, Form of Proxy will be treated as invalid.



মন ভোলানো চরটি ভিন্ন স্বাদে  
**ব্লুপ ডাবল সানডি** আইসক্রিম  
এখন ১ লিটার প্যাকে



ঝামেলাহীন রান্নার রেডিমেড সমাধান  
**আদা, রসুন ও পেঁয়াজের** পেস্ট মসলা



# Awards & Achievements

## ICAB National Awards for Best Presented Annual Reports

Golden Harvest Agro Industries Ltd has steadfastly won the first prize in the Agro Sector category for the last five years at the ICAB National Awards for Best Presented Annual Reports, an awards ceremony held every year by the Institute of Chartered Accountants of Bangladesh.

The recent most ceremony, the 20th ICAB National Awards, hosted in the Pan Pacific Sonargaon Hotel and attended by Commerce Minister Mr. Tipu Munshi as the chief guest witnessed the first prize being handed over to Mr. S. M. Momtazul Islam, Chief Executive Officer, Golden Harvest Agro Industries Ltd.



Mr. S. M. Momtazul Islam, Chief Executive Officer, Golden Harvest Agro Industries Ltd. receiving the First Prize in the Agro Sector at the 20th ICAB National Awards.

### ICSB National Awards for Corporate Governance

For the last five years, Golden Harvest Agro Industries Ltd. has been awarded and honoured in the ICSB National Award for excellence in Corporate Governance from the food & Allied Category. It won the Gold Award in the 2nd, 5th & 6th ICSB National Awards in 2015, 2017 & 2018 and won the silver prize in the subsequent 3rd and 4th ICSB National Awards in 2014 & 2016 respectively.

The 6th ICSB National Awards, hosted in the Ball Room, Radisson Blue Dhaka Water Garden saw Mr. Ahmed Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd receiving the Gold Awards from Honorable Former Adviser of Finance Mr. Mirza Azizul Haque at the 6th ICSB National Awards 2018.



Mr. Rajeeb Samdani, Managing Director, Golden Harvest Agro Industries Ltd. receiving the gold awards in the food & allied at the 6th ICSB National Award 2018.

**ICMAB Best Corporate Award:**

Golden Harvest Agro Industries Ltd. has won the second prize in the Manufacturing (Miscellaneous) category for the 2nd years at the Best Corporate Award, an awards ceremony held every year by the Institute of Cost and Managements Accountants of Bangladesh.

The recent most ceremony, the Corporate Awards 2018, hosted in the Hotel Inter Continental Dhaka and attended by Planning Minister Mr. M A Mannan as the chief guest witnessed the second prize being handed over to Mr. Enamuzzaman Chowdhury, Chairman, Golden Harvest Agro Industries Ltd.



2018



2016



Mr. Enamuzzaman Chowdhury, Chairman, Golden Harvest Agro Industries Ltd. receiving the award in the manufacturing (Miscellaneous) sector.

## SAFA Best Presented Annual Reports Awards

Golden Harvest has been awarded the winner in Agricultural sector by South Asian Federation of Accountants (SAFA), an Apex Body of the South Asian Association for Regional Co-operation (SAARC) and a Acknowledged Accounting Grouping of International Federation of Accountants (IFAC). The award is a compliment of our commitment to intelligibility.



2018



2017



2016



2014

## DITF Awards



2019



2017



2016

## Commward

Brand Forum Commward 2016;  
Grand Prix award in the packaging category



2016

# Certifications & Membership

## Certifications

Certifications confirm our compliance with international standards on Production, Management system, environment and Social responsibilities.



### ISO 9001:2008

ISO 9001 is the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements.

Certificate # SG15/05063 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstiliigation  
Rossmore Business Pak Ellesmere  
Prt Cheshire CH65 3EN UX



### ISO 22000:2005

ISO 22000 is a Food Safety Management System that can be applied to any organization in the food chain, farm to fork. Becoming certified to ISO 22000 allows a company to show their customers that they have a food safety management system in place.

Certificate # BD16/711040978 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstiliigation  
Rossmore Business Pak Ellesmere  
Prt Cheshire CH65 3EN UX



### BSTI

Bangladesh Standards And Testing Institution Certification centers on essential elements of products and quality management system compliant with BSTI standards.

Certificate #1785/G-1/2014 by  
BSTI, 116/A. Tejgaon Industrial  
Area, Dhaka-1208.



### HACCP

Hazard analysis and critical control points or HACCP is a systematic preventive approach to food safety from biological, chemical, and physical hazards in production processes that can cause the finished product to be unsafe, and designs measurements to reduce these risks to a safe level.

Certificate # BD15/144125 by  
SGS Uniled Kingddn Lld Syslsns &  
Services Cstiliigation  
Rossmore Business Pak Ellesmere  
Prt Cheshire CH65 3EN UX

## Membership

Membership confirms our legal and social status in Commercial as well as national and international community.



### DCCI

DCCI, serving its entire range of members with advocacy representation, services and contacts.

Membership # 01028  
DCCI Building, 65-66  
Motijheel C/A, Dhaka



### BFVAPE

Bangladesh Fruits Vegetables and Allied Products Exporters Association

Membership # 184  
28/1 C Toyenbee Circular  
Road, Motijheel, Dhaka



### BAPLC

Bangladesh Association of Public Listed Companies

BAPLC, Block # B, Road # 1,  
House # 17, Nikejan,  
Gulshan - 1, Dhaka



### BAPA

Bangladesh Agro Processors' Association

BAPA, House # 15,  
Road # 16, Dhanmondi,  
Dhaka



### Environment

Environmental certification is a form of environmental regulation and development where a company can voluntarily choose to comply with predefined processes or objectives set forth by the certification service.

Department of  
Environment of Bangladesh  
Gazipur District office, House # 6,  
Word # 9, Nolzani, Chondona,  
Joydevpur, Gazipur, Dhaka

# Same Great Taste in New & Improved Packaging



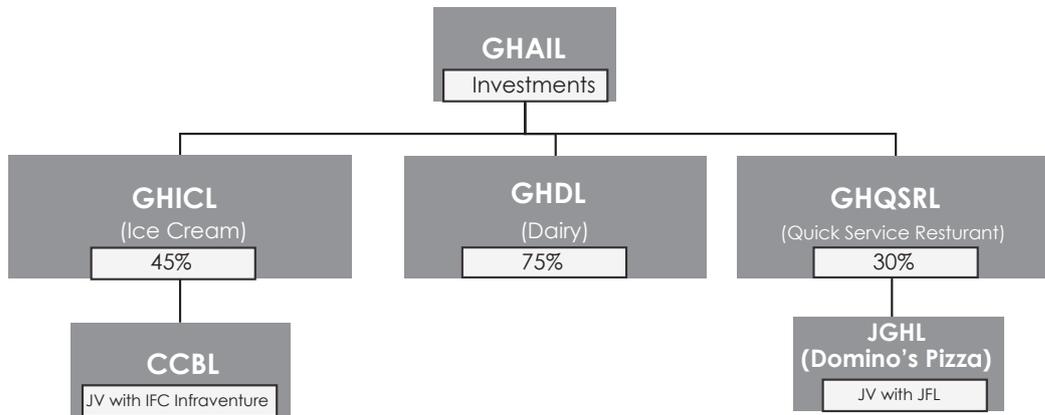
Great Taste from unique recipes & freshest ingredients

# Company Profile & Group Structure

Our commitment to enhance value for our stakeholders, driven through resilience of our business model and determination of our workforce in conjunction with our diversified portfolio and contribution to the economy has made us one of the robust and accomplished businesses in Bangladesh.

## Group Structure

The GHAIL Group is represented by several subsidiaries, associates and chain associates engaged in the two business lines of Food production and logistics. In food business, the parent entity together with one subsidiaries and two associates are involved in the frozen food, Ice cream, dairy and QSR business. Another associates are established for cold chain logistics support.



Parents Company

## Golden Harvest Agro Industries Limited

Golden Harvest Agro Industries Ltd. is a publicly listed company which is one of the pioneers in Frozen Food manufacturing in Bangladesh. The brand is known, both locally and abroad, for its wide range of ready to cook frozen products. Golden Harvest Agro Industries Ltd. takes pride in its food processing plant & supply chain. For its production and supply chain facilities the company has received many certifications including ISO 22000:2005, 9001:2008 & HACCP. The food processing plant is situated in Gazipur which is equipped with state of the art machineries and is maintained by a team of industry's best professionals. Once production is completed and quality is assured, the frozen products are distributed through an extensive network of temperature controlled transportation system. The company distributes nationwide Frozen Food maintaining a temperature of -18° C through its cold chain network. All these ensures top quality products, farm to fork!

Subsidiary Companies

### Golden Harvest Dairy Limited

Golden Harvest Dairy Ltd came about as the Company's decision to meet the ever growing domestic demand for milk products. The dairy sector is heavily reliant on import of milk & milk products from abroad, and there was a substantial gap between demand and supply in the country. A scenario which encouraged the Company's senior management to go for this bold venture. Since it already had acquired extensive knowledge and expertise in the agro sector, the Company was soon able to setup its state of the art facilities at Gowainghat, Sylhet spreading over more than 7 acres of land with indoor herd management measures.

Associates Company

### Golden Harvest Ice Cream Limited

Golden Harvest Ice-Cream Ltd. is the new entrant in the Bangladesh ice-cream industry with the brand BLOOP. Golden Harvest has set up a brand new plant from Tetra Pack Sweden and is being operated under the supervision of a highly experienced Danish production manager. The brand offers around 106 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more.

### Golden Harvest QSR Limited

Golden Harvest QSR Ltd. an associated company of Golden Harvest Agro Industries Ltd. has entered into a Joint Venture (JV) agreement with Jubilant FoodWorks Ltd. on Mar. 06, 2018 to set up fast food outlets for Domino's Pizza, the World Wide Leader in Pizza Delivery. Domino's Pizza, Head Quartered in the U S A started operation in the year 1960, is the world renowned pizza brand & the largest pizza chain world-wide, operating through more than 15,300 outlets in 85 countries having global sales for the year 2017 for US\$ 12.20 Billion. Domino's Pizza employs more than 400,000 people & delivers 2 Million pizzas per day throughout the world, which is 730 Million pizzas per year. Domino's has '30-minutes delivery' guarantee & for any reason the customer is dissatisfied with Domino's Pizza dining experience, the company will remake pizza or refund money. The Domino's APP allows the customer to monitor the activities of the relevant order from ordering to delivery', real time. Jubilant FoodWorks Ltd. is a Jubilant Bhartia Group Company of India, is one of India's largest food service company & listed with Indian bourses since Feb. 2010; the JV, named Jubilant Golden Harvest Ltd. is incorporated in Bangladesh & Golden Harvest QSR Ltd

Joint Venture

### Jubilant Golden Harvest Limited

Golden Harvest QSR Limited (GHQSR), an associate company (30% share) of Golden Harvest Agro Industries Limited, owns 49% share of Jubilant Golden Harvest Limited (JGHL), and rest 51% share is owned by Jubilant Foodworks Limited (JFL), a listed company in India. JGHL is a joint venture company between Jubilant Foodworks and Golden Harvest is operating Domino's Pizza restaurant in Bangladesh.

### Cold Chain Bangladesh Limited

This is the first cold chain network in the country entered into a joint venture agreement with International Finance Corporation (IFC), to invest in a network of temperature-controlled warehouses and logistics assets. This third-party logistics service company is the first of its kind in Bangladesh. CCBL, USD \$ 22 million equity based pilot project (30% IFC : 70% Golden Harvest), expects to serve a diverse customer base from 13 storage locations across the country using its temperature-controlled transportation fleet.

## Company Information

### Board of Directors

Enamuzzaman Chowdhury

#### Chairman

Ahmed Rajeeb Samdani

#### Managing Director

Nadia Khalil Choudhury

Azizul Huque

Mohius Samad Choudhury

Moqsud Ahmed Khan

Sameera Mahmud Reza

Independent Director

Alena Akhter Khan

Independent Director

### Audit Committee

Alena Akhter Khan

Chairman

Nadia Khalil Chowdhury

Azizul Haque

### Nomination & Remuneration Committee

Alena Akhter Khan

Chairman

Nadia Khalil Chowdhury

Enamuzzaman Chowdhury

Ahmed Rajeeb Samdani-Advisory

### Chief Financial Officer

Rojina Akhter FCA

Tel No. +88-02-8878784-7

Fax No. +88-02-8878204

E-mail: info@goldenharvestbd.com

### Company Secretary

Nirmal Chandra Sardar

Tel No. +88-02-8878784-7

Fax No. +88-02-8878204

E-mail: nirmal.sardar@@goldenharvestbd.com

### Corporate Head Office

Shanta Western Tower, Level-5,

S/501 & 502, 186 Gulshan-

Tejgoan Link Road, Tejgoan,

Dhaka-1208

Website: www.goldenharvestbd.com

Tel No. +88-02-8878784-7

ax No. +88-02-8878204

E-mail: info@goldenharvestbd.com



### Registered Office & Factory

Bokran, Monipur Bobanipur,

Gazipur Sadar, Gazipur,

Bangladesh

### Share Department

Sena Kalyan Business Mart

Level-8, Plot : 218/C,

Gulshan-Tejgaon Link Road,

Tejgaon I/A, Dhaka-1208

Tel No. +88-02-9840181

E-mail: share@goldenharvestbd.com

### **Sales & Marketing Division**

Sena Kalyan Business Mart  
Level-8, Plot : 218/C,  
Gulshan-Tejgaon Link Road,  
Tejgaon I/A, Dhaka-1208  
Tel No. +88-02-9840181  
E-mail: share@goldenharvestbd.com

### **Auditors**

MABS & J Partners,  
Chartered Accountants  
SMC Tower (7th Floor), 33,  
Road # 17, Banani C/A,  
Dhaka-1213, Bangladesh.  
Phone : +88-02-981057-58,  
9821365-66  
E-mail: info@mabsj.com  
www.mabsj.com

### **Legal Advisor**

Mrs. Anita Ghazi Islam  
The Legal Circle

### **Tax Advisor**

Rahman Podder & Associates  
333/1, Segun Bagicha, Dhaka-1000

### **Corporate Governance Compliance Auditor**

M/s. Snehasish Mahmud & Co,  
Chartered Accountants,  
Plot No, 10 Road No. 9,  
Baridhara J Block, Dhaka-1212

### **Bankers**

Mercantile Bank Limited  
First Security Islami Bank Limited  
Community Bank Limited  
United Commercial Bank Limited  
Standard Bank Limited  
Bangladesh Commerce Bank Limited  
Agrani Bank Limited  
NRB Global Bank Limited

### **Non Banking Financial Institution**

IPDC Finance Limited  
IDLC Finance Limited  
BD Finance & Investment Limited  
Industrial And Infrastructure  
Development Finance Limited

### **Insurer**

Janata Insurance Company Limited  
Prime Insurance Company Limited  
Green Delta Insurance Company Limited  
Karnaphuli Insurance Company Limited  
Reliance Insurance Company Limited

## Senior Management Officials

Advisor-Business Process &  
Developments

**Dilwar H. Choudhury**

Chief Financial Officer

**Rojina Akhter FCA**

Company Secretary

**Nirmal Chandra Sardar**

Deputy General Manager-Account &  
Finance

**Md. Rafiquzzaman FCMA**

Assistant Vice President-Internal Audit

**Md. Ashraful Islam**

Senior Manager-Legal

**Nityanand Mazumder**

Manager-Accounts &  
Financial Reporting

**Md. Shahiduzzaman**

Deputy Manager- Accounts

**Mahmudul Hasan ACCA**

Deputy Manager- Costing

**Md. Arifur Rahman Bhuiyan**

Deputy Manager-IT

**A.N.M Sadiqur Rahman**

Assistant Manager – Treasury

**Md. Mazidur Rahman**

Chief Executive Officer

**S M Momtazul Islam**

General Manager-Production

**Mohamed Aftab Uddin**

Chief Technical Officer

**Probir Kumar Sarker**

Deputy General Manager-Sales  
& Distribution

**Ahmed Hasan Al Baker**

Deputy General

Manager-Supply Chain

**Nesar Ahmed**

Assistant General Manager-HR  
& Admin

**B M Rabbany**

Assistant General  
Manager-Marketing

**Mohammad Sazzad Hossain**

Manager -Factory

**S. M Quamrul Islam**

Senior Sales Manager

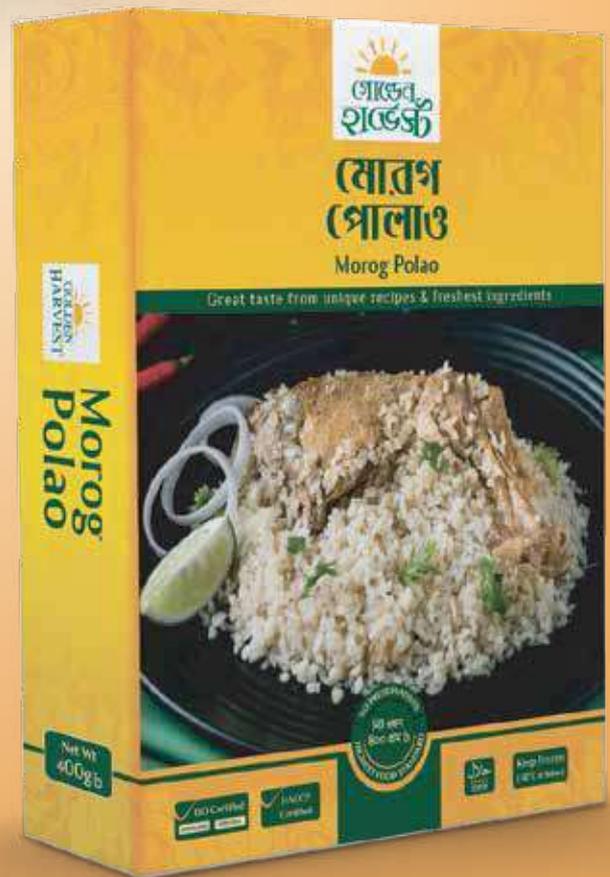
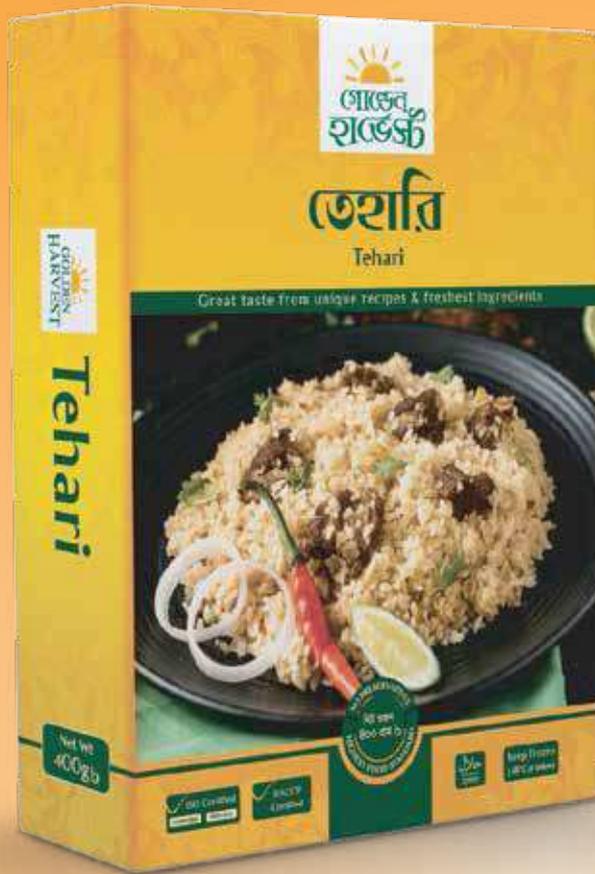
**Md. Shahabul Islam Shawon**

Sales Manager

**Mohammad Sahadat Hossain**

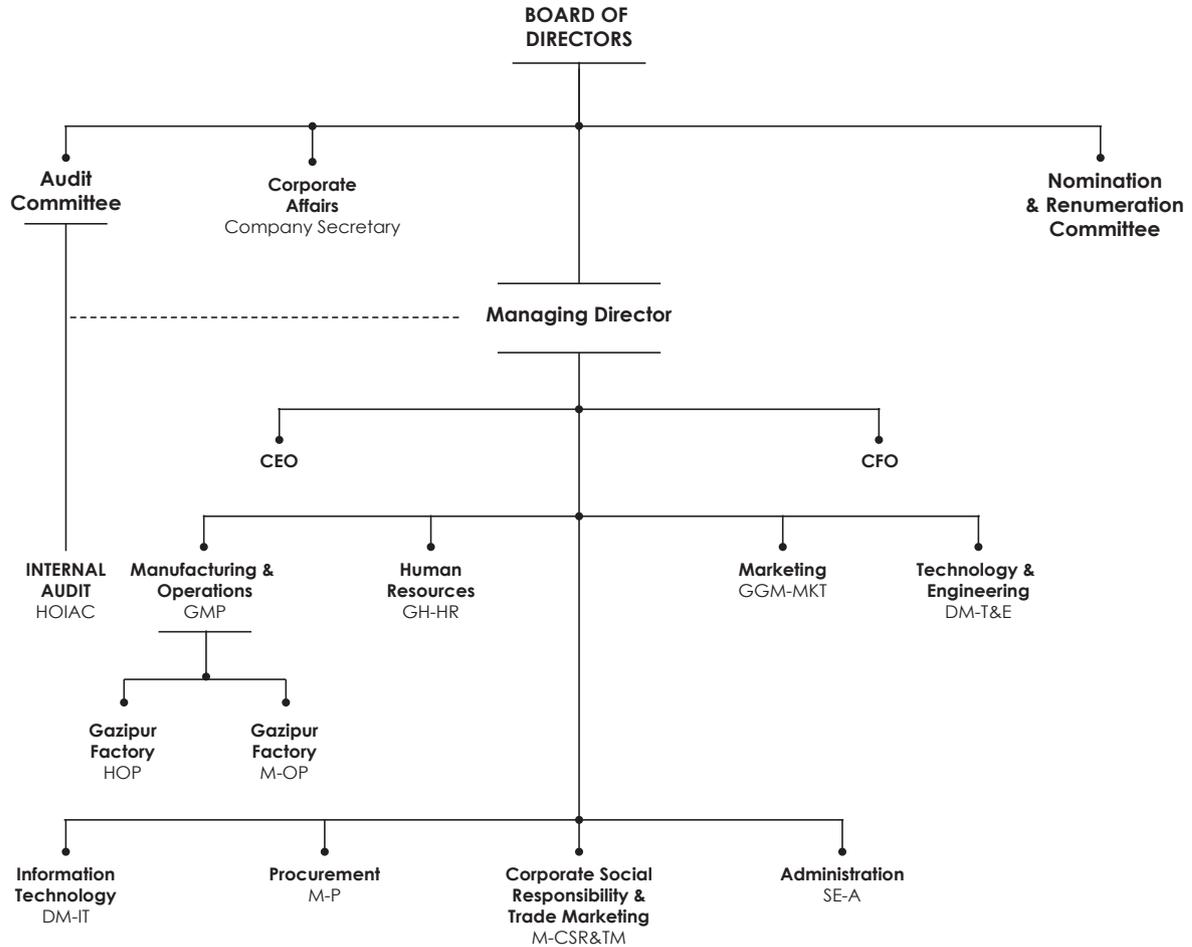
Officer-Share Division

**Md. Sajadul Alam**



# Organizational Chart & Key performance indicators

## Organizational Chart



A	Administration
CFO	Chief Financial Officer
HOIAC	Head of Internal Audit & Compliance
CSR&CW	Corporate Social Responsibility and Trade Marketing
GHICL	Golden Harvest Ice Cream Limited
GHDL	Golden Harvest Dairy Limited
GMP	General Manager Production
GM	General Manager

GH-HR	Group Head- Human Resources
IT	Information Technology
M&O	Manufacturing & Operations
MKT	Marketing
P	Procurement
M	Manager
DM	Deputy Manager
SE	Sr. Executive

### Number of employees

GHAIL has employed 580 people in its operations including factory, marketing offices and head office. Location-wise breakup of number of employees has been disclosed on page 62 of the Report. Disclosure of total and average number of employees, separately identifying the factory employees has been made in Note 42.06 of the Financial Statements.

### Position within the value chain

Our value creation business model and process shows how we take in value, use our manufacturing facilities, people, systems and relationships to create additional value for our shareholders, employees, and other stakeholders.

### External environment

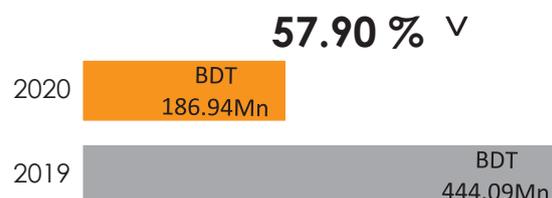
Significant factors effecting the external environment and our associated responses have been disclosed in detail on page 155 of the Report. Significant changes from prior year Any significant changes from last year, have been appropriately disclosed in the relevant sections of this Report.

## Key performance indicators

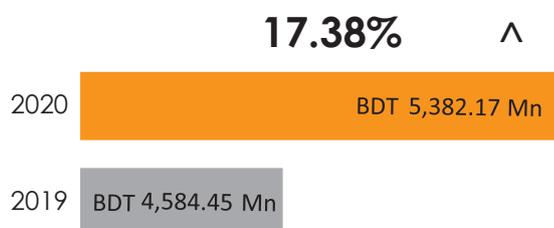
### • Revenue Growth:



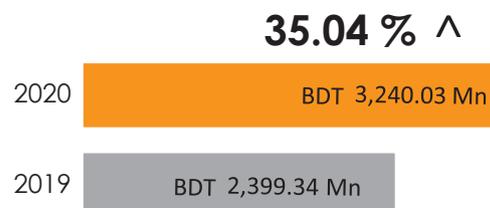
### ■ Profit from operation



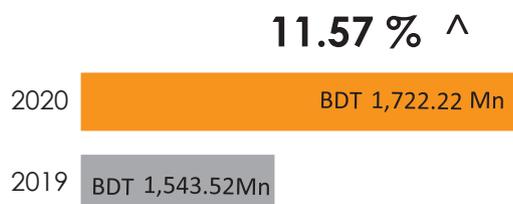
### ■ Total Assets



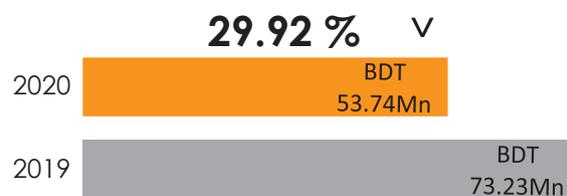
### ■ Shareholders Equity



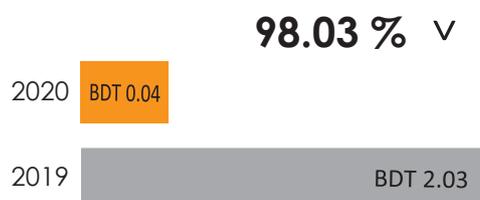
### ■ Property, Plant and...



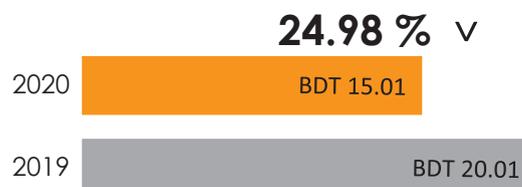
### ■ Contribution to National...



### ■ EPS



### ■ Net Assets



# BOARD OF DIRECTORS

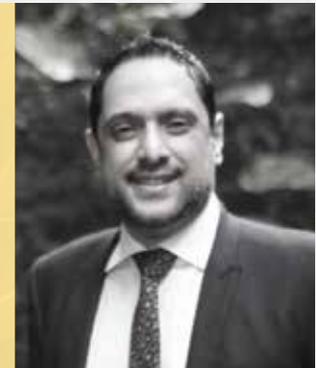


**Enamuzzaman Chowdhury**  
Chairman

Mr. Enamuzzaman Chowdhury, Chairman of Golden Harvest Agro Industries Ltd. has completed Bachelor of Arts from University of Dhaka in 1963. Having 31 years of banking experience, started career with the then Habib Bank in April 01, 1964 and voluntarily retired as Deputy General Manager from Agrani Bank Limited in 1994. Worked in different senior level positions of Agrani bank in different locations of the country. Successfully completed different Management related courses from Karachi, Pakistan and different HR related courses from BIBM.

**Ahmed Rajeeb Samdani**  
Managing Director

Mr. Ahmed Rajeeb Samdani is the Managing Director of Golden Harvest Agro Industries Ltd and chairman of other companies in Golden Harvest Group, a leading Bangladeshi Conglomerate with business into information technology, commodities, logistics, food processing, agriculture, dairy, aviation, infrastructure development and real estate. Mr. Samdani is the Director of Sonali Life Insurance Company, Director of Cold Chain Bangladesh Ltd and director of Nippon Express (BD) Ltd, a joint venture logistics company with its Japanese partner Nippon Express, the largest logistic company in Asia and the 7th largest logistic company in the world.



**Ms. Nadia Khalil Choudhury**  
Director

Ms. Nadia Khalil Choudhury, an energetic business person with innovative ideas and concepts, is a Director of Golden Harvest Agro Industries Ltd, Managing Director of Golden Harvest Foods Ltd, Brain train Studio Ltd and Golden Harvest QSR Ltd and Director of other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different Social activities, she is the Founder and Director of Samdani Art Foundation and the Co-Founder and President of Samdani Art Foundation. She is an avid art collector and well known for her art philanthropy. Ms. Nadia Samdani has also contributed articles for various international art magazines and art columns, She is Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.

**Mr. Azizul Huque**  
Director

Mr. Azizul Huque, a Director of Golden Harvest Agro Industries Ltd and Managing Director of Golden Harvest Ice Cream Ltd, Golden Harvest Infotech Ltd, Golden Harvest Commodities Ltd, holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 16 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company.





**Mr. Moqsud Ahmed Khan**  
Director

Mr. Moqsud Ahmed Khan, is Sponsor Director of Golden Harvest Agro Industries Ltd, and has excellent track record in his own business in UK and Bangladesh. He has extensive knowledge of Food Business and an active Director Member of Charitable Organizations in UK and Bangladesh.

**Mohius Samad Choudhury**  
Director

Mr. Mohius Samad Choudhury, a Sponsor Director of Golden Harvest Agro Industries Ltd., is looking after the Corporate Finance of the company as well as the company's business partner's interest, particularly in the area of finance dealings, sources of funding and the capital structure of the company. His primary goal is to maximize shareholder value and time management skills in Managing Food Industries. He has vast experience in how to initiate plan, execute and close projects on time. Mr. Choudhury completed his MBA and BA Hons in Business Studies from University of Glamorgan, UK."



**Advocate Alena Akhter Khan**  
independent Director

Advocate Alena Akhter Khan is an Independent Director of Golden Harvest Agro Industries Limited is an illuminating star in the domain of human rights. By profession, she is very devoted human rights worker and also dedicated lawyer. She is also a regular contributor to print media on issues of public awareness on misinterpretation of laws, superstitions, and injustice and power abuses.



**Mrs. Sameera Mahmud Reza**  
independent Director

Mrs. Sameera Mahmud Reza has a Bachelor of Laws degree from Northumbria University in Newcastle, UK and has a Master of Laws (LL.M) degree in Commercial law specializing in Banking and Finance from the City University of London, UK. She has been called to the Bar of England and Wales in the year 2011 by the Hon'ble Society of Lincoln's Inn and is also enrolled as an Advocate of the Supreme Court of Bangladesh. Her main practice area is Banking, Finance, Real-Estate & Development, Employment & Labour, Family, Marital, Civil, Corporate, Litigation and Arbitration. Sameera has previously worked as an Associate at two leading law chambers: Rokanuddin Mahmud & Associates and Sadat Sarwat & Associates.



# MANAGEMENT COMMITTEE



**Mr. Ahmed Rajeeb Samdani**  
Chairman

The Managing Director of Golden Harvest Group, a leading Bangladeshi conglomerate with business in information technology, commodities, logistics, food processing, agriculture, dairy, aviation, infrastructure development and real estate. Mr. Samdani is the Director of Sonali Life Insurance Company Ltd. and Director of Nippon Express (BD) Ltd., a joint venture logistics company with its Japanese partner Nippon Express, the largest logistics company in Asia and the 7th largest logistics company in the world. Mr. Samdani is the founder and trustee of Samdani Art Foundation, organizer of the world largest South Asian Art summit, the Dhaka Art Summit. He is also the founding committee member and Co-Chair of South Asian Acquisition Committee of Tate Museum, United Kingdom, and a member of International Council. He is one of the founding members of Harvard University South Asian Arts Council, USA. Mr. Samdani is also a member of Alserkal Avenue Programming Committee, Dubai.



**Ms. Nadia Khalil Choudhury**  
Member

An energetic business person with innovative ideas and concepts, is a Director of Golden Harvest Agro Industries Ltd. and other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different social activities. She is the Founder and Director of Samdani Art Foundation and the Co-Founder and President of Samdani Art Foundation. She is an avid art collector and well known for her art philanthropy. Ms. Choudhury has also contributed articles for various international art magazines and art columns. She is a Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.



**Mr. Azizul Huque**  
Member

A Director of Golden Harvest Agro Industries Ltd, holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 16 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company.



**Dilwar H Choudhury**  
Member

Mr. Dilwar H Choudhury is one of the Independent Directors of Bank Asia Ltd. He was a veteran banker with 35 (thirty five) years of banking experience including working in eight different countries in Asia, Africa and Europe in a multicultural situation. He was the former Managing Director (incharge) of City Bank Ltd. His most significant career exposure happened while managing and operating three full-fledged banking operations as chief executive officer in Turkey, in Pakistan and in Bangladesh. He was also a Banking consultant for KPMG Dhaka during 2004-2005.



**S. M. Momtazul Islam**  
Member

Mr. S. M. Momtazul Islam, the Chief Executive Officer of Golden Harvest Agro Industries Ltd. holds over 30 years of experience in Ice-cream, Frozen food, and dairy industries. He started his career at Coca-Cola and during his long career he contributed significantly to the growth of Igloo Ice Cream, Polar Ice Cream, Lovello Ice Cream, Bengal Meat and other companies. He completed his Bachelor's and Master's from the University of Dhaka. He also holds a Post-Graduate Diploma and LLB. His noteworthy industry experiences and business acumen in business operation, developing new business processes, launching new product categories, Cold Chain management and understanding the business dynamics have proved to be an indispensable asset to the Golden Harvest Group.



**Ms. Rojina Akhter, FCA**  
Member

Chief Financial Officer of Golden Harvest Group, is a fellow member of The Institute of Chartered Accountants of Bangladesh (ICAB). Ms. Akhter has 7 years experience in the Food and Pharmaceuticals industry working at board level with a diverse range of Accounting, Auditing, Costing, Business Planning, Budgeting, Income tax and VAT across private and public sector. She has been key in managing the financial health, planning and execution of different financial strategies of Golden Harvest Group.



**Mr. Nimal Chandra Sardar**  
Member Secretary

Mr. Sardar is the Company Secretary of Golden Harvest Group. He has around 10 years of experience in the field of Banking, telecommunication and FMCG. He joined Golden Harvest in 2013 as Company Secretary. Prior to joining Golden Harvest he was the head of treasury at QUBEE.

Mr. Sardar has completed his article-ship from Rahman Rahman Huq, a member firm of KPMG international. He obtained BBA (Hon's) and MBA in Accounting from Islamic University, Kushtia

## Director's representation in other companies

### Director's representation in other companies Board within the Group

		Company Names														
Name of Directors		Golden Harvest Agro Industries Ltd.	Golden Harvest Ice Cream Ltd.	Golden Harvest Foods Ltd.	Golden Harvest Dairy Ltd.	Golden Harvest Commodities Ltd.	Nippon Express Bangladesh Ltd.	Golden Harvest Developers Ltd.	Golden Harvest Infotech Ltd.	Jubilant Golden Harvest Ltd.	Golden Harvest QSR Ltd.	Brain Train Studio Ltd.	Cold Chain Bangladesh Ltd	Fatehpur Estate Ltd.	Sonali Life Insurance Company Ltd.	Partex Aviation Ltd.
1	Ahmed Rajeeb Samdani	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
2	Nadia Khalil Choudhury	√	√	√							√		√			
3	Enamuzzaman Chowdhury	√	√													
4	Azizul Huque	√	√			√			√							
5	Mohius Samad Choudhury	√	√					√								
6	Moqsd Ahmed Khan	√														
7	Sameera Mahmud Reza	√														
8	Advocate Alena Akhter Khan	√	√		√											

যখনই খেতে চাই  
বাহ্যনার  
অভাব নাই





Golden Harvest, the first company in Bangladesh to prepared a purpose built factory in Bangladesh for processing & manufacturing ready-to-cook frozen food, ensures consistent quality of the products maintaining an efficient cold chain- starting with the production process and ending with consumers getting the product at hand.



GOLDEN  
HARVEST



# CHAIRMAN'S MESSAGE



Despite the adverse situation, GHAIL continued financing the brand as well as competitive trade selling. Some respite was however, found through modern trade, trade channels, e-commerce and home delivery. Our product still is clearly differentiated within the market as a high- quality product and remained the primary alternative amongst our customers. We tend to continue to specialize in getting client insights on style, quality, and convenience that support our new products supplied to the market.

Under these circumstances, we are currently in an expanding phase to cater demand for newly introduced products and to remain in the market.

The company has a dedicated work force 580 people, who have been taken well care of. This year your company spent large sums on health safety measure for the employees.



## Dear Shareholders,

It gives me pleasure to present you the Golden Harvest Agro Industries (GHAIL) Annual Report 2019-2020. While this was a year of extreme challenges for the world, a situation aggravated almost beyond measure by the unprecedented COVID-19 pandemic, your Company continued to play on its strengths and trying to overcome the adverse situation.

The company's business was financially affected by the ongoing COVID-19 pandemic. In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting government and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and quarantining of people who may have been exposed to the virus during March 2020. After close monitoring and taking into consideration the guidance from the government of Bangladesh, in an effort to mitigate the spread of COVID-19, effective March 19, 2020, the Company closed its Head Office for at least 2.5 Months and operated its factory activities with very minimum level.

From the very beginning of the lockdown condition, demand of certain products have been decreasing. On the top of this, because schools are closed from middle of March, majority of products do not have any demand as they are largely used as school tiffin. Hotel, Restaurant, Café/Catering (HORECA) channel are our major consumers. All hotels, restaurants, café and catering across the country were closed from the day of lock down and sales from that channel-category is zero. Even though, retail shops remained opened for limited time due to Govt. decision, but, allowing limited customers at a time as health safety measure, caused fall in sales from general trade as well.

Golden Harvest Ice Cream Limited (GHICL) is a sister concern of GHAIL. Ice cream industry in Bangladesh faced a unique challenge. The situation is not comparable with any other industry, nor with any other country. A vested interest group in Bangladesh raised false alarm against consumption of ice cream, circulating that ice cream consumption would triggers the risk of COVID-19. The group had been using loudspeakers, social-media, hand-leaflets and word of mouth to spread these unfounded rumours. Our cold distribution vans also faced resistance by the rumour mongers and even delivery men were beaten in some places by them. As a result, in the current state of confusion and uncertainty, general public stop started believing in those rumours and ice cream consumption fell drastically. Parents, out of fear, literally buying ice creams for their children, the main consumers being school going children.

Supply chain broke down, rendering our product distribution difficult and expensive. On the other hand, sourcing of raw material became very hard. Because of shortage of raw material for certain items, we were bound to stop production of such items. We started suffering for shortage of packaging materials since March 2020 and stopped production of some SKUs.

Also, in April and May 2020 as country were in full lock down. As a result huge amount of raw materials, some selected packing materials and finished goods lost their shelf life.

We faced decline in sales growth, amounting to Taka 885.19 million. As a result, in 2020, turnover decreased by 3.44% amounting to Taka 31.55 million; operation Profit decreased to Taka 186.94 million against Taka 378.08 million of the previous year and the company recorded a profit after tax of 7.76 million for the year 2020 which reflected a decrease of 96.88 % (in Taka 235.27 million) over the last year. Earnings per share (EPS) fell to Taka 0.04 in 2020 in comparison with Taka 2.03 in 2019.

Despite very low sales, the company has been paying salaries, utilities, rentals and other operational expenses from the scanty reserve. Receivables remained uncollectable as well. We depend upon strong cash flows to fund our operations, growth, interest and debt repayment.

Despite the adverse situation, GHAIL continued financing the brand as well as competitive trade selling. Some respite was however, found through modern trade, trade channels, e-commerce and home delivery. Our product still is clearly differentiated within the market as a high- quality product and remained the primary alternative amongst our customers. We tend to continue to specialize in getting client insights on

style, quality, and convenience that support our new products supplied to the market.

Under these circumstances, we are currently in an expanding phase to cater demand for newly introduced products and to remain in the market. The Board of Directors, therefore, acted cautiously and decided to postpone dividend payment of FY-2019-20.

The company has a dedicated work force 580 people, who have been taken well care of. This year your company spent large sums on health safety measure for the employees.

We are confident that we will be able to recover quickly from this uncertainty and come out stronger than ever. We need your support and understanding during this difficult time.



**Enamuzzaman Chowdhury**

Chairman

# MANAGING DIRECTOR'S MESSAGE





With the outbreak of COVID-19, the systems, needs, and values in the world have changed dramatically. As I have been saying we are in the era of uncertainty; has heightened due to the destabilization of financial markets, protracted ultra-low interest rates, and changes in international affairs. In addition, remote and non- face to face communications will increase substantially and become the norm around the world, and because of this, digital technology platform (E-commerce) and Ready to eat products are on demand.

These COVID-19 pandemic situation has open various opportunities for diversifying the new business. We expanded your business to frozen vegetables, Paste Spices, ready to eat food items like: morog polao, tehari etc. GHAIL is also planning to invest and launch E commerce platform for our consumers. Home delivery service is now very popular among the consumers. We have a huge demand for Paratha and Roti segment; to meet the demand and supply, your company invested in new paratha machine.

Recently, your company started to export frozen products which will give a positive impact on the Company's revenue in a short period of time.

**Dear shareholders,**

On behalf of the Board of Directors of Golden Harvest Agro Industries Ltd (GHAIL), I am pleased to present the Annual Report and Audited Financial Statements of your Company for the year ended 30 June 2020.

We are living through a difficult time in our society and our economies. The crisis around the COVID-19 pandemic has left none untouched. The virus is not only claiming human lives; it is subjecting individual countries and the global political order to extraordinary stress rarely seen in peacetime. But these challenges only reinforce our resolve to continue working towards Golden Harvest AGRO LTD. (GHAIL)'s vision; making the industry more resilient.

**Overview of Financial Results**

In Financial Year 2019-2020, COVID-19 has affected financial performance of GHAIL. For financial year 2019-2020, the company has delivered outstanding performance in first two quarters, but the uncontrolled situation kept the company under-performed against the previous financial year 2018-19, evidenced by The Company's degrowth of 96.88% in consolidated Profit after Tax as well as earnings per share.

GHAIL recorded a revenue of TK 885.19 million in 2019/20, degrowth of 3.44%, against the TK 916.74 million Recorded in 2018/19. The company's gross profit margin declined to 15.22% during this year. Profit after tax stood at TK 7.76 million in 2019/20 compared to TK 242.84 million in 2018/19. Earnings per share is Tk.0.04, a decrease of 98.05% during the year, and net assets per share is Tk.15.01, with a total comprehensive income of Tk. 7.76 million.

Company's sales from HORECA Channel's has reduced during lock down period, 36% revenue come from this channel. General Trade & modern trade both got affected due to this COVID-19 pandemic. In an effort to prevent transmission of coronavirus and to improve the situation, the government issued some directives imposing restrictions on the movement of people. As a result, the shops were shut down before 4 pm. Furthermore, Distributors were having losses due to low customer engagement. School, college, and universities are closed which eventually made an impact on our snack items' sales.

At the end of the fiscal year, facing numerous unforeseen obstacles together with our customers, our Business could not escape the loss.

As you know, Golden Harvest Agro Industries Limited (GHIL) is a leading brand in the frozen food industry in Bangladesh and is currently ranked number one. However, the overall growth has been stunned due to COVID-19 pandemic. To overcome this situation your company has taken some vital decisions to heavily invest for expansion. The Company issued the right share in order to inject capital into the company for sustainable business growth in the long run. To boost production capacity the company invested in new machineries. At last, Sustainable growth is possible if a strong mandate is be given to us by our valued shareholders. The performance outlines our strength and capabilities to deliver sustainable growth ensuring growing returns to our shareholders and stakeholders. We are also committed to ourselves meeting up our goals, providing maximum profit to our shareholders, and being accountable to our stakeholders for our actions.

## **Preparing for the Post COVID-19 World and looking Ahead**

Against this macroeconomic backdrop and the unprecedented challenges that COVID-19 presents all businesses world-wide, GHAIL has taken proactive steps to understand the impact on the business by evaluating multiple stress tested operating scenarios. In addition, the business has adopted some reporting system, weekly business review meeting which cover financial and non-financial KPI's and revised targets, and including monitoring of weekly cash targets and spend control initiatives including a freeze on all non-essential capital expenditure and stringent expense control measures. Side by side, the business engaged with its suppliers and distributors to better manage working capital and minimize credit risk. GHAIL also commenced streamlining distributor network to ensure greater stability for the future. While the forecasted liquidity position is comfortable, we are of the view that undertaking proactive steps ahead of further stresses will assist the company in maintaining of a stronger balance sheet and facilitate smoother and faster recovery path.

With the outbreak of COVID-19, the systems, needs, and values in the world have changed dramatically. As I have been saying we are in the era of uncertainty; has heightened due to the destabilization of financial markets, protracted ultra-low interest rates, and changes in international affairs. In addition, remote and non- face to face communications will increase substantially and become the norm around the world, and because of this, digital technology platform (E-commerce) and Ready to eat products are on demand.

These COVID-19 pandemic situation has open various opportunities for diversifying the new business. We expanded your business to frozen vegetables, Paste Spices, ready to eat food items like: morog polao, tehari etc. GHAIL is also planning to invest and launch E commerce platform for our consumers. Home delivery service is now very popular among the consumers. We have a huge demand for Paratha and Roti segment; to meet the demand and supply, your company invested in new paratha machine.

Recently, your company started to export frozen products which will give a positive impact on the Company's revenue in a short period of time.

### **Dividend**

Due to the COVID-19 pandemic the business has been affected adversely. There was no substantial disposable income during the current year for declaration of dividend. Therefore, the board of directors in its 139th board meeting held on 28 October 2020, had declared no dividend. Besides this, the board of directors also considered it appropriate to hold some amount of retained earnings as reserve fund for this uncertain period and also consider expanding into new market opportunities including export resulting out of COVID 19 situation.

### **Gratitude for the efforts of Employees**

Our values are driven by a talented and motivated team of 580 employees who are passionate ambassadors of our brands. Our ability to attract, retain inspire and empower the best talent has been one of the key success factors of the company. We continue to invest people through training and development of our human resources. We believe that the imported aspects of empowerment, training and growth and mentoring are imported components that are leveraged to ensure that our workers remain the best at what they do and are pioneers of expertise in their respective fields.

### **Acknowledgement and appreciation**

As stated before and demonstrated by the financial results announced today, GHAIL's performance has been solid even amid the COVID-19 pandemic. I would like you to concentrate on fulfilling your mission with peace of mind, think and act for yourself with a strong sense of ownership.

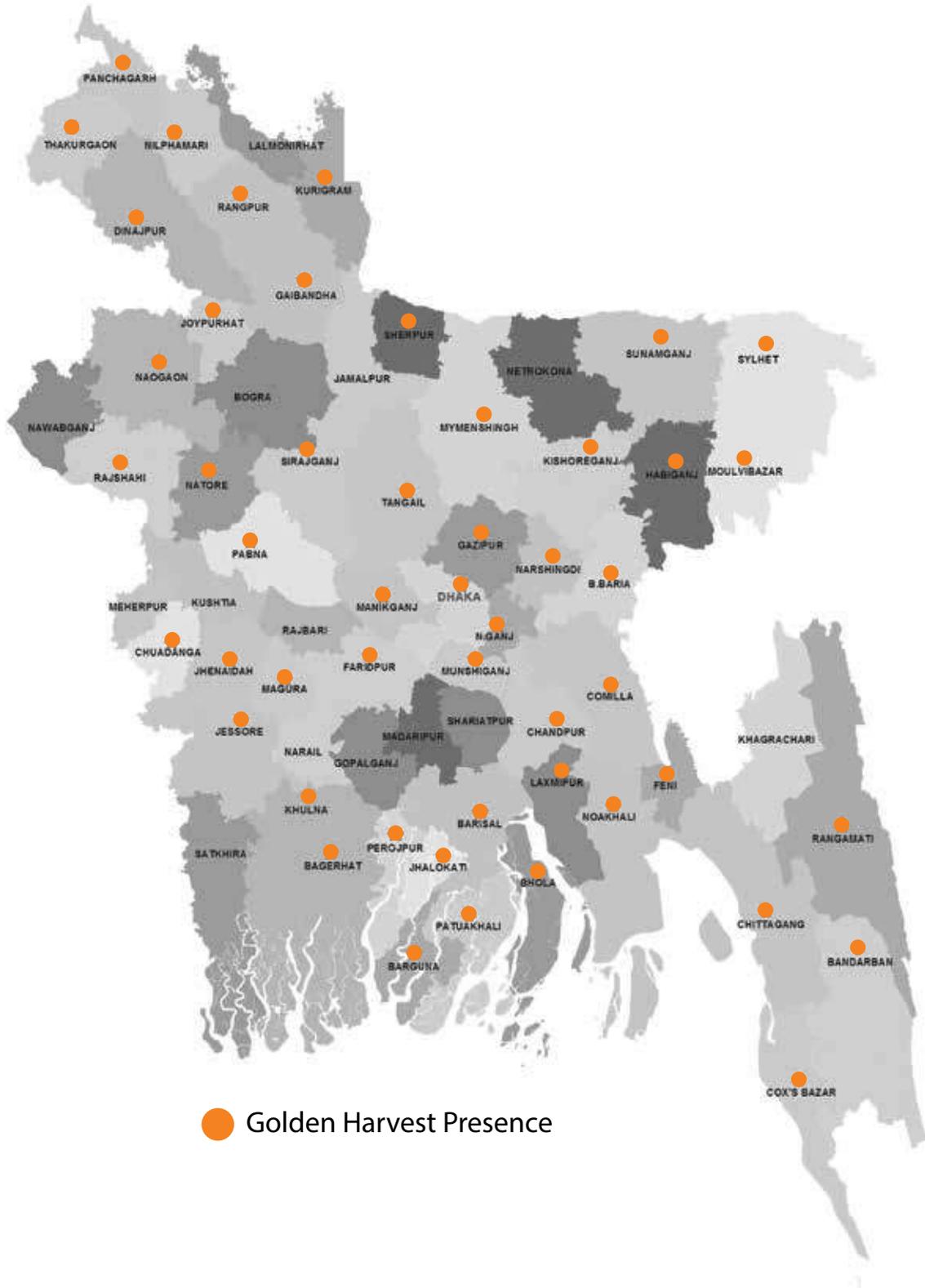
I can see a bright future ahead for GHAIL employees, our channel partners, Suppliers and other who worked with us in this critical situation. I believe, GHAIL, after the accomplishment of the expansion, GHAIL will become a strong contender in the industry. Let's work altogether to overcome the difficult situation with the aim of becoming a valuable and indispensable entity by meeting stakeholder expectations.



**Ahmed Rajeeb Samdani**

Managing Director

## Our National Footprint



# Directors Report

## Management Discussion and Analysis

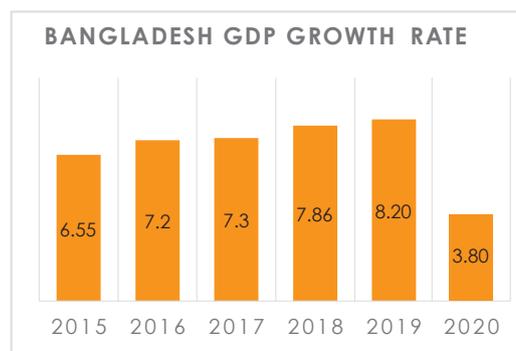
In the frozen, packed food industry, Golden Harvest Agro Industries Limited is Bangladesh's market leader. The items are sold under the 'Golden Harvest' brand name. It is at the top of Bangladeshi customers' minds as a company with an established track record of high quality products." The company has a tradition in exporting of frozen fruit and vegetables to Europe.

## Bangladesh Economic Overview

In June 2020, World Bank published the Global Economic Prospects that describes both the immediate and near-term outlook for the impact of the pandemic and the long-term damage it has dealt with prospects for growth. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020. Bangladesh's Per capita GDP was 8.2 in FY19 but during this fiscal year-FY20; Per capita GDP in Bangladesh is drastically fell down from 8.2 to 3.8, says the IMF in its World Economic Outlook. Over the longer horizon, the deep recessions triggered by the pandemic are expected to leave lasting scars through lower investment, an erosion of human capital through lost work and schooling, and fragmentation of global trade and supply linkages.

The impact of COVID-19 upon the Bangladesh economy has been no less dramatic in the first two months of lockdown. The economic impact has been felt in two main avenues: first, a drop in domestic economic activity, after the shutdown announced on March 26; the second is a decline in exports, which have been strongly impacted.

However, the Prime Minister has announced a large package of the assistance to support the country's large scale industries as well as encourage industrialists.



SOURCE: TRADING ECONOMICS.COM, BANGLADESH BANK

## FMCG [Fast Moving Consumer Goods] Industry

The Food & Beverage Industry, particularly the packaged food is getting impetus due to the changing life style of the consumers; gradually for all the segments of urban, semi-urban & rural consumers. The demand for packaged & processed food is increasing dramatically like never before.

In general, the performance of the FMCG industry serves as a powerful indicator of economic progress in any country. This is particularly evident in Bangladesh, where the economy is largely consumption driven. In 2020 as the local FMCG industry experienced a tough year, as demand for non-essential goods fell amidst lower disposable incomes brought about by a culmination of factors, including weak economic conditions and higher unemployment. Demand for such commodities has been declining since the very beginning of the lockdown situation. In addition, because schools are closed from mid-March, most goods do not have any demand since they are mostly used as school tiffins. The main customers are our hotel, restaurant, café/catering (HORECA) channel. All hotels, restaurants, cafes and catering are closed from the day of lock down across the country, and sales from that type of channel are zero.36% of revenue has been reduced in this time frame. Secondly, Bangladesh's ice cream industry is not comparable to any other industry, nor to any other region. In Bangladesh, a vested interest group raised a false alarm against the consumption of ice cream by circulating that the consumption of ice cream triggers the possibility of COVID-19.

Our Supply chain broke down, rendering our product distribution difficult and expensive. On the other hand, sourcing of raw material became very hard. Because of shortage of raw material for certain items, we were bound to stop production of such items like- cattle meat, milk, frozen products etc. Our import of new machineries were in halt. We started suffering for shortage of packaging materials since March 2020 and stopped production of some SKUs.

In short, the volumes of GHAIL were directly affected by the lock-down steps, Imposed by the Government. In the meantime, the output of our subsidiaries and the important part of our business, the "HoReCa channel"; were below expectations; this challenging situation was reflected by the unfavorable situation in the country.

#### **Impact of operating Environment on Golden Harvest Agro Industries Ltd.**

The DE-growth of domestic consumption impacted the Company's performance during the year under review. However, our concentrated marketing activities together with our positive brand reputation in the Bangladesh marketplace enabled the Company to maintain consumer demand for our products. Further, a range of new products which are aligned to changing consumer tastes and lifestyle choices have helped Golden Harvest Agro Industries Ltd to retain our market share and gain new customers during the year under review.

#### **Short brief of entities within the group**

##### **Golden Harvest Agro Industries Ltd.**

GHAIL remains the market leader in 'processed, ready to cook' frozen products with stable value chains engaging 156 distributors, and over approximately 35,000 retailers. Our products continue to have the highest top of the mind brand recall amongst consumers supported by a commitment to high quality, reinforced by attention to consumer convenience and availability. Innovation & development of new products employing latest machinery & equipment keeping in mind the taste of the consumers are evolving continuously reflecting the growth of market share & turn over for GHAIL; which also enhances the position of the brand, 'Golden Harvest'.



During the period under review, our market share was 29 % whereas the market size was worth BDT 1.70 Billion, showing the resilience, command & strength of your company in the frozen foods category of the country.

Shares of our company are traded in both the bourses of the country, DSE & CSE since 2013 having very stable & healthy rate for the scrip; against which you, the Honorable Share Holders are getting very sustainable return on your investments.

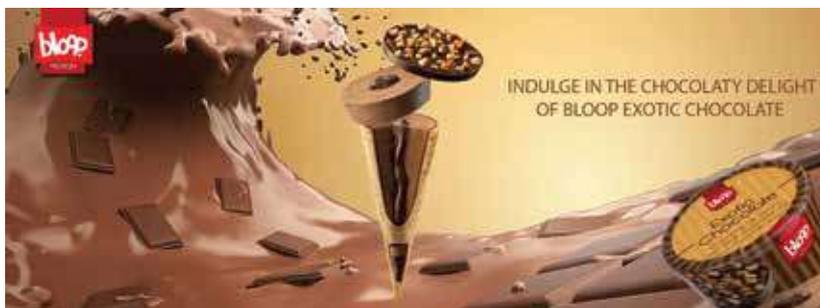
Business Diversification is a way to improve the financial health of the company; with that strategy GHAIL holds 45% of shares in Golden Harvest Ice Cream Ltd., 75% of Golden Harvest Dairy Ltd. and 30% of Golden Harvest QSR Ltd.

These initiatives of adding product portfolio and investments in diversified areas underscore the fact that the Company can be able to withstand the sudden changes in demand of the products & changes in sales revenue thereby experiencing stable financial status for the company.

##### **Golden Harvest Ice Cream Ltd.**

Formerly known as Golden Harvest Sea Food and Fish Processing Limited, the company was renamed to Golden Harvest Ice Cream Ltd in the year 2013 through the Registrar of Joint Stock Companies & Firms.

The associates, whose 45.00% shares are owned by Golden Harvest Agro Industries Ltd, was setup for the Company's move into the popular ice cream market in the country, and the Company's brand 'BLOOP' soon became popular among consumers.



Initially, the brand grew quickly and soon established itself as a popular ice cream brand in the country, securing 7th position in the industry. Soon, in spite of facing stiff competition over the next four years, its market position rose from 7th to 4th position. This was possible due to the company introducing a large product line consisting of premium and regular segment of stick, cone, cup, tub, and mini-series of ice cream, the latter of which has generated sales both from urban areas as well as rural areas. At the end of our financial year in review, total market share of the subsidiary stood at 9 % in a market worth BDT 12 Billion. The subsidiary's plant is located at Gazipur and is supported by supply chain and distribution system of the Company.

#### **Jubilant Golden Harvest Ltd.**

Golden Harvest, backed up by its logistics capability, huge distribution network, experience in QSR chain, success story of marketing Frozen Food, manufacturing Ice Cream in Bangladesh & ensuring the stringent Cold Chain Network, have allied with Jubilant FoodWorks Limited to form a joint venture 'Jubilant Golden Harvest Limited' and introduce Domino's Pizza in Bangladesh.

Domino's Pizza, head quartered in the USA having started its operation in 1960, is currently a renowned pizza brand & the largest pizza chain world-wide famous for its 30 minutes delivery along with the quality & affordable food. It is the largest pizza chain in the world based on global retail sales, with more than 16,500 stores in over 85 markets, selling more than 3 million pizzas each day. In the third quarter of 2019, Domino's had global retail sales of over \$3.2 billion,



with over \$1.6 billion in the U.S. and over \$1.6 billion internationally. Emphasis on technology innovation helped Domino's achieve more than half of all global retail sales in 2018 from digital channels, primarily online ordering and mobile applications.

Jubilant FoodWorks Limited, part of Jubilant Bhartia group is one of India's largest food service Company

catering through 1283 outlets across 276 cities (as of September 30, 2019) and is the master franchisee of Domino's Pizza. Among all the other franchisees, Jubilant Foodwork owns the highest number of outlets with the exclusive rights to develop and operate Domino's Pizza brand in India, Bangladesh, Sri Lanka & Nepal. Currently it operates in India, Bangladesh and Sri Lanka. The Company also has exclusive rights for developing and operating Dunkin' Donuts restaurants for India and has 30 Dunkin' Donuts restaurants across 10 cities in India (as of September 30, 2019). JFL has entered into the Chinese cuisine segment with its first owned restaurant brand, 'Hong's Kitchen' and has 1 Hong's kitchen restaurant across 1 city in India (as of September 30, 2019).

Golden Harvest have opened the first Domino's Pizza outlet in Bangladesh on 28th February 2019 & customers in Dhaka have welcome the brand with unprecedented success. The first outlet of Domino's Pizza in Dhaka has witnessed a record number of orders during the first week of launch, which is the highest number achieved in launch week for the brand across its network in 85 countries. The second outlet in Dhaka has already started its operation, meeting the expectation of being the second store of the world famous brand.

Domino's Pizza came to Bangladesh with a menu that is a unique combination of some top international favorite pizzas along with pizzas that were developed specifically matching the local taste. There have been extensive research over more than a year to develop a menu keeping the needs and preferences of Bangladeshi consumers in mind, while also offering the best of the brand's international menu. Domino's Pizza's proposition of high quality products and value for money will resonate well with customers. Customers are able to enjoy hot and fresh pizzas either at the restaurant or in their homes, where the pizzas would reach them within 30 minutes. Domino's Pizza brings a strong focus on ensuring Value for money for its customers with a value pricing which starts from TK 149 that will help growing into the Bangladesh market by attracting new users into this category.

#### **Golden Harvest Dairy Ltd.**

As the company agreed to satisfy the ever-growing domestic demand for milk & milk products, Golden Harvest Dairy Ltd came into being. The dairy sector is heavily dependent on foreign imports of milk and milk goods, and there was a considerable gap between demand and supply in the region, a scenario that prompted the senior management of the company to go for this bold venture.

Since it already had acquired extensive knowledge and expertise in the agro sector, the Company was

soon able to setup its state of the art abroad, and there was a substantial gap between demand and supply in the country, a scenario which encouraged the Company's senior management to go for this bold venture. Since it already



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had acquired extensive knowledge and expertise in the agro sector, the Company was soon able to setup its state-of-the-art facilities at Gowainghat, Sylhet spreading over more than 7 acres of land with indoor herd management measures.

Through the continuous intense care and security of its cow herd, and also of the local area, the Organization was able to support the Dairy project. High quality fodder and cow feed, continuous and strict surveillance and management of the herd, high-breed grass cultivation in the region, outstanding veterinary assistance,, and highly effective vaccination programs have been instrumental in producing high yields from the cattle in successive financial years, while at the same time preserving their health. As part of its social responsibility to its stakeholders, Golden Harvest has continued to provide high breed calves to nearby farmers, through which they have been able to build and lead better lives.

Before COVID-19 started, our sales were top notch. Our first quarter of FY-2019-2020 was very promising. Suddenly when the adverse situation of COVID-19 outburst, our dairy effected badly, we have forced to dump tons of milk. We forced to stop the production unit of milk during the pandemic; there was a countrywide shutdown to control the coronavirus spread. The shutdown had limited the collection, processing, and sales of milk. As we failed to supply, sufficient to feed the cattle; lack of manpower some livestock has developed various health issues and diseases, and some high-quality cattle were forced to sell to reduce our overhead cost. Low consumption of ice-cream hampered dairy milk production rigorously.

#### **Cold Chain Bangladesh Ltd.**

The global third-party logistics (3PL) market was valued at \$869 billion in 2017, and is projected to reach \$1,513 billion by 2025, registering a CAGR of 7.1% from 2018 to 2025. In 2017, the Asia-Pacific region garnered the highest share in the global 3PL market with its status as one of the fastest-growing regions. In India, the 3PL temperature controlled logistics industry is expected to grow at a 15% CAGR with its huge untapped potential.

Every country needs such an infrastructure in its development process, and for a developing nation like Bangladesh, it is a must. Such facilities have been available in India for a long time, but in Bangladesh there have been no such integrated industry till now.

Post-harvest loss in Bangladesh is very high. For many products it reaches more than 40% which is increasing the price of products especially agri based ones far higher than they should be. One key reason for such high level of wastage is that there is a lack of proper storage and transport facility available in the country. For example, Bangladesh is one of the top 10 importers of Apple, Orange and other fruits which need cold chain in every aspect of its supply chain and distribution. However, due to absence of such integrated infrastructure, large part of the distribution channel does not have cold chain. This decreases product shelf life, increases wastage and damage and subsequent price of the products. Overall, it is imperative that Bangladesh has an integrated temperature controlled third party logistics company providing temperature controlled logistics to various industries in the country.

When Golden Harvest started its operation, there was no such service available but the need was felt strongly. In time, GHAIL has invested in the entire cold chain but the demand for expansion has always

been present which is true for any company doing business in Bangladesh. This demand supply gap has influenced Golden Harvest to invest in this sector robustly and open this service for all. It will enable the agricultural sector as well as other important industries in the country to reduce post harvest loss and damage percentage of different products, reduce product and distribution cost and many other expenses for different sectors.

To make such scenario a reality, Golden Harvest Agro Industries Limited's subsidiary company, Golden Harvest Ice Cream Limited (GHICL) has invested in a new company named Cold Chain Bangladesh Limited (CCBL). GHICL owns 40% of CCBL which makes up GHAIL's ownership in CCBL at 18%. This new company has signed a Joint Venture Agreement with the International Finance Corporation (IFC), a member of the World Bank Group, to invest in a network of temperature-controlled warehouses and logistics assets.

The pilot project will have CCBL's own investment of USD 15.2 million, in conjunction with IFC's USD 6.51 million investment. CCBL will provide integrated temperature-controlled storage and transport services to customers in the country. This integrated cold chain and temperature-controlled, third-party logistics service company is the first of its kind in Bangladesh. CCBL expects to serve a diverse customer base from 12 storage locations across the country using its temperature-controlled transportation fleet. It will facilitate high quality storage and movement of various types of perishable products, such as pharmaceuticals, frozen food, dairy and meat, vegetables, fruits, bakery and confectionaries, ice cream, etc.

The venture will increase food safety and quality of delivered products, reduce spoilage and contribute to the development of the country's logistics infrastructure. It will also benefit export-import activities and the economy as a whole.

At present, there is no integrated temperature controlled third party logistics service provider in the country. This places CCBL in a unique position to cater to the rising demand as a pioneer and positively contribute to the market practices from nascent stage. This makes the company's prospect limitless as the growth of the sector is directly related with the economy of the country which is growing continuously by day. As an essential part of a country's infrastructure, TCL 3PL service will contribute unparalleled growth in long term future growth of GHAIL.

#### **Our Products:**

Our Product Responsibility Framework ensures maintenance of high standards in food safety and quality through the entire supply chain. Elements of the Product Responsibility Framework includes Our Pledge, Products and Services Policy and requirements for the certifications obtained, which are integrated in to our systems and processes.

ISO 22000:2005 specifies requirements for a food safety management system where an organization in the food chain needs to demonstrate its ability to control food safety hazards in order to ensure that the food is safe at the time of human consumption. ISO 9001: 2008 addresses quality management aspects to ensure that the products and services consistently meet customers' requirements and that quality is continually improved.

HACCP System requires that potential hazards are identified and controlled at specific points in the process. This includes biological, chemical or physical hazards. Any company involved in the manufacturing, processing or handling of food products can use HACCP to minimize or eliminate food safety hazards in their product. The company is certified to the above international standards.

Innovation is key to success as we monitor the changing lifestyles and preferences of Bangladeshi consumers and continuously invest in research and development to widen our product range and to ensure that our products remain relevant to the Bangladeshi household and food industry. Growth of product portfolio over the years, gaining wide acceptance, bear testimony to our efforts. Our seasonal items continue to be popular adding cheer to the family gatherings at festive times.

## Product Responsibility Framework

### Our Pledge

We strive to ensure that all our suppliers, employees, customers, and other stakeholders are treated fairly and with respect as per market practice & Law of the land. We remain committed to act responsibly at all times, where we will be governed by all applicable legal & regulatory stipulations and industry benchmarks. If these have not yet been defined, we will seek to enact voluntary standards as per internationally accredited benchmarks

### Products and Services Policy

GHAIL strive to maintain products and services at the highest standards through embracing industry and corporate best practice and compliance with all relevant local and international statutory and regulatory requirements in the markets we serve. All products and services will seek to identify and assess any environmental and social impact through communications, service, operations and supply chain.



ISO 9001:2008



ISO 22000:2005



BSTI



ISO 9001:2008

Our customer engagement processes include customer surveys to obtain objective feedback about the quality of our products and the customer experience. Results from surveys are positive and demonstrate growth in customer satisfaction levels. We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding value through cookery demonstrations. All our product's labels are printed with the consumer helpline number and all helpline detailed are tracked. During the year there has been no significant customer complaint.

Our distribution network is well equipped to ensure that our products are available at the right time in the required manner to fulfil our customer needs.

During the year there were zero significant fines paid to regulatory authorities as a result of not adhering to product, environment or any other regulatory requirements.

## Product Responsibility and Customer Health & Safety

The Company believes that the modern day Consumers demand quality, convenience and value for money from the brands they choose and all our products sold under the brand names of Golden Harvest, and Bloop score high in this regard. The Company complies with stringent international standards/ ISO certifications for hygiene and food safety such as ISO 22000:2005, HACCP at factory.

Furthermore the Golden Harvest and Bloop brand range is also BSTI certified. This prime focus on the highest quality standards run through all the functions in the Company from sourcing and quality standard are maintaining from end-to-end covering to product innovation, manufacturing, marketing and are embedded in the genes of our staff. Our well equipped Quality Assurance and Research and Development laboratories help us to deliver our promise of high quality products to our consumers.

## GHAIL Food Safety Policy

### Vision

To be the World's Purest and Safest Frozen Food & Beverage Produced by a Socially Responsible Company from Bangladesh.

### Food Safety Policy

- Maintaining ISO 22000:2005/ HACCP standard for food safety management systems (FSMS) to ensure the safety and quality of product
- Periodically reviewing the FSMS to ensure continuous improvement of the effectiveness of the FSMS.
- Communicating the policy to all levels within the organization and ensuring that it is adequately understood
- Motivating employees to achieve required competencies through adequate training and a well-managed system of recognition and rewards
- Ensures that the company complies with all relevant applicable statutory and regulatory requirements.

In addition, a designated in-house team has been established at each area, to monitor compliance with quality parameters, with regular internal audits and an external audit conducted annually, to ensure continuous improvements are made.

### Product and Service Labelling & Compliance

For Tea, GHAIL adheres to the labelling requirements specified by the Bangladesh Standard And Testing Institution (BSTI), which is stenciled onto each package and include the following;

- Company Address
- Factory Address
- Batch No.
- Net weight
- Gross weight
- Serial number of the package
- Manufacturing Date
- Expiry Date

### Halal Certification

Halal foods are prepared as per Islamic law and is free of ingredients such as alcohol, pork and other haram substances. Given the country's majority Muslim population and the demand for halal food products, Golden Harvest plans to go for Halal Certification for all of its products in order to gain the trust of its consumers. Such an accreditation has become imperative given the increasing competition in the market.



## Our Products Lines

Golden Harvest Agro Industries Ltd. is market leader in the processed food industry. The products are marketed under three brands, Golden Harvest, Bloop, 2GO and Happy Cow as described below. It is in the top of the mind of Bangladeshi customers as **"a Company with a proven track record with high quality products"**.

	Description	Our Products
	<p>122 varieties of premium quality frozen food products of snacks, ready to eat foods, finger foods like; Chicken Nuggets, Chicken Sausages, Fish Fingers, French Fries, Spring Rolls, Paratha, Samosa etc.</p> <p>This range generates 94.69% of Revenue</p>	
	<p>106 various variants including sticks, cups, cones, calippo, sorbets, tubs and many more.</p>	
	<p>Zingy Burger, Fried Chicken, Milkshake, Twisty Wrap and many more.</p>	
	<p>Non-Pasturized milk. Available in One liter &amp; Half liter Bottle and Pouch Pack</p> <p>This range generated 5.31% of Revenue</p>	
	<p>Domino's Pizza</p>	

**BUSINESS REVIEW**  
**INTELLECTUAL CAPITAL**

“Innovation takes priority at GHAIL where customer needs and requirements are continuously monitored to ensure that the right product is available at the right time at the right place.”

Our intellectual capital as identified below is carefully nurtured through a robust performance management processes to ensure the delivery of value. Safeguarding of intellectual capital is amore complex combination of sound Corporate Governance and Corporate values which guides day to day decision making and strategic vision.

Our products are marketed under three main Brands which cater to varying customer needs. Our Brands are developed to differentiate the functionality of the products which all adhere to our customer covenant of quality, safety and convenient food solutions. The Golden Harvest range of Chicken Sausages, Meatballs, Hams and Slices are Halal Certified and has a wide appeal and are available throughout the Country. The Golden Harvest of snacks and bites are popular with Bangladesh and are eagerly sought after at gatherings and outdoor events such as cricket matches which is fast

becoming part of Bangladesh culture. Golden Harvest sausages and meat product comprise of the premium range, made to international standards, and popular with the increasingly, discerning urban consumer and sought after by Bangladesh in overseas markets.

Our reputation relies on the quality of our products and we invest significant resources to ensure that suppliers, distributors and our employees understand our values, commitment to quality and the systems, processes and controls that have been put in place in this regard. Investments in technology enable us to monitor critical aspects consumers conform to specified standards.

Our reputation relies on the quality of our products and we invest in significant resources into our systems, processes and controls to ensure that suppliers, distributors and our employees understand our commitment to quality.

“Investments in technoloy enable us to monitor critical aspects of our supply chain and distribution to ensure that products reaching consumers to specified standards.”

**INNOVATION**

Innovation is a key corporate value we cultivate at Golden Harvest Agro Industries Limited. In this process customer feedback is continuously monitored to ensure that our products cater to the changing lifestyle and preferences of the consumer. Our dedicated Research and Development team is supported with advanced facilities which facilitates testing and development of new products,

expanding the options available to consumers while enabling us to maintain our leadership in the processed meat and snacks industry.

2019/2020 was a significant year for our Research and Development team where they tested variety of products. The wide acceptance of our product portfolio over the year’s bears testimony to our efforts. Our seasonal items continue to be popular adding cheer to family gatherings at festive occasions.

Brands	Innovation Capability	Tacit Knowledge and Processes
<ul style="list-style-type: none"> <li>• Golden Harvest</li> <li>• Bloop Ice Cream</li> <li>• 2GO</li> <li>• Happy Cow</li> <li>• Domino’s Pizza</li> </ul>	<ul style="list-style-type: none"> <li>• No Added MSG and preservative</li> <li>• All our recipes and products have been developed in-house</li> <li>• Library of 500+ recipes</li> </ul>	<ul style="list-style-type: none"> <li>• Our team has an average tenure of 7 years of service</li> <li>• Certified Processes that conform to Global Standards</li> </ul>

**Brands**



Tk. 71.80 million investment in Research and Development

Over 41 products tested during the year

Results of our customer surveys are positive and demonstrate growth in customer satisfaction levels.

We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding value through cookery demonstrations.

Our distributions network is well equipped to ensure that our products are available at the right time in the required manner to fulfil our customer needs.

During the year, the Company moved from prompt selling to preselling its products and hand held mobile devices were introduced to the sales staff further enhancing the DMS to support our distributors.

This initiative is expected to improve route efficiency, outlet productivity, and reduce market returns and expired stocks and enable better management of inventories and receivables.

Tacit Knowledge & Processes Established in 1982, Our production and management processes have been fine-tuned over three decades of operations. We have adapted to our range of products, the changing tastes and habits of Bangladesh consumers.

During this period, we successfully, retained our position as market leader in the processed meats segment of the food industry which stands as testimony to our market surveillance and proactive response mechanisms. Well established talent management processes ensure that mentoring and succession planning, combine to pass down our legacy which has added to and is enriched with the passing of time.

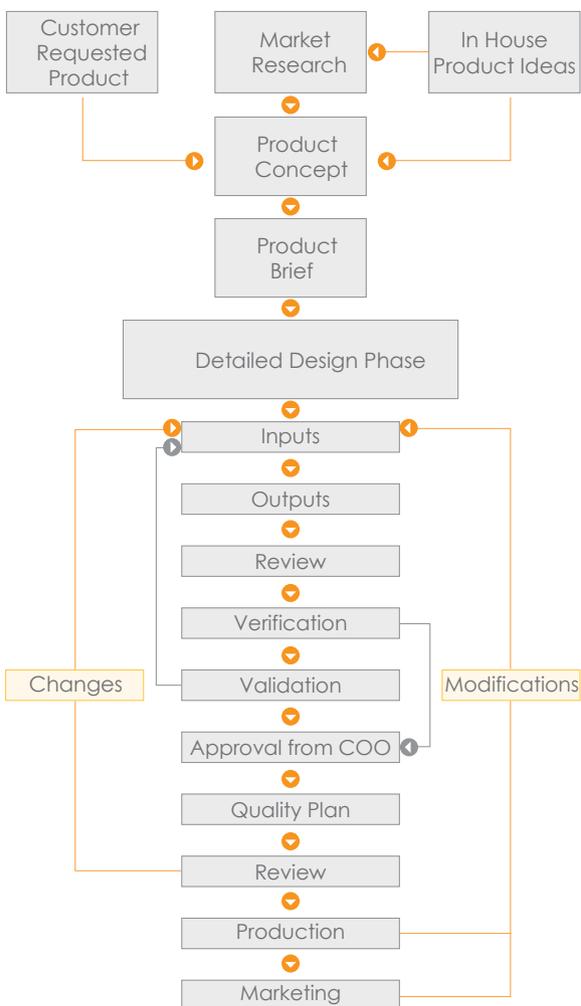
### Our Channels and Distribution Network

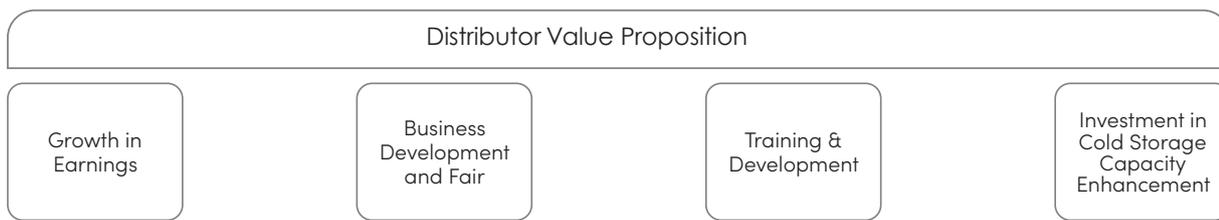
A network of over 577 distributors ensure availability of our products in over 45,662 retail locations covering Bangladesh. They are key to our growth as we rely on them to store, promote and sell our products to the end customers in accordance with specified standards. Our sales team have overall responsibility for implementing a structured engagement plan with this key stakeholder in the distribution channels to identify their challenges, concerns and to address them. A comprehensive Enterprise Resource Management Software (ERP) system supports the team to ensure that the right product is available at the right place at the right time fulfilling our promise of convenience to consumers.

We safeguard our reputation for high quality by educating and supporting the distributors and retailers to have proper disciplines in the cold chain to ensure food safety and environmental considerations. Cold chain- temperature loggers are in place to monitor and maintain standardized temperatures throughout the distribution journey to guarantee freshness of the products.

GHAIL revamped the distributor network during the year, deepening its reach in geographies outside the Western and Southern Division as disposable incomes in these Division grew. New distributors are screened to ensure alignment with company values and business requirements and provided guidance and support to succeed. Additionally, we review their financial performance as part of our regular risk management processes. Performance incentive schemes are in place to inspire dealers to reach stretched goals and ongoing dialogue with the sales teams ensures that we identify their concerns

### Our R&D Processes



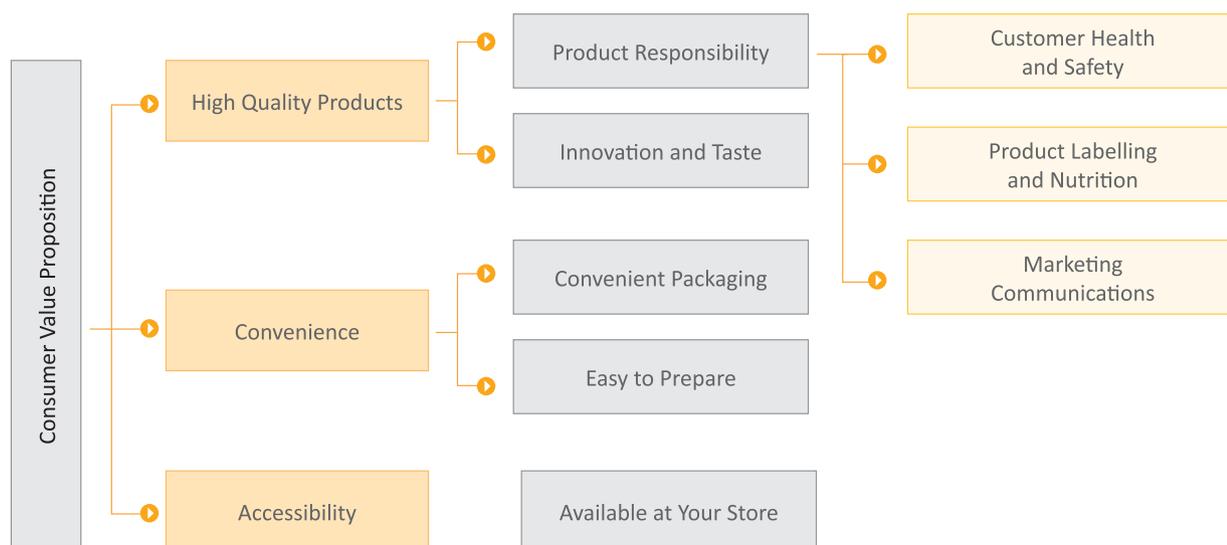


to respond accordingly. We also conducted workshops for distributors to enhance their management capabilities, supporting their growth.

From a channel perspective all channels contributed to the overall growth in volume. The three main channels which are the General Trade, HORECA and Modern Trade all posted satisfactory growth. Our distributor network which covers the sale and availability of our Products Country wide also contributed to our success by ensuring that our key sales strategies were implemented and executed satisfactorily. Their role in our overall success was invaluable and although many of them have had to contend with growing trend of delayed settlements by both General Trade merchants and HORECA outlets which impacts collection viz a viz their cash flow.

Our distribution network is well equipped to ensure that our products are available at the right time in the required manner to fulfil our customer needs.

Our customer value proposition comprises the following components.



### Creating Value for Suppliers

GHAIL sources inputs for its manufacturing processes mainly from direct farmers and growers, from own farms and a very small quantity of raw materials are sourced from few suppliers. Consequently it has a three tier structure for managing its supply chain which takes into consideration the support required to facilitate their growth.

**Tier I** supplier refers to Golden Harvest and all its holdings as the primary supplier. The Company has its own agricultural land in Sylhet. The vast majority of the area is used to grow grass as cattle feed for the cow herd. The remaining area has been set aside to grow seasoned vegetables and spices, those are essential for production of frozen foods are also grown within the area.

**Tier II** suppliers are typically corporates and are subject to social and environmental screening and regular monitoring to ensure compliance with regulatory requirements. We also encourage these suppliers to obtain formal certifications to ensure that their products consistently meet our criteria.

**Tier III** suppliers are typically small scale farmers who are provided technical support by a team of GHAIL employees qualified in animal husbandry and agriculture who visit their farms. They give necessary technical assistance, advice, and training. Through contract farming, GHAIL continued with the Tier III supply chain management and seamless backward integration initiatives practiced in the past few years. An agreed pricing formula which is revised regularly ensures that farmers get a fair price for the product considering the price of inputs and market factors, providing them a sustainable livelihood.

Driven by an unwavering commitment to excellence, the Company has always pursued relationships with local producers and suppliers to help secure the consistent quality of the produce used in the Company's products. Technical guidance and knowledge transfer efforts initiated by GHAIL have assisted suppliers to enhance their service standards and outputs in conformity with internationally accepted benchmarks, while promoting cost effective procurement practices. In addition to offering farmers a secure livelihood, GHAIL's seamless farmer out grower model for vegetables and meat facilitates a guaranteed standardized supply to fulfill the Company's requirements. The cold chain network not only eliminating the need for intermediaries, direct access to farmers and growers through this program also seeks to benchmark the quality of produce sourced, thereby assuring all vegetables and meat used in the product range conforms to uniform quality specifications. We create awareness of the impacts of climate change and eco-system decline on their earnings, ensuring they are invested in adhering to good agricultural practices that respect the environment and conform to GHAIL's quality assurance standards. Our qualified teams work with them to provide the necessary knowledge to increase their yields with feedback provided on visits on a one to one basis which we have found to be effective. Training programs are conducted together with the Department of Animal Health covering a number of areas including the importance of timely vaccination and general animal hygiene standards. We also work with Banks to facilitate access to finance to support their growth which has enabled many of them to grow their farms.

**GHAIL creates value for its suppliers in the following manner:**



## Cold Chain Network

A cold chain is a temperature-controlled supply chain. An unbroken cold chain is an uninterrupted series of refrigerated production, storage and distribution activities and associated equipment which maintain a given low-temperature range



Golden Harvest has developed international class cold chain infrastructure, to cater to its diverse business interests like Frozen Foods, Dairy based products, QSR products, Ice Cream, etc. As the pioneering entrant in the then frozen foods emerging market, Golden Harvest has created a strong image of quality, freshness and reliability.

Golden Harvest has set up an ISO 22000: 2005 (Food Safety Management System) and ISO 9001: 2008 (quality management system) compliant Cold Chain network. These international certifications ensure proper maintenance of procedures and handling to keep the product in top condition and value. Additionally, Golden Harvest diligently follows the BSTI Hygienic Standard (Code of Hygienic Conditions for Food Processing Units) and also has the international certification of HACCP.

Golden Harvest operations comprised of 21 temperature controlled warehouses across 11 locations with a storage capacity of 210,000 liter in Bangladesh including Dhaka, Gazipur, Chottogram, Noakhali, Cumilla, Sylhet, Khulna, Bogura etc. Further, as of 30 June 2020, Golden Harvest operates 54 refer vehicles with stringent temperature control and monitoring system.

The integrated cold chain distribution system comprise of warehousing, primary distribution and secondary distribution for Golden Harvest's Frozen food, Dairy products, QSR products and Ice Cream products. The warehousing facilities cover the complete spectrum of temperature ranges from ( i.e.  $-40^{\circ}\text{C}$  to  $+20^{\circ}\text{C}$  ). Here the storage temperature varies with the type of product being stored or transported (i.e. Ice Cream  $-20^{\circ}\text{C}$ , Frozen food  $-18^{\circ}\text{C}$ , QSR  $4^{\circ}\text{C}$  to  $-18^{\circ}\text{C}$ , Dairy products  $2^{\circ}\text{C}$  to  $-20^{\circ}\text{C}$ , etc.). Golden Harvest also has blast freezing facilities at Gazipur which is a central location near Dhaka.

Golden Harvest Ice Cream Ltd., a associate company of Golden Harvest Agro Industries Ltd. signed an MOU with IFC InfraVentures (A World Bank Group Company) to set up a Joint Venture (JV) Cold Chain Project; for the purposes of establishing a company to cover the entire logistics value chain throughout the country as delivery van, cold storages, etc. for products, like, Ice Cream, Frozen Food, Perishable Vegetable, etc. Modus-operandi of the proposed JV is being prepared by the internationally reputed consultants, which is likely to be implemented during the year 2019. The JV, being the new type of business initiative in the country will be an independent entity, shall have separate business eco-system, shall add value to the shareholders & stakeholders of Golden Harvest Ice Cream Ltd. as well as create jobs thereby contributing to the economic development of the country. Being subsidiary of Golden Harvest Ice Cream Ltd., through the proposed JV the marketing & distribution of Ice Cream, Frozen Food, etc. shall have competitive edge & ultimately increased turn over for our products.

## Building our Brand and Reputation

The very beginning of the Brands of Golden Harvest Group witnessed very encouraging responses from market due to launching of the same recognizing the market pulse-beating after thorough market research for the products we are marketing with focused strategy. Through frozen foods, we have targeted the upper economic echelon of the market which also needed for the consumers to be accustomed with the processed food since we were pioneer in Bangladesh for this segment. Golden Harvest Agro industries Ltd did some remarkable work launching some new products during pandemic to make life easy and comfortable. Products include frozen vegetables, Ramadan snacks items like Pijju, Aloo chop, Pakora, Shami Kabab, ready to eat Frozen – Tehari, Morog Polao and Ready to use Frozen spice - Ginger Paste, Garlic paste and Onion Paste, all those products have been warmly accepting in the market. Golden Harvest is planning to launch more products that will make people life easy and better in coming days. Later, through Bloop, the ice cream brand, we have targeted both high income & middle income group people residing at urban & semi-urban areas, as well as the youths of the country who constitute 47 % (Age group: 0-24) of the population. And within 5 years, Bloop captured over 9% of the market share competing with the market leaders like Igloo & Polar who are operating in the market for last 5/6 decades. Match the market demand we have launched some premium ice cream e.g. Double Sundae and others are in pipe line. Moreover drastic development in Infrastructure and Electricity, we have planned to penetrate rural areas very vigorously targeting the middle income & low income group people with different varieties of ice creams priced as low as Tk. 5.



A comprehensive marketing strategy facilitates brand building and we have adopted an increasingly granular approach to this key aspect of our operations. This has enabled us to customize our marketing activities, selecting themes that are relevant for different geographical and other segments, enhancing high levels of brand recall. Our reputation relies on the quality of our products and we invest significant resources to ensure that suppliers, distributors and our employees understand our values, commitment to quality and the systems, processes and controls that have been put in place in this regard. Investments in technology enable us to monitor critical aspects of our supply chain and distribution to ensure that products reaching consumers conform to specified standards. Revenue growth, market leadership and high levels of brand recall are testimony to our success in building our brand and reputation. Brand activates were focused around both ATL & BTL activities with diversified communications. Due to the pandemic situation social gathering activities were absent e.g. Pohela Boishakh Celebration. But there has been extensive presence in digital platform across Facebook, Youtube, Instagram, Twitter & Linked In. TVC & OVC have been aired in localized digital billboards & cable channels.

Consumer engagement at point of consumption is considered one important element in building brand equity. National Festivals- Independence Day, Victory Day, Pohela Boishakh, Pohela Falgun, Valentine's Day, Eid ul Fitr, Eid ul Azha, Durga Puja has become festivity occasion for people across geography, age, race or religion. Golden Harvest has been present in these touch points through It's diversified portfolio of frozen food, ice cream, dairy and QSR even in this pandemic with some extensive consumer and retailer activities, spot sales, digital engagement (ecommerce/online purchase) and over social media.

Brand visibility has been the focus area throughout the year. Shop Signage, Shop Identifier, On-store & In-store branding materials has been placed in retail touch points-establishing brand point of contacts. Branded Traffic Umbrella for Frozen Food & Ice Cream across the capital city has been instrumental in positive brand recall among the consumers. Other than these, there has also been numerous activation done at Super Markets, Retail Points and other consumption points contributing to overall brand equity.

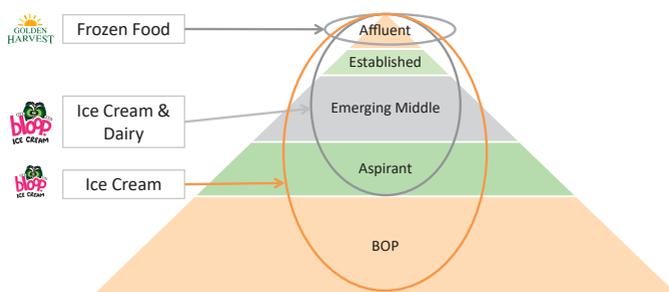
Our key marketing strategy was to be in the consumers Top of Mind throughout the year. Our key area of working were

- Visibility drive: Branding the Vehicles, Try Cycle Van, TunTun and Freezer
- Stay close to consumers by offering the best: Trade Promotion and Consumer Promotion
- Communication through
- ATL: Press and Magazine ad
- BTL: Sampling, Leaflet, Activation
- Digital media engagement: ecommerce
- Trade marketing and POSM: Shop Identifier, Freezer Branding
- CSR: Donated a Freezer Van to Quantum Foundation to carry the Dead Bodies of COVID victims



## Business Strategy & Market Comparison

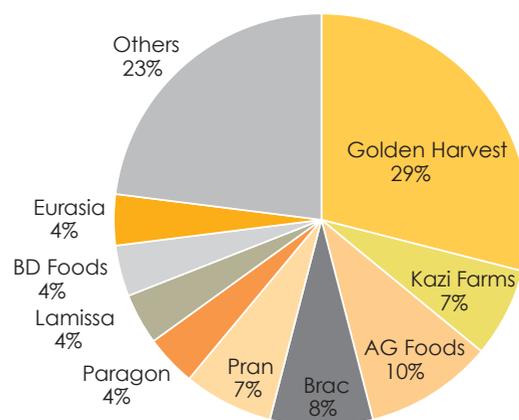
Golden Harvest's ever expanding presence in mass level market



Golden Harvest started with frozen food, targeting the upper echelon of the society. Later the mid level was served with the introduction of Ice Cream in Golden Harvest's portfolio. Now, to cater the vast market of lower segment of pyramid, new varieties of Ice Cream are introduced in the market having prices as low as Tk. 5 which shall increase the customer coverage so as to reach out to the entire segment; thereby increasing the sales substantially.

The organized-branded frozen processed food industry in Bangladesh is estimated to be BDT 285+ crore. There are other small unorganized players along with imported brands who are coexisting with the national brands in a smaller scale. The market is predominantly meat (chicken) based market, with very little fish and vegetable based products. This ready to cook local snacks market consists of veg and non-veg products with some key categories like a. Morning snacks (mainly veg neutral products, e.g. Paratha, Atta Rooti, Rice Rooti, etc.), b. Local snacks (both veg and non-veg, e.g. Singara, Samosa, Dal Puri, Aloo Puri, etc.), c. Quick fix western snacks (both veg and non-veg, e.g. Nuggets, Sausage, Spring Roll, French Fries, Meat ball, Wings & Drumlets, etc.).

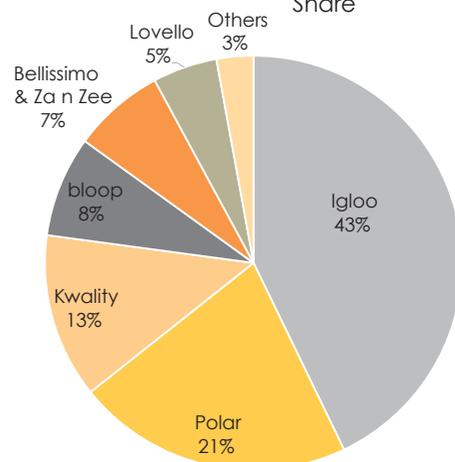
### Branded Frozen Market Share



Source: PwC India Research

The estimated market size of domestic organized branded ice cream in Bangladesh is near around BDT 1,400 crore. Alongside the national brands, there are numerous local brands with limited geographic presence and low to non-existent brand image. Even though the size of this unorganized sector was large in past, in last 5 years it became smaller in face of aggressive expansion in distribution by the national players. New entrants like bloop contributed in the expansion of organized market significantly as well reducing the dominance of old players like Igloo. The most common product types here are Sticks and Cup. Additionally, Calippo and family sized tub share a significant portion in the market. The product offerings for a long time followed the international flavors. The entry of new players encouraged the market to wider innovation in offerings (both in product type and flavors) which brought in many locally influenced flavors like Chana, Malai, Yogurt, etc.

### Domestic Branded Ice Cream Market Share



## SOCIAL AND RELATIONSHIP CAPITAL

**“Our relationships have been nurtured and developed over many decades as it is a vital element to maintaining our social license to operate.”**

As a Company that depends on its relationships with its customer and suppliers, we have built a brand reputation over many decades and we Relationship Capital. Our relationships have been nurtured and developed over many decades as it is a vital element to maintain our social licence to operate.

As exhibited in the adjacent diagram our social and Network Capital comprises of four key segments. Our Business Partners are;

- Farmers/out-growers and other suppliers
- Distributors and Retailers
- Communities, Environment and Government
- Consumers

The above identified four Social and Relationship Capital groups are nurtured as follows.



### Consumer Value Creation

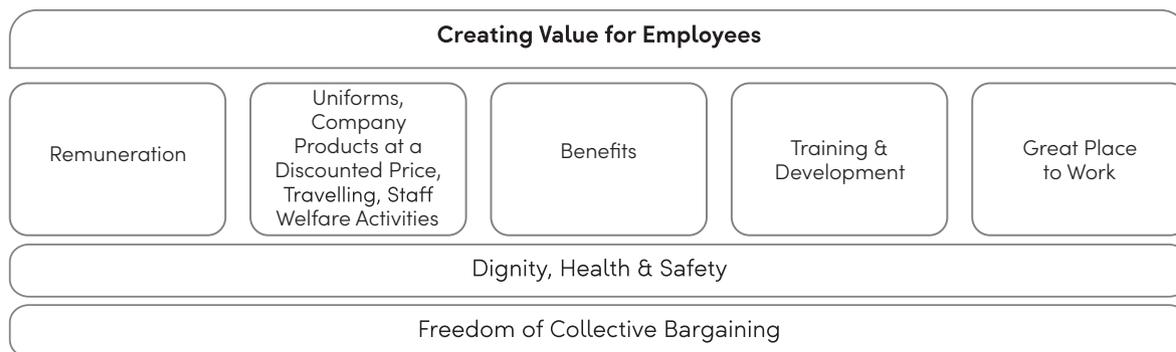
Our Customers are consumers of our products branded golden Harvest, Bloop, Dominos and these consumers are further identified as household consumers and consumers at hotels, restaurants and catering establishments across the country. The three brands are associated with high quality and nutrition that customers trust and expect convenience to the housewives and chefs as they can be quickly converted into a variety of mouth-watering dishes that are guaranteed to please those served.

Results of our customer engagement process surveys are positive and demonstrate growth in customer satisfaction levels.

We also engaged with consumers through events and promotions which served to increase awareness of our products amongst consumers whilst adding value through cookery demonstrations.

## Human Capital

Human capital is key to delivering strategy and we rely on their collective knowledge, experience, and dedication and hard work to deliver value to other stakeholders. GHAIL has 580 employees. The infogram below outlines how we create value for our employees.



## Governance, Culture & Ethics

The Company's people strategies are implemented by Human Resources Division which reports to the Chief Executive Officer and supports the Board Human Resources & NRC Committee which determine policy, approves strategy and monitor performance. Our people strategy primarily seeks to attract, develop and retain talent in line with requirements of the business and conforms to the Group's HR policies and procedures. Consequently, policies, procedures and operational matters such as promotions, increments, performance incentives etc., are all determined by Group Management Committees.

A comprehensive set of HR policies provides explicit guidance on a range of matters including recruitment, performance management, training and development, remuneration, rewards and recognition, promotions, conduct and ethics, disciplinary matters and managing exits. High levels of engagement supported by formal employee communication create a culture where employee receive regular feedback on performance enabling them to reach higher levels of efficiency and where employees are able to approach their line managers to voice their concerns. Consequently, all employees receive formal assessments of their performance facilitating identification of their training and development needs.

GHAIL is an equal opportunity employer and does not discriminate based on gender, race or religion. All employees are provided with a Code of Ethics which details the corporate values, employee and employer rights and obligations which include provisions on respect and dignity in the work place, health and safety matters and anti-corruption practices.

## Team Profile

As part of the Golden Harvest Group of companies and in its own right, GHAIL is able to attract talent at all levels and has a proven track record in developing and retaining talent. Consequently, the company is able to maintain a healthy talent pipeline.

The team profile given in the tables below.

Employee Category	2019-2020	2018-2019	2017-2018	2016-2017
AGM & Above	12	5	4	5
Manager / Senior Manager	5	16	19	18
Assistant Manager / Deputy Manager	11	82	32	30
Executive / Senior Executive	18	100	102	98
Junior Officer / Officer	80	198	198	186
Technical & Others	67	102	127	129
Casual Workers	387	639	619	594
<b>Total Workforce</b>	<b>580</b>	<b>1142</b>	<b>1101</b>	<b>1060</b>
Male	302	828	810	777
Female	278	314	291	283

## Remuneration & Benefits

Remuneration of permanent employees comprise two components, guaranteed pay and performance incentives. Typically, sales teams monthly pay comprises elements of both while other employee's performance incentives are awarded annually on completion of performance appraisals which assess several aspects of their role. Employees also receive Employees Provident Fund contributions of 10% of Basic Salary and Workers Profit Participation fund of 5% additionally of profit. Benefits provided to employees include the following:

- Medical insurance in case of hospitalisation
- Life Insurance
- Workmen's compensation in case of serious injury

## Training & Development

Capacity and skill building is an ongoing activity which is monitored by the Group's Learning and Development function. Training and development needs are identified through the performance management process to address current and future competency requirements. Training opportunities provided to employees include technical training, competency development and leadership development. The adjacent graph is testimony to the company's commitment to training and development. The Group also has mentoring and coaching programmes for employees at senior levels which include one on one sessions with identified mentors based on requirements identified by mentees.



## Recruitment and Retention Policy

We adopted modern selection tools e.g. Competency Based Interview, Behavioral Interview etc. which made our selection process more scientific and unbiased. We are doing Manpower Planning, Career Planning and Succession Planning so that the organization gets the right people in the right place at the right time. We adopted KPI (Key Performance Indicator) based Performance Appraisal System which is a combination of qualitative & quantitative SMART targets with an objective to make our appraisal system more participatory, fair and unbiased. Our Appraisal System also includes appropriate balance over Individual Performance, Departmental Performance and Organizational Performance.

There is a Compensation Committee which ensures regular compensation survey of the relevant industry and ensures that the salary & fringe benefits are determined by the reference to the external market, internal equity and affordability.

## Health and Safety

It is the policy of the Golden Harvest to promote safe and healthy working conditions in the office as far as reasonable. The Golden Harvest will ensure that various health and safety measures will be maintained. All the employees also have the responsibility for their own and other employees' health and safety and should act accordingly. If possible Golden Harvest will, from time to time, try to organize sessions on general health and safety to remind and update all employees about appropriate measures and practices. The following are the measures taken for the sound environment, health and safety of employees in the office:

- The Company is a no smoking area and environment friendly.
- All working areas of GHAIL are fitted with room air conditioners to keep the working areas cool and dust-free.
- The GHAIL will ensure that electrical wiring and installations in the office are safe and properly maintained to avoid hazards.
- All reasonable measures will be taken that machinery and equipment is safe to operate.
- A full time doctor has been appointed to give emergency medical aid if anybody injure and there are several first aid boxes in our factory office with emergency medicines.

It is proudly observed that there were no major accidents reported during the year under review and the attendance of associates did improve appreciably. We did not experience any major injuries, occupational diseases, lost days or work related fatalities in any of our operations.

### **Looking Ahead**

The consumption of processed products is seeing a pickup due to improvement in disposable income of our consumers and life style changes. The per capita consumption of these products are low compared to the regional markets and we see an upside of increase in consumption and consumer base in the medium term. The growth of the modern trade channel across the country would be leveraged to improve the visibility and availability of our product range. The strategies implemented during the year which proved successful in achieving a significant growth in our profitability will be further consolidated for future growth. Furthermore the economic indicators in the short to medium term are positive for the consumer market and as such we are hopeful of improving upon the success we achieved this year.

### **Ready to eat products**

Golden Harvest, backed up with its largest logistics network, huge distribution network, experience in operating international QSR Chain and success story of marketing Frozen Food, Ice Cream in Bangladesh ensuring the stringent Cold Chain Network, has planned to introduce Ready to Eat products in Bangladesh. Bangladesh has been going through noticeable progression in infrastructural development, financial growth and global lifestyle exposure, which metro consumers are experiencing the most. The trend of shifting consumer demand in our neighboring country India suggests a similar shift in Bangladesh. Taking above into consideration, there is a market of take away meal of 2480 Crore per annum. The market is expected to expand with shift in habit of consumers preferring out of home lunch over bringing in lunch from home for further convenience.

Frozen Food has long been one option as ready solution bringing the clutter breaking changes in 'in-home food repertoire' to allowing mothers to get easy access to 'out of home snacks' in the house. It had opened a new avenue to bring variation and breaking the monotony from typical home made snacks, divulging the world of restaurant snacks among kids and family members. In today's competitive life, it is utilized like a lifestyle marker, an image booster for allowing family & friends to get the best tasty food. Another form of Ready & convenient solution is "Ready-to-Eat" or "Ready-to-Serve" food. Ready-to-eat food is animal or plant derived food that is cooked, frozen, washed, cooked for hot holding, cooled, and processed to be consumed directly or after heating.

### **Awards and Accolades**

20th ICAB National Awards "Best Presented Annual Reports 2019": Golden Harvest Agro Industries Ltd. achieved the first prize in category of Agro Sector. It is conjunctive 4th time first prize achievement of Golden Harvest from The Institute of Chartered Accountants of Bangladesh (ICAB).

SAFA Best Presented Annual Reports Awards 2018: Golden Harvest has been awarded the 2nd Prize by South Asian Federation of Accountants (SAFA), an Apex Body of the South Asian Association for Regional Co-operation (SAARC) and a Acknowledged Accounting Grouping of International Federation of Accountants (IFAC). The award is a compliment of our commitment to intelligibility.

6th ICSB national Award 2018: Golden Harvest Agro Industries Limited has been awarded the Gold Award by Institute of Chartered Secretaries of Bangladesh (ICSB). This award signifies the excellence in Corporate Governance.

DITF 2017: Golden Harvest Agro Industries Limited (for 2GO branded QSR) received the second prize in "Food Stall" category.

Brand Forum Commward 2016; Bloop has won the Grand Prix award in the packaging category

### **Risks and concerns**

Risk and uncertainty are the indispensable elements of business, GHAIL is also inheriting risks like materials supply, distribution, operational and power, For minimizing risks, the Company is maintaining robust system of managing risks relating to material supply by establishing strong base through contract farming, well-built distribution channel and also flawless credit control system and ensuring power backup support for uninterrupted production through setting up of appropriate capacity of backup Generator. Risk framework and risk management are elaborated in page No. 87.

## **Financial Review**

### **Value Creation Report**

This segment of the report focuses on how the company has utilized or transformed Financial and Manufactured Capital, Social and Network Capital, Human Capital, and Natural Capital for the creation of value to the Company

### **Financial and Manufactured Capital**

Golden harvest has maintained its growth line recording the highest growth in revenue and profits through regular structured investment in state of art manufacturing plants and machinery to manufacture high quality products, proactive research and development activities to come up with new and innovative products and to engage with our distributors to ensure the availability of products in the market at the right time and right place.

Inputs		
Equity BDT. 3,240 Million	Activities	
Interest bearing borrowings of BDT. 1,830 Million	Total Property, Plant and Equipment BDT. 1,722 Million	Value Outputs
Market Capitalization BDT. 3,604 Million	Total Non-Current Assets BDT. 3114 Million	Earnings per share - BDT. 0.04
	Total Current Assets BDT. 2,268 Million	Earnings Attributable to Shareholders - BDT. 7.56 Million
	Total Assets BDT. 5,382 Million	Dividends 2019/20 – No Dividend
		Interest Exp. to Funding Providers - BDT. 185.68 Million

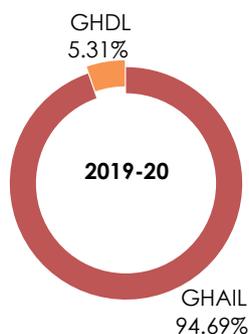
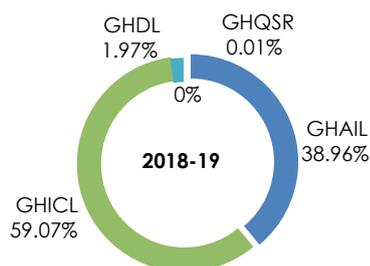
## 1. Sales Revenue:

The contribution to the revenue from the frozen sector (GHAIL) and the dairy sector (GHDL) was 94.69% & 5.31% respectively. Revenue of Tk. 885.19 million in 2019-2020.



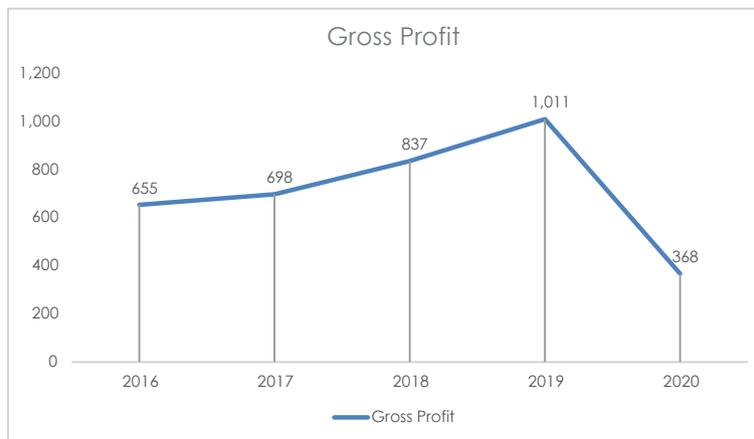
## Segmental turnover

The groups frozen segment revenue of BDT 885 million was made up of 72.78% from snacks and 27.22% from milk-based products. GHAIL contribution remains insignificant for maintaining high quality and reinforced by attention to consumer convenience and availability. The frozen food turnover for the year under review decreased by 3.96% compared to the turnover recorded in the last financial year. Details in account note No. 40.



## 2. Cost of Sales:

Golden Harvest maintains the cost of sales at TK. 527.4 million where the cost of sales was 58.45% of the company revenue. The comparative in the previous year was TK. 483 million which was 52.68% to the total revenue.



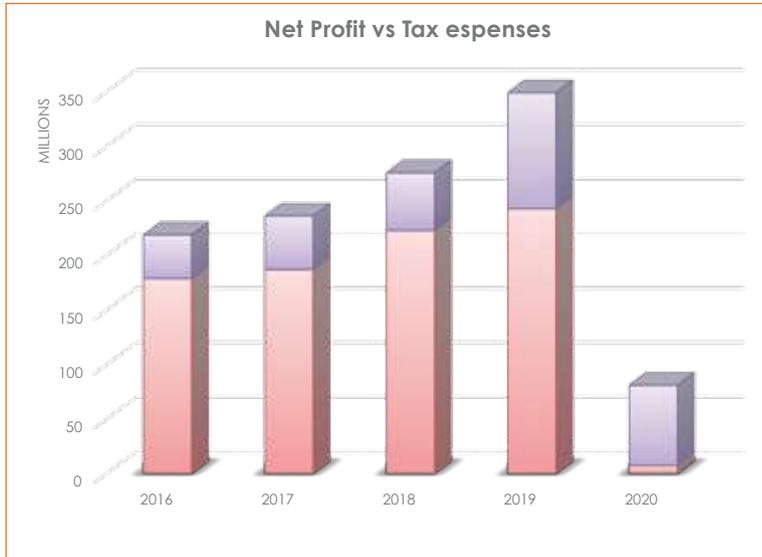
## 3. Gross Profit:

Gross profit decrease by 15.22% from the previous year due to the COVID-19 pandemic Corona Virus (COVID - 19) digester which is unavoidable and beyond our control, the company is unable to continue consistency in sales and production process.

## 4. Operating Profit:

Golden Harvest recorded consolidated operating profit of Tk. 187 million which was Tk. 378.08 during previous year.



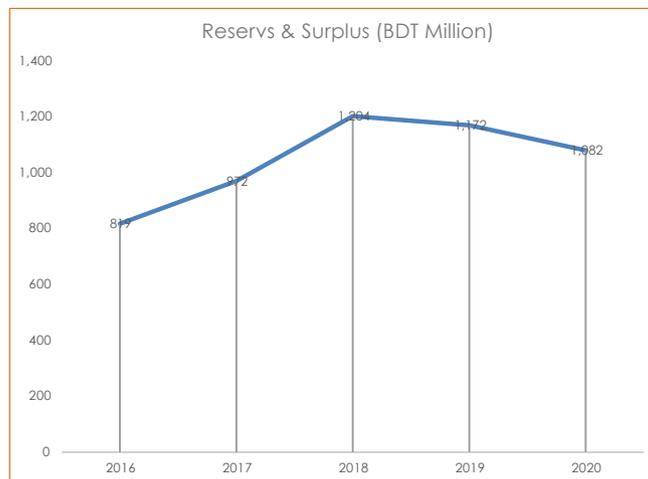


**5. Net Profit after Tax:**

Profit after tax amounted to Tk. 7.56 million reflecting a decrease of 96.88%. Taxation amounted to BDT. 1.4 million, recording a decrease of 98.09% mainly due to the COVID-19 pandemic.

**6. Reserves and Surplus:**

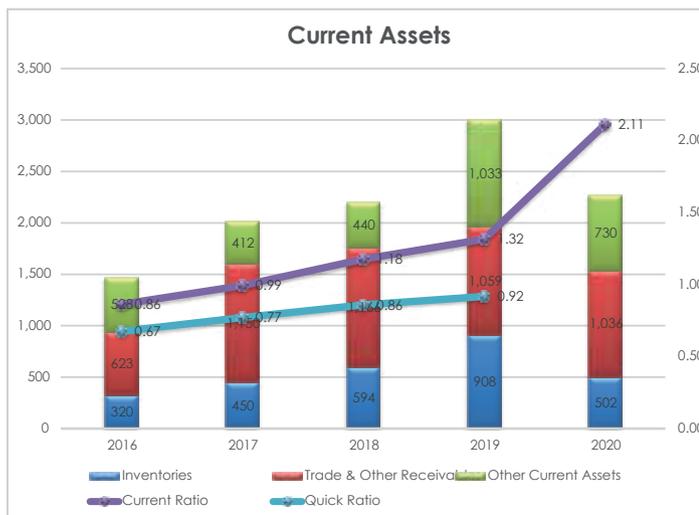
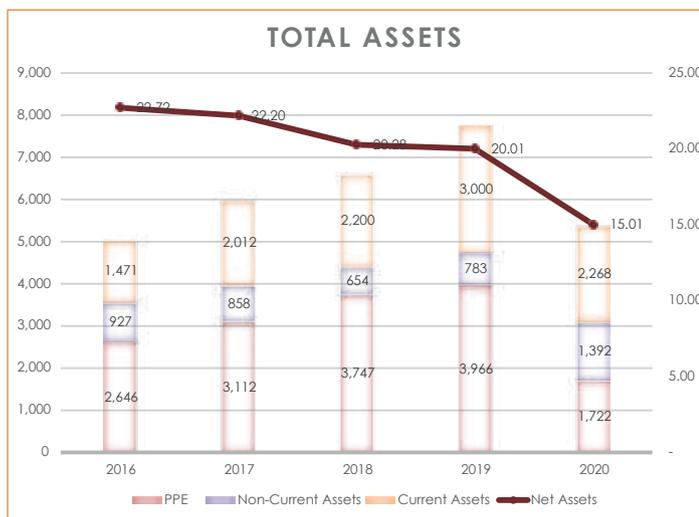
Reserves and Surplus stood at Tk. 1,082 million compared to Tk. 1,172 million in previous year recording a decrease from previous year due to loss from associate company for due to the COVID-19 pandemic.



### 7. Total Assets:

The total asset at the Company increased to TK. 5,149 million from the previous year of TK. 4,176 million. The slight growth is because of addition of fixed assets, Cash at bank against right issue & investment in associates.

Consolidated total assets grew from BDT 4,551.99 million to BDT 5,531.37 due to total growth of 21.52% growth of current assets driven by growth in business volumes and 10.38% growth of Property, Plant & Equipment's.



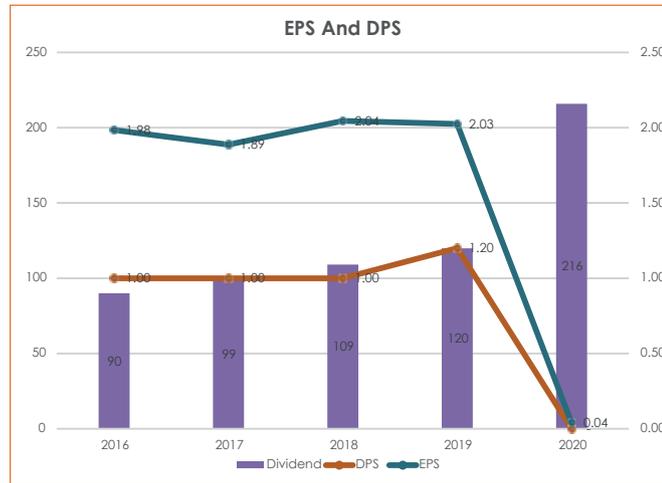
### 8. Shareholders' Funds:

Shareholders' funds increased to TK. 3,240 million from TK. 2,399 million from the previous year representing a increase of 35.04% for the Company. The growth is positive because of right share issue and the payment of dividends amounting to TK. 116.15 million.

**9. Earnings Per Share (EPS) vs Dividend Per Share (DPS):**

The Group EPS of reporting period is Tk 0.04 per share. In the previous year the EPS was Tk. 2.03 per share. There is an decrease of EPS by 98.02 % in reporting year.

Reason for due to the COVID-19 pandemic the business has been affected adversely. There was no substantial disposable income during the current year for declaration of dividend. Therefore, the board of directors in its 139th board meeting held on 28 October 2020, had declared no dividend. Besides this, the board of directors also considered it appropriate to hold some amount of retained earnings as reserve fund for this uncertain period and also consider expanding into new market opportunities including export resulting out of COVID 19 situation.



**10. Return on Equity:**

Return on Equity in the reporting year was 0.22% compared to 10.05% in previous year.

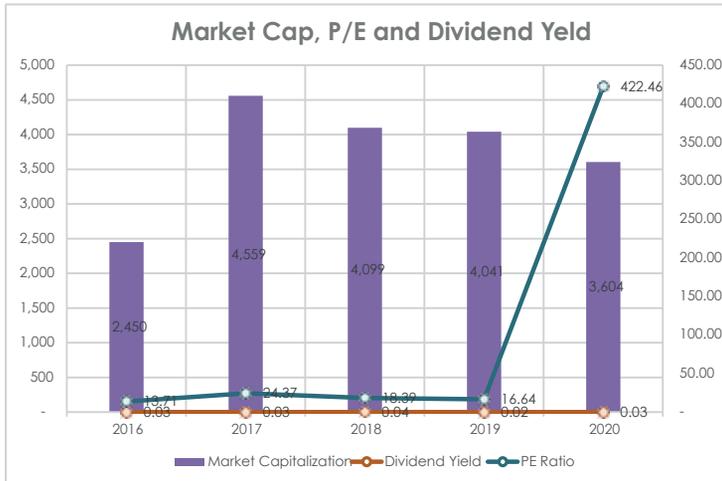
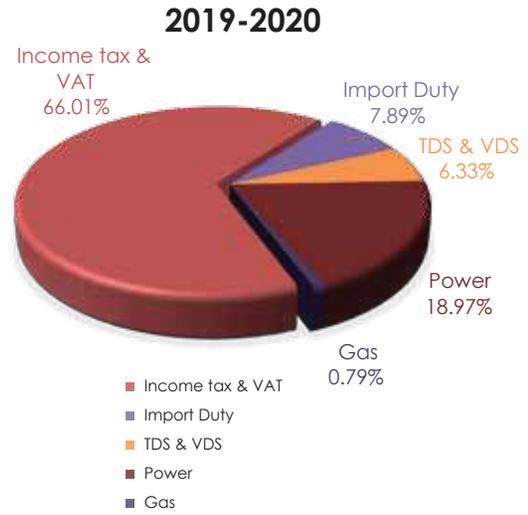
**11. Net Assets:**

Net Assets in the reporting year was 15.01 compared to 20.01 in previous year. There is an decrease of return by 24.98% because of number of share increase against right share issue.



**Contribution to National Exchequer:**

GHAIL is paying and facilitating collection of Government's revenues. In 2019-20, we paid, collected & deposited a significant amount of Income Tax, VAT & Duties. All due and applicable taxes were paid, collected and deposited in time. During the year 2019-20, the group contributed to the government exchequer along with utility about a sum of Tk. 53.70 Million which is appended below:



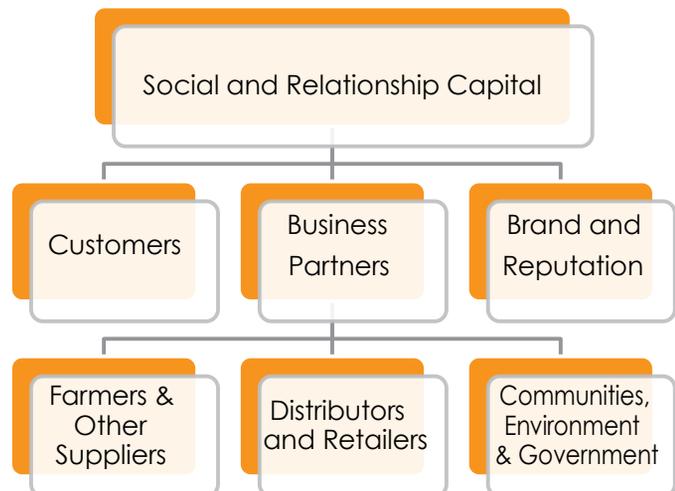
**Market Capitalization:**

The Company's share price was Tk. 30.10 at the beginning of the financial year and saw a decrease to TK. 16.70 as at 30 June 2020 moving within a range of Tk. 31.00 to Tk. 13.50 during the year.

The market capitalization of the Company was TK. 3,604 million in 2019-20 (Tk. 4,041 million in 2018-19) as at the end of the financial year.

**Social and Relationship Capital**

Our value creation process is where the relationships has been nurtured and developed with our customers, business partners such as suppliers, distributors, retailers ,bankers, communities, industry associations and government and related regulators. The Group's brand and reputation, built over many decades is also a vital element of this capital input and is essential to maintain our social license to operate. This section of this Report will provide a brief, balanced assessment of the capital resources allocated and the shared value generated to each component of our Social and Relationship capital



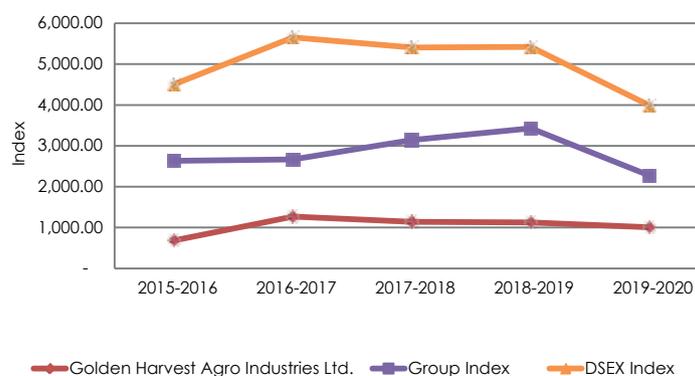
The infogram below summarises how Social & Relationship Capital was nurtured during the year.

Inputs		
Distributors 577	Activities	
Direct outlets 485	Brand Building BDT. 42 Million	Value Outputs
Retail Outlets 45,662		Sales Volume BDT. 885 Million
Supplier 302	Advertisement BDT. 1.60 Million	Commission Paid to Distributors BDT. 77 Million
Brands 05		Purchase BDT. 517.42 Million
		Dealer and Distributor cold storage investment in Freezers 45,662

### Stock Performance

The graph set forth below compares the annual cumulative total return for the Company's two fiscal years ended 30 June 2020 among the Company, the Dhaka Stock Exchange Market Index (the "DSEX Index") and a sector index for Food and Agro products (called 'Food & Ailed') manufacturers and traders (the "Group Index") comprised of the Company and 17 other companies. The returns of each company in the Group Index have been weighted according to the company's stock market capitalization. The graph has been prepared based on an assumed investment of Tk. 1,000 on 29 June 2013 and the reinvestment of dividends (where applicable).

Stock Performance



### Stock Performance

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Golden Harvest Agro Industries Ltd.	664	682.96	1,271	1,142	1,126	1,005
Group Index	2,554	2,633	2,667	3,143	3,432	2,273
DSEX Index	4,583	4,508	5,656	5,405	5,422	3,989

### Remuneration of Directors

Directors were remunerated as per the decision of the Board and a detailed report of the Directors Remuneration is included in Note 42.2 of Financial Statements.

### Related Party Transaction

Related Party Transaction with other entities that fall within the definition of related party is included in Note 42.2 of Financial Statements.

### Dividend:

Due to the COVID-19 pandemic the business has been affected adversely. There was no substantial

disposable income during the current year for declaration of dividend. Therefore, the board of directors in its 139th board meeting held on 28 October 2020, had declared no dividend. Besides this, the board of directors also considered it appropriate to hold some amount of retained earnings as reserve fund for this uncertain period and also consider expanding into new market opportunities including export resulting out of COVID 19 situation.

#### **Minority Interest**

GHAIL believes that good Corporate Governance involves open and trusting cooperation between all stakeholders involved in the Company, including the owners of the Company – the Shareholders. The Board of Directors is committed to ensuring the highest standards of governance designed to protect the interests of all stakeholders, including the rights of its minority shareholders while promoting integrity, transparency and accountability.

#### **An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements 1(5)(ix);**

The Quarterly Financial Performance of GHAIL is highlighted below

Sl. No.	Quarter Details	Consolidated EPS (BDT)
1	1st Quarter	0.60
2	2nd Quarter	0.41
3	3rd Quarter	0.04
4	4th Quarter (Full Year)	0.04

#### **Reason for variance**

The Financial Performance of 1st & 2nd Quarters was comparatively better than the 3rd & 4th Quarters. Due to the Covid-19 pandemic the business has been affected adversely in 3rd & 4th Quarters of the financial year 2019-20.

#### **Continuity of Any Extra ordinary Gain or Loss:**

During the year under review, the company earn TK. 11.26 Million as interest income by depositing Rights Share Issue Proceeds into bank

#### **Utilization of proceed form Public Issue, Right Issue and/or Through Any other Instruments:**

The Company has been raised up fund through right issue (RI) issuing **89,932,342** ordinary shares at par totaling Tk. **899,323,420.00** (Eighty nine crore ninety three lac twenty three thousand four hundred twenty) only according to Bangladesh Securities and Exchange Commission (BSEC) approval for issuance of right shares vide letter no. **BSEC/CI/RI-119/2019/489** dated **01 October 2019**. Fund form Right Issue (RI) has been Utilized TK. 55,322,799.00 till 30<sup>th</sup> June 2020.

#### **An Explanation if the financial results deteriorated after the company Goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Right Offer, Direct Listing**

Detail discussion in accounts note no-42.05

#### **Number of Board Meeting Held and Attendance by Directors:**

The Board of Director of the company has called upon meeting six times during the period 2019-2020 to consider and discuss the various agenda related to the company's operation and others. Number of Directors' meeting held and attendance of Directors' during the year disclosed in Corporate Governance Segment.

#### **Interim Dividend:**

No bonus share or stock dividend has been or shall be declared as interim dividend.

#### **Credit Ratings**

CRISL has reaffirmed the long term rating to 'A+' (pronounced as single A plus) and the short term rating to 'ST-2' of Golden Harvest Agro Industries Limited on the basis of its financial statements and other relevant quantitative and qualitative information up to the date of rating. CRISL placed the company with "Positive Outlook" with the Credit rating history.

Entity Rating	Outlook	Validity Rating	Rating Assigned
A+	Positive	2019-2020	CRISL
A+	Positive	2018-2019	CRISL
A+	Positive	2017-2018	CRISL
A+	Positive	2016-2017	CRISL
A+	Positive	2015-2016	CRISL
A+	Positive	2014-2015	CRISL
A+	Positive	2013-2014	CRISL

### Reporting and Compliance of Corporate Governance:

Status of compliance with the requirements/conditions of Bangladesh Securities and Exchange Commission (BSEC) Notification no. BSEC/CMHBCD/2006-158/207/Admin/80 dated 03 June 2018 no corporate governance has been included in the Annexure-6

Directors' Responsibilities statements:

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

- a) The financial statements prepared by the management of Golden Harvest Agro Industries Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that accounting estimates are based on reasonable and prudent judgement.
- d) International Account Standards (IAS)/International Financial Reporting Standards (IFRS) as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- e) The systems of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the company's ability to continue as a going concern and the annual accounts have been prepared on going concern basis.
- g) The significant deviations from last year in the operation result of the company have been highlighted in the report and reasons thereof have been explained.
- h) The key operating and financial data for the last five years in disclosed in Page no 74.
- i) The pattern of shareholding is disclosed in Page no 81.
- j) A compliance status report with requirements of corporate governance as required by BSEC has been disclosed in Regulatory Compliance Report Segment.
- k) Director's profile and their directorship and business interest in other organizations have been disclosed in Board of Directors and Corporate Governance report segment.
- l) Parent or subsidiary or associated companies and other related party is disclosed in Page no-18.

### Gratitude:

We express our sincere thanks and appreciation to all honorable shareholders, our customers, Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, National Board of Revenue, various government authorities, trade bodies and all bankers and financial institution for their support, co-operation and guidance in our business endeavor. In this occasion we also want express our heartiest congratulations to all our staffs and management members whose perseverance and professionalism, hard works contribute to maintain our strong competitive position and high technological status. We rely on their enthusiasm, sincerity as well as their commitments for maintaining quality to ensure safety and to build the company as a pioneer and leader in food sector.

As we moving forward to the next frontier of growth and excellence, we seek your support and encouragement as we are used to get from you since beginning of our journey.

On behalf of the Board



Enamuzzaman Chowdhury  
Chairman

## 5 Years Analysis

### Operating Performance

SL No	Particular	2019-2020	2018-2019	2017-2018	2016-17	2015-16 Restated
1	Turnover	885,193,111.00	2,240,120,323.00	1,870,954,629.00	1,526,709,565.00	1,427,568,390.00
2	Gross Profit	367,768,618.00	1,011,037,742.00	836,765,153.00	697,601,664.00	654,555,435.00
3	Profit/Loss from operation	186,935,557.00	773,369,517.00	640,975,036.00	511,687,434.00	482,024,181.00
4	Net Profit/loss before tax	7,744,273.20	329,832,358.00	328,070,695.00	238,231,971.00	224,814,336.00
5	Net Profit/loss after tax	6,340,716.20	242,839,111.00	222,872,646.00	187,045,836.00	178,767,995.00
6	EBITDA	274,743,602.00	972,147,774.00	787,690,737.00	654,503,931.00	607,148,308.00
7	EBITDA margin to sales	0.31	43.40%	42.10%	42.87%	42.53%
8	Earning Per Share(EPS)	0.04	2.03	2.04	1.89	1.98
9	Dividend per share	-	1.20	1.00	1.00	1.00
10	No of Shares	215,837,621.00	119,909,790	109,008,900	99,099,000	90,090,000

### Statement of Financial Position

SL No	Particular	2019-2020	2018-2019	2017-2018	2016-17	2015-16 Restated
1	Total Assets	5,382,165,660.40	7,748,446,476.00	6,601,249,811.07	5,981,228,741.00	5,044,390,614.00
2	Property, Plant and Equipment-Gross	2,096,013,439.00	4,775,203,843.00	4,363,683,936.00	3,581,336,189.00	2,979,973,708.00
3	Property, Plant and Equipment net	1,722,216,242.05	3,965,751,209.00	3,747,437,696.50	3,111,515,064.31	2,646,078,977.49
4	Gross Working Capital	2,267,880,397.00	2,999,662,010.00	2,199,715,005.00	2,011,727,496.00	1,470,822,173.00
5	Net Working Capital	1,193,987,955.00	719,708,609.00	329,737,190.00	(13,451,460.00)	(234,187,333.00)
6	Short term Loan	599,641,243.00	1,225,486,192.00	1,043,722,703.00	1,435,548,926.00	1,064,755,756.00
7	Share Capital	2,158,376,210.00	1,199,097,900.00	1,090,089,000.00	990,990,000.00	900,900,000.00
8	Share Premium	-	28,668,154.00	137,677,054.00	236,776,054.00	326,866,054.00
9	Reserve and Surplus	216,395,928.00	219,946,668.00	283,316,706.00	971,748,832.00	782,825,132.00
10	Shareholders' Equity	3,240,034,179.00	2,399,343,861.00	2,431,880,452.00	2,199,514,886.00	2,010,591,186.00
11	Term Loan	1,229,632,958.00	2,575,656,648.00	2,458,725,847.00	1,770,345,586.00	1,347,299,685.00
12	Lease Obligation	678,791.00	51,533,507.00	56,192,046.00	56,352,122.00	43,848,897.00

## Key Financial Ratio

SL No	Particular	2019-2020	2018-2019	2017-2018	2016-17	2015-16 Restated
1	Current Ratio	2.11	1.32	1.18	0.99	0.86
2	Gross profit ratio (%)	41.55%	45.13%	44.72%	45.69%	45.85%
3	Debt to Total Assets(%)	34.00%	49.72%	53.91%	54.54%	48.69%
4	Debt Equity Ratio	0.66	1.88	1.71	1.72	1.50
5	Return on Equity(%) Return on Capital	0.22%	10.05%	9.62%	8.89%	9.22%
6	Employed(%)	15.68	5.63	6.01	6.04	5.50
7	Debt to EBITDA Ratio	6.66	3.96	4.52	4.98	4.04
8	Net Asset Value Per Share	15.01	20.01	22.31	22.20	22.32
9	Dividend Payout Ratio	Nil	49.38%	48.91%	52.98%	50.39%
10	Interest Service Coverage Ratio	1.80	1.80	2.16	1.95	1.96

## Others:

SL No	Particular	2019-2020	2018-2019	2017-2018	2016-17	2015-16 Restated
1	Market Price Per Share	16.70	33.70	37.60	46.00	27.20
2	Price Earning multiple	417.50	16.60	18.39	24.37	13.71
3	Number of Employees Capacity Utilization(%)	552.00	547.00	535.00	524.00	492.00
4	Average	60.30	67.17	49.64	44.81	61.27

# Horizontal & Vertical Analysis

## Horizontal Analysis

### Statement of Comprehensive Income

	2020	20 v 19	2019	19 v 18	2018	18 v 17	2017	17 v 16	2016	16 v 15
	BDT/M	%	BDT/M	%	BDT/M	%	BDT/M	%	BDT/M	%
Revenue	885	(3.44)	2,240	19.73	1,871	22.55	1,527	6.94	1,428	83.81
Cost of goods sold	(517)	7.14	(1,229)	18.85	(1,034)	24.74	(829)	7.26	(773)	87.77
<b>Gross profit</b>	<b>368</b>	<b>3.70</b>	<b>1,011</b>	<b>20.83</b>	<b>837</b>	<b>19.95</b>	<b>698</b>	<b>6.58</b>	<b>655</b>	<b>79.34</b>
<b>Operating expenses</b>	<b>(208)</b>	<b>110</b>	<b>(319)</b>	<b>23.80</b>	<b>(258)</b>	<b>13.67</b>	<b>(227)</b>	<b>(3.43)</b>	<b>(235)</b>	<b>42.90</b>
Administrative expenses	(47)	11.95	(67)	2.02	(66)	8.04	(61)	(2.39)	(62)	17.94
Selling and distribution expenses	(161)	98.39	(252)	31.25	(192)	15.74	(166)	(3.81)	(173)	54.74
Fair value adjustments of biological assets	18	(1.28)	18	32.32	14	6.27	13	574.98	2	-
Other operating income	9	(81.20)	64	31.09	49	72.03	28	(53.42)	61	(34.29)
<b>Profit from operations</b>	<b>187</b>	<b>(50.56)</b>	<b>773</b>	<b>20.66</b>	<b>641</b>	<b>25.27</b>	<b>512</b>	<b>6.15</b>	<b>482</b>	<b>64.64</b>
Finance income	18	838.74	6	256.23	2	47.38	1	(56.81)	3	(70.78)
Finance expenses	(186)	(11.18)	(434)	45.44	(298)	13.59	(262)	5.90	(248)	45.54
<b>Net profit from operation</b>	<b>19</b>	<b>(88.80)</b>	<b>346</b>	<b>0.47</b>	<b>345</b>	<b>37.61</b>	<b>251</b>	<b>5.66</b>	<b>237</b>	<b>79.20</b>
Contribution to WPPF	(1)	(85.56)	(16)	(0.89)	(17)	35.60	(12)	2.51	(12)	89.77
<b>Income before share of non-consolidated companies and income tax</b>	<b>18</b>	<b>(88.96)</b>	<b>330</b>	<b>0.54</b>	<b>328</b>	<b>37.71</b>	<b>238</b>	<b>5.83</b>	<b>225</b>	<b>78.67</b>
Share of profit / (loss) from associates	(10)	(109.29)	-	-	-	-	-	(0)	-	-
<b>Net profit before tax</b>	<b>8</b>		<b>330</b>	<b>0.54</b>	<b>328</b>	<b>37.71</b>	<b>238</b>	<b>5.97</b>	<b>225</b>	<b>78.43</b>
Income tax expenses	(1)	(95.37)	(74)	(30.82)	(106)	101.09	(53)	7.35	(49)	96.94
<b>Net profit after tax</b>	<b>6</b>	<b>(97.39)</b>	<b>256</b>	<b>15.58</b>	<b>222</b>	<b>19.62</b>	<b>185</b>	<b>5.58</b>	<b>176</b>	<b>73.85</b>
Non controlling interest	1		(13)	(1,251.56)	1	(31.76)	2	(47.10)	3	5,208.10
<b>Total comprehensive income</b>	<b>8</b>	<b>(96.88)</b>	<b>243</b>	<b>8.96</b>	<b>223</b>	<b>19.15</b>	<b>187</b>	<b>4.63</b>	<b>179</b>	<b>76.94</b>

### Statement of Financial Position

	2020	20 v 19	2019	19 v 18	2018	18 v 17	2017	17 v 16	2016	16 v 15
	BDT/M	%								
<b>ASSETS</b>										
<b>Non-current assets</b>	<b>3,114</b>		<b>4,749</b>		<b>4,402</b>		<b>3,970</b>		<b>3,574</b>	
Property, plant and equipment	1,722	11.58	3,966	5.83	3,747	20.44	3,112	17.59	2,646	29.52
Right of use (ROU) assets	28	(10.00)	103	21.16	85	15.37	74	28.17	58	128.62
Intangible assets	60	19.94	82	(5.65)	87	(5.60)	92	59.41	58	367.68
Biological assets	93	5.03	102	27.07	80	2.78	78	4.55	75	
Capital work in progress	488	22.83	480	19.62	401	(34.59)	614	(16.76)	737	10.10
Investment in associates	724	3.35	15				-		-	
<b>Current assets</b>	<b>2,268</b>		<b>3,000</b>		<b>2,200</b>		<b>2,012</b>		<b>1,471</b>	
Inventories	502	25.27	908	52.86	594	32.10	450	40.29	320	27.40
Advances, deposits and prepayments	324	9.57	663	55.87	425	25.80	338	(31.43)	493	(27.12)
Trade & other receivables	1,036	40.14	1,059	(9.20)	1,166	1.39	1,150	84.66	623	170.61
Cash and cash equivalents	405	73.61	370	2,447.61	15	(80.38)	74	114.48	35	(64.87)
<b>TOTAL ASSETS</b>	<b>5,382</b>	<b>20.14</b>	<b>7,748</b>	<b>17.38</b>	<b>6,601</b>	<b>10.37</b>	<b>5,981</b>	<b>18.57</b>	<b>5,044</b>	<b>25.90</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Shareholders' equity</b>										
Share capital	2,158	80.00	1,199	10.00	1,090	10.00	991	10.00	901	10.00
Share premium	-	(100.00)	29	(79.18)	138	(41.85)	237	(27.56)	327	(20.04)
Revaluation surplus	216	(1.61)	220	(22.37)	283	1.78	278	(1.76)	283	(6.65)
Retained earnings	865	(9.08)	952	3.35	921	32.80	693	38.82	499	25.37
Non controlling interest	5	(94.98)	844	13,210.20	6	(15.52)	8	(18.53)	9	(25.94)
<b>Total equity</b>	<b>3,245</b>	<b>29.82</b>	<b>3,243</b>	<b>33.03</b>	<b>2,438</b>	<b>10.48</b>	<b>2,207</b>	<b>9.27</b>	<b>2,020</b>	<b>4.00</b>

	2020	20 v 19	2019	19 v 18	2018	18 v 17	2017	17 v 16	2016	16 v 15
	BDT/M	%								
<b>Non-current liabilities</b>	<b>1,063</b>		<b>2,225</b>		<b>2,293</b>		<b>1,749</b>		<b>1,320</b>	
Long term loans	974	22.53	1,942	(4.70)	2,038	35.23	1,507	34.28	1,122	58.61
Deferred tax liability	89	(15.20)	257	14.81	224	12.18	199	22.63	163	22.44
Lease obligations	-	(100.00)	26	(17.13)	31	(26.57)	42	22.78	35	523.43
<b>Current liabilities</b>	<b>1,074</b>		<b>2,280</b>		<b>1,870</b>		<b>2,025</b>		<b>1,705</b>	
Accounts and other payables	59	31.34	85	(28.98)	120	34.62	89	(51.81)	185	92.24
Accruals and provisions	158	7.40	310	19.03	261	16.68	223	1.10	221	43.97
Short term loans	600	(1.15)	1,225	17.41	1,044	(27.29)	1,436	34.82	1,065	28.85
Current portion of long term loans	256	(6.24)	633	50.59	420	59.80	263	17.01	225	60.67
Current portion of lease obligations	1	(88.20)	26	2.75	25	80.26	14	49.97	9	296.41
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,382</b>	<b>20.14</b>	<b>7,748</b>	<b>17.38</b>	<b>6,601</b>	<b>10.37</b>	<b>5,981</b>	<b>18.57</b>	<b>5,044</b>	<b>25.90</b>

## Vertical Analysis

### Statement of Comprehensive Income

	2020		2019		2018		2017		2016	
	BDT/M	%								
Revenue	885	96.56	2,240	100.00	1,871	100.00	1,527	100.00	1,428	100.00
Cost of goods sold	(517)	(56.44)	(1,229)	(54.87)	(1,034)	(55.28)	(829)	(54.31)	(773)	(54.15)
<b>Gross profit</b>	<b>368</b>	<b>40.12</b>	<b>1,011</b>	<b>45.13</b>	<b>837</b>	<b>44.72</b>	<b>698</b>	<b>45.69</b>	<b>655</b>	<b>45.85</b>
<b>Operating expenses</b>	<b>(208)</b>	<b>(22.68)</b>	<b>(319)</b>	<b>(14.26)</b>	<b>(258)</b>	<b>(13.79)</b>	<b>(227)</b>	<b>(14.87)</b>	<b>(235)</b>	<b>(16.47)</b>
Administrative expenses	(47)	(5.07)	(67)	(3.00)	(66)	(3.52)	(61)	(3.99)	(62)	(4.37)
Selling and distribution expenses	(161)	(17.61)	(252)	(11.26)	(192)	(10.28)	(166)	(10.88)	(173)	(12.10)
Fair value adjustments of biological assets	18	1.95	18	0.81	14	0.73	13	0.84	2	0.13
Other operating income	9	1.01	64	2.84	49	2.60	28	1.85	61	4.25
<b>Profit from operations</b>	<b>187</b>	<b>20.39</b>	<b>773</b>	<b>34.52</b>	<b>641</b>	<b>34.26</b>	<b>512</b>	<b>33.52</b>	<b>482</b>	<b>33.77</b>
Finance income	18	1.95	6	0.29	2	0.10	1	0.08	3	0.20
Finance expenses	(186)	(20.25)	(434)	(19.35)	(298)	(15.93)	(262)	(17.19)	(248)	(17.36)
<b>Net profit from operation</b>	<b>19</b>	<b>2.09</b>	<b>346</b>	<b>15.46</b>	<b>345</b>	<b>18.42</b>	<b>251</b>	<b>16.41</b>	<b>237</b>	<b>16.61</b>
Contribution to WPPF	(1)	(0.13)	(16)	(0.74)	(17)	(0.89)	(12)	(0.80)	(12)	(0.84)
<b>Income before share of non-consolidated companies and income tax</b>	<b>18</b>	<b>1.96</b>	<b>330</b>	<b>14.72</b>	<b>328</b>	<b>17.53</b>	<b>238</b>	<b>15.60</b>	<b>225</b>	<b>15.77</b>
Share of profit / (loss) from associates	(10)	(1.12)	-	-	-	-	-	-	(0)	(0.02)
<b>Net profit before tax</b>	<b>8</b>	<b>0.84</b>	<b>330</b>	<b>14.72</b>	<b>328</b>	<b>17.53</b>	<b>238</b>	<b>15.60</b>	<b>225</b>	<b>15.75</b>
Income tax expenses	(1)	(0.15)	(74)	(3.28)	(106)	(5.68)	(53)	(3.46)	(49)	(3.45)
<b>Net profit after tax</b>	<b>6</b>	<b>0.69</b>	<b>256</b>	<b>11.44</b>	<b>222</b>	<b>11.85</b>	<b>185</b>	<b>12.14</b>	<b>176</b>	<b>12.30</b>
Non controlling interest	1	0.13	(13)	(0.60)	1	0.06	2	0.11	3	0.23
<b>Total comprehensive income</b>	<b>8</b>	<b>0.83</b>	<b>243</b>	<b>10.84</b>	<b>223</b>	<b>11.91</b>	<b>187</b>	<b>12.25</b>	<b>179</b>	<b>12.52</b>

## Statement of Financial Position

	2020		2019		2018		2017		2016		2015	
	BDT/M	%										
<b>ASSETS</b>												
<b>Non-current assets</b>	<b>3,114</b>		<b>4,749</b>		<b>4,402</b>		<b>3,970</b>		<b>3,574</b>		<b>2,750</b>	
Property, plant and equipment	1,722	32.00	3,966	51.18	3,747	56.77	3,112	52.02	2,646	52.46	2,043	50.99
Leased assets/Right to use	28	0.52	103	1.33	85	1.29	74	1.23	58	1.14	25	0.63
Intangible assets	60	1.11	82	1.06	87	1.32	92	1.54	58	1.15	12	0.31
Biological assets	93	1.73	102	1.32	80	1.22	78	1.31	75	1.48	-	-
Capital work in progress	488	9.06	480	6.20	401	6.08	614	10.26	737	14.61	669	16.71
Investment in associates	724	13.45	15	0.20	-	-	-	-	-	-	-	-
<b>Current assets</b>	<b>2,268</b>		<b>3,000</b>		<b>2,200</b>		<b>2,012</b>		<b>1,471</b>		<b>1,257</b>	
Inventories	502	9.33	908	11.72	594	9.00	450	7.52	320	6.35	252	6.28
Advances, deposits and prepayments	324	6.03	663	8.56	425	6.44	338	5.65	493	9.77	677	16.89
Trade & other receivables	1,036	19.25	1,059	13.66	1,166	17.66	1,150	19.23	623	12.35	230	5.74
Cash and cash equivalents	405	7.53	370	4.78	15	0.22	74	1.24	35	0.68	98	2.45
<b>TOTAL ASSETS</b>	<b>5,382</b>	<b>100.00</b>	<b>7,748</b>	<b>100.00</b>	<b>6,601</b>	<b>100.00</b>	<b>5,981</b>	<b>100.00</b>	<b>5,044</b>	<b>100.00</b>	<b>4,007</b>	<b>100.00</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Shareholders' equity</b>	<b>3,240</b>		<b>2,399</b>		<b>2,432</b>		<b>2,200</b>		<b>2,011</b>		<b>1,930</b>	
Share capital	2,158	40.10	1,199	15.48	1,090	16.51	991	16.57	901	17.86	819	20.44
Share premium	-	-	29	0.37	138	2.09	237	3.96	327	6.48	409	10.20
Revaluation surplus	216	4.02	220	2.84	283	4.29	278	4.65	283	5.62	304	7.58
Retained earnings	865	16.08	952	12.28	921	13.95	693	11.59	499	9.90	398	9.94
Non controlling interest	5	0.09	844	10.89	6	0.10	8	0.13	9	0.18	12	0.31
<b>Non-current liabilities</b>	<b>1,063</b>	<b>20</b>	<b>2,225</b>	<b>29</b>	<b>2,293</b>	<b>35</b>	<b>1,749</b>	<b>29</b>	<b>1,320</b>	<b>26</b>	<b>846</b>	<b>21</b>
Long term loans	974	18.09	1,942	25.07	2,038	30.88	1,507	25.20	1,122	22.25	708	17.66
Deferred tax liability	89	1.66	257	3.31	224	3.39	199	3.33	163	3.22	133	3.31
Lease obligations	-	-	26	0.33	31	0.47	42	0.71	35	0.69	6	0.14
<b>Current liabilities</b>	<b>1,074</b>	<b>20</b>	<b>2,280</b>	<b>29</b>	<b>1,870</b>	<b>28</b>	<b>2,025</b>	<b>34</b>	<b>1,705</b>	<b>34</b>	<b>1,218</b>	<b>30</b>
Accounts and other payables	59	1.10	85	1.10	120	1.82	89	1.49	185	3.67	96	2.40
Accruals and provisions	158	2.94	310	4.00	261	3.95	223	3.74	221	4.38	153	3.83
Short term loans	600	11.14	1,225	15.82	1,044	15.81	1,436	24.00	1,065	21.11	826	20.62
Current portion of long term loans	256	4.75	633	8.17	420	6.37	263	4.40	225	4.46	140	3.49
Current portion of lease obligations	1	0.01	26	0.33	25	0.38	14	0.23	9	0.18	2	0.06
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,382</b>	<b>100.00</b>	<b>7,748</b>	<b>100.00</b>	<b>6,601</b>	<b>100.00</b>	<b>5,981</b>	<b>100.00</b>	<b>5,044</b>	<b>100.00</b>	<b>4,007</b>	<b>100.00</b>

## Horizontal Analysis

### Statement of Financial Position

#### Shareholders' Equity

GHAIL share capital increase Tk. 901 Million since 2016 to Tk. 2158 Million for declaration including right share issue 899.3 Million in 2020. Reserves witnessed gradual increase over the past five years on account of higher profit retention to finance the capital expenditure and diversification projects which are currently in various phases of completion. Resultantly, shareholders' equity stood at Tk. 3,245 million with an increase of 60.64% since 2016.

#### Non-Current Liabilities

Non-current liabilities comprising of long term borrowings and deferred liabilities increased by around 1.6 times to Tk.1,063 million in 2020 from 2016 due to borrowings to fund payment for Inventories & Property Plant & Equipment's. Consequently, non-current liabilities recorded an increase of 65.36% to Tk. 798.25(excluding Ice Cream) million since 2016

#### Current Liabilities

Under the current liabilities, accounts and other payables decreased from Tk. 85 million to Tk. 59million in 2020. Accrual & provisions increase from Tk. 221 million in 2016 to Tk. 158 Million in 2020 on account of over tax assessment. Short term borrowings availed towards the year end resulted in decreased liability of Tk. 600 million at June 30, 2020. Current maturity of long term borrowings also decreased in 2020 owing to upcoming maturity of long term borrowings obtained in 2018 and 2019.

#### Non-Current Assets

Property, plant & equipment, intangible assets, biological assets and capital work in progress constitute the Company's non-current assets. Investment in machinery & freezer under the Company's sustainability plan besides routine capital expenditure has resulted in net increase of Tk. 1,923 million since 2015 to Tk. 1,722 million in property, plant and equipment. Lease assets increased of Tk. 58.00 million in 2016 to Tk.28million in 2020. Biological assets increased of Tk. 80.00 million in 2018 to Tk. 93million in 2020 and Intangible assets increase tk. 60 million from 2015.

#### Current Assets

Inventories increased from Tk. 252 million in 2015 to Tk. 502 million in 2020 due to production of frozen foods, Ice cream & dairy products and suppressed market conditions. Similarly, trade and others receivables increased from Tk. 230 million in 2015 to Tk. 1036 million in 2020 owing to timely not recovery of balances during the year and not better cash sales ratio towards the end of the year. Inventories increased to Tk. 502 million in 2020 mainly due to higher inventory of DAP carried by the Company to meet anticipated demand for the year 2020.

### Statement of Profit or Loss

#### Turnover:

Revenue growth witnessed in the past five years continued during the current financial year as well recording an decrease of 3.44% with a total revenue of Tk. 885.19 million in 2020, depicting an increase of 41.37% since 2015. This revenue growth was mainly due to increase in effective engagement with distributors and aligning market activities to our core products.

#### Cost of Sales:

Cost of sales recorded a substantial year on year increase from 2015 to 2020. Establishment of out-grower models for vegetables Snacks, Meat Snacks, vegetables, Ice Cream and Dairy Products in previous years facilitated sustainable supply chain management with stability in prices, volumes, and most importantly, quality. The company has resulted in cost of sales of Tk. 517 million recording a cumulative annual growth rate of 14.88% on since 2015.

#### Gross Profit

Gross margin increase from 2015 due to despite raw materials and labour cost increases the

Company managed to improve the GP margin, this was supported by strong supply chain management processes in curtailing production costs. As prices are fairly elastic, a careful balance is maintained between raw material suppliers, customer, and employees which has enabled the company to maintain a healthy GP margin improved in 2020 resulting in a gross profit of Tk. 368 million for the year

#### **Operating Cost**

Operation cost has registered an average annualized increase of 35% since 2015 owing to higher volumes and impact of rising inflationary on prices.

#### **Finance Cost**

Finance cost of the Company witnessed an increase since 2016 because of financing property plant & equipment and continuous funding of working capital requirements due to depressed market conditions in 2016 to 2020. However, finance cost increased significantly during 2020 due to improved mainly due higher working capital requirement & huge PPE addition.

#### **Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in Profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. The effect of gradual increase in applicable corporate tax rates and deferred tax in 2018 since 2015 and decreased in 2019 & 2020 for segment wise tax calculation.

#### **Net profit**

Net profit stood at Tk. 7.76 million in 2020 as compared to Tk. 179 million in 2016 reflecting an average profit percentage increase each year upto 2019 but net profit decreased the current year due to COVID-19.

### **Vertical Analysis**

#### **Statement of Financial Position**

##### **Property, Plant and Equipment**

Property Plant and Equipment increased from Tk. 1,128 million in 2016 to Tk. 1,722 million in 2020 mainly due to investment in property plant and equipment under sustainability plan besides investment in regular capital expenditure.

##### **Inventories**

Inventories of the Company increased from Tk. 122 million in 2016 to Tk. 502 million in 2020 mainly due to production & storage capacity increase and raw materials availability.

##### **Trade receivables**

Trade and others receivables increased from Tk. 77 million in 2016 to Tk. 1036 million in 2020 due to timely not recovery of balances during the years and not better cash sales ratio towards the end of the years.

##### **Trade and Other Payable**

Trade and other payable decreased from Tk 171.00 million in 2016 to Tk. 59.00 million in 2020 mainly due to regular payment to suppliers & others.

#### **Statement of Profit or Loss**

##### **Gross Profit**

Although the revenue decreased from Tk. 626 million in 2016 to Tk. 885 million in 2020, the gross profit increased from Tk. 304 million in 2016 to Tk. 368 million in 2020 because of increase in revenue which mainly included frozen & Ice Cream besides not increased manufacturing cost comparable.

##### **Net Profit**

Net profit increased from Tk. 179 million in 2016 to Tk. 243 million 2019 but current year decrease to 7.76 million due to COVID-19 pandemic.

### Distribution of Shareholding

Name /Status	% of Shares	No. of Shares
Mr. Enamuzzaman Chowdhury - Chairman	2.00%	4,316,750
Mr. Ahmed Rajeeb Samdani - Managing Director	21.94%	47,347,464
Mr. Mohius Samad Choudhury - Director	2.00%	4,316,750
Ms. Nadia Khalil Choudhury -Director	2.00%	4,316,750
Mr. Azizul Huque -Director	2.26%	4,877,261
Mr. Moqsd Ahmed Khan - Director	2.46%	5,312,924
Mr. Ahmed Mehdi Samdani	0.22%	472,371
Foreign investors	0.62%	1,339,753
Institutions	39.50%	85,267,857
General shareholders	27.00%	58,269,741
	<b>100.00%</b>	<b>215,837,621</b>

### Shareholder Holding ten percent (10%) or more voting interest in the company:

Ahmed Rajeeb Samdani	47,347,464
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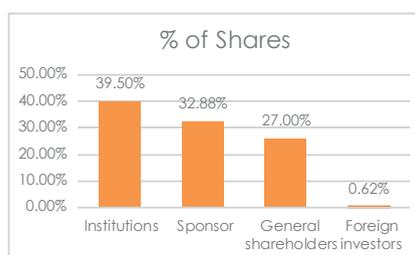
Share held by Directors /Executives and relatives of Directors / Executives

**Nil**

### Range with shareholding position:

Range of holdings In number of shares	No. of shareholders		% of shareholders		Number of shares	
	2020	2019	2020	2019	2020	2019
1 to 499	4,491	4,481	0.41	0.47	543,251	503,479
500 to 5,000	5,013	4,201	0.45	0.44	6,894,233	4,443,882
5,001 to 10,000	612	318	0.06	0.03	4,676,829	2,215,612
10,001 to 20,000	375	217	0.03	0.02	5,659,348	3,083,852
20,001 to 30,000	154	91	0.01	0.01	3,909,141	2,237,697
30,001 to 40,000	80	38	0.01	0.00	2,849,934	1,328,017
40,001 to 50,000	66	31	0.01	0.00	3,022,675	1,465,631
50,001 to 100,000	122	62	0.01	0.01	9,035,921	4,222,929
100,001 to 1,000,000	117	75	0.01	0.01	32,839,002	20,844,599
Over 1,000,000	24	19	0.00	0.00	146,407,287	79,564,092
<b>Total</b>	<b>11,054</b>	<b>9,533</b>	<b>1.00</b>	<b>1.00</b>	<b>215,837,621</b>	<b>119,909,790</b>

Status	% of Shares
Institutions	39.50%
Sponsor	32.88%
General shareholders	27.00%
Foreign investors	0.62%
<b>Total</b>	<b>100.00%</b>



## Shareholders' & Investors' Information

Annual General Meeting (AGM)  
 No. of AGM: 16th AGM  
 Date: 24 December 2020  
 Venue: Digital Platform at <https://ghaia.bdvirtualagm.com>  
 Time: 4.00 PM

Financial Calendar  
 Financial Year: 1st July to 30th June

During the FY 2019-2020 operational results of the company were announced on:

14 November 2019	First Quarter Report
30 January 2020	Half Yearly Report
29 July 2020	Third Quarter Report
28 October 2020	Annual Financial Result

### Record Date

The Record Date was 23 November 2020

### Dividend Rate

The Board of Directors in their meeting held on 28th October 2020 recommended "No" dividend for the year ended on 30th June 2020.

### Listing

The Company's shares are listed at the Stock Exchanges in Dhaka and Chittagong of Bangladesh.

Face value Per Share: Tk. 10/= (Taka ten)

Share Trading Information from 1st July to 30th June

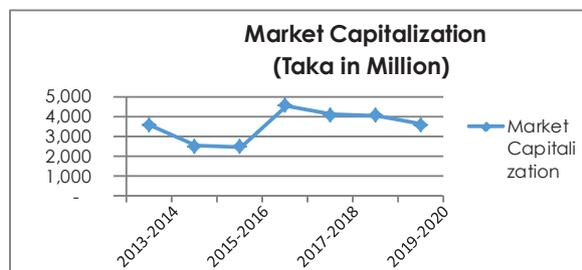
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Highest during the year	31.00	43.90	47.90	58	33
Lowest during the year	13.50	28.70	35.50	24	20
Closing Price as at 30th June	16.70	33.70	37.60	46	27
No. of Shares	215,837,621	119,909,790	109,008,900	99,099,000	90,090,000

### Dividend

Year	Rate of Dividend	Form of dividend
2019-2020	No Dividend	
2018-2019	7% & 5%	Cash and Stock respectively
2017-2018	10%	Stock
2016-2017	10%	Stock
2015-2016	10%	Stock
2014-2015	10%	Stock
2013-2014	10%	Cash

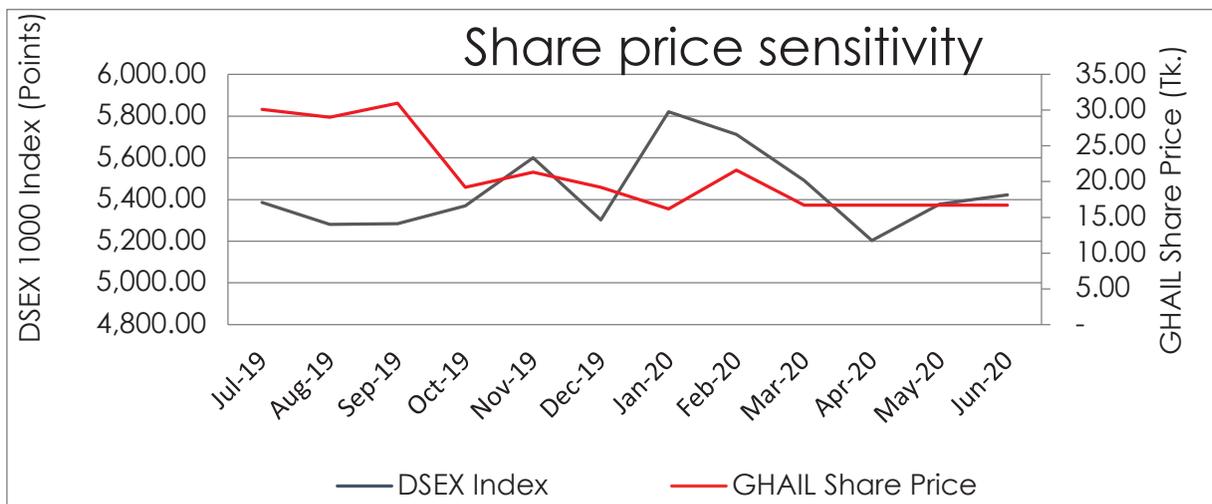
### Market Capitalization

Year	Taka in Million
2014-2015	2,498
2015-2016	2,450
2016-2017	4,559
2017-2018	4,099
2018-2019	4,041
2019-2020	3,604



## Share price sensitivity

Golden Harvest Agro Industries Ltd (GHAIL) processes over 122 varieties of premium quality frozen food products of vegetables, ready to eat foods, finger foods, Dairy products and Golden Harvest Ice-Cream Ltd. an associate of GHAIL is the new entrant in the Bangladesh ice-cream industry with the brand BLOOP. The brand offers around 122 various variants including sticks, cups, cones, calippo, sorbets, tubs, cakes and many more. Hence variety of external and internal factors influence the company's predominance as well as its share price. During the year end 30 June 2020 GHAIL outperformed the DSEX 1000 index but its share price decreased from Tk. 33.70 to Tk. 16.70 witnessing a notable decrease of 50.44% as compared to decrease in DSEX 1000 index by 10.80%. During the year the Company reported an EPS of Tk 0.04 which is 98.02% lower as compared to last year.



## Redressal of Investors Complaints

The company has formed a committee to resolve the investors' complaints. The committee consists of three members.

- |                           |                         |
|---------------------------|-------------------------|
| 1. Nadia Khalil Choudhury | Director                |
| 2. Rojina Akhter FCA      | Chief Financial Officer |
| 3. Nirmal Chandra Sardar  | Company Secretary       |

The committee follows a set process to resolve any complaint. When any investor lodges any complaint the committee, within three working days from the date of receipt of the complaints, gives the investors update on that issue. After proper investigation the committee resolves the complaint with due course and communicate the investor properly. In the year 2019-2020 there was no instance of such complaint.



## Bloop Contastic

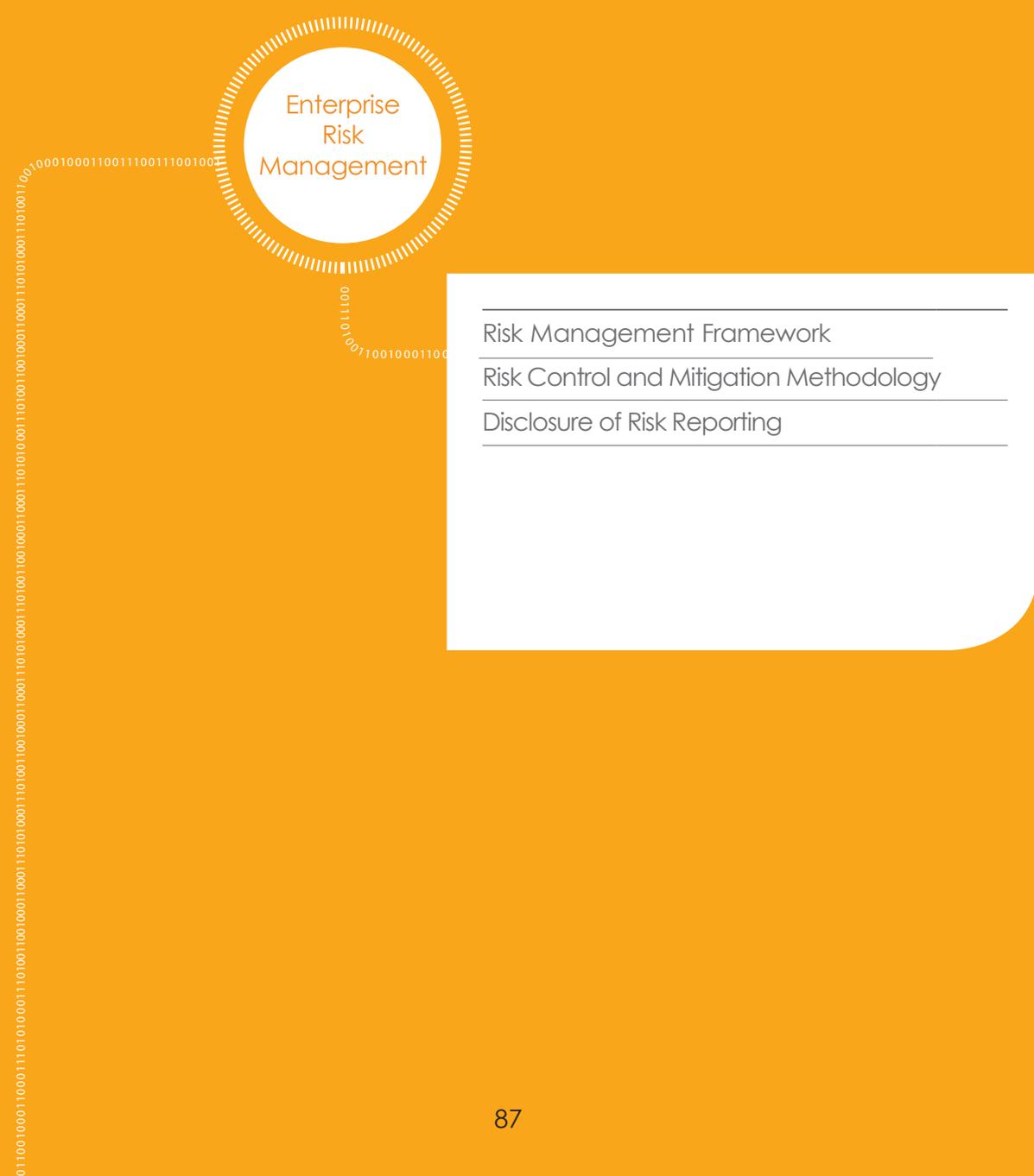
The amazing vanilla ice cream in crispy wafer topped with chocolate syrup and caramelized hazelnut





সম্ভবকে  
অসম্ভব করাই  
বুপের  
কাজ



A diagram with a central white circle containing the text "Enterprise Risk Management". A thick white line extends from the bottom of the circle, forming a large 'L' shape. The vertical part of the line is on the left, and the horizontal part is at the bottom. The line is composed of a series of small white dashes. The background is a solid orange color. There are some faint binary code strings scattered around the diagram.

Enterprise  
Risk  
Management

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Risk Management Framework

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Risk Control and Mitigation Methodology

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Disclosure of Risk Reporting

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## 1. Risk Management Framework

Golden Harvest Agro Industries Limited is exposed to various forms of industrial, operational, environmental and financial risks arising from transactions entered into and the economic environment within which it operates. Enterprise Risk Management (ERM), is very highly related and connected to 'Sustainability' and forms a part of the Company's business process. The objective of the Risk Management Strategy of the Company is to identify and manage risk, risk mitigation, harness opportunities, adapt to changing environment and adopt long-term and short term strategies which link well with the overall objectives of the Company and the Group. The annual risk management cycles begins at the Company with a detailed discussion and identification of risks, impacts and preventive, detective and corrective mitigation plans in conjunction with the GHAIL ERM Division, which constitutes the 'bottom-up' approach to ERM, where risk management is believed to be an integral part of strategic decision making. Risks are identified and assessed through a Risk Control Self-Assessment (RCSA) document unique to the Company's business. The Company rates its level of risk for each identified risk event using an evaluation of the expected severity of impact of the risk event and the likelihood of its occurrence. Further, the velocity of impact of a risk event, or the speed at which the risk event will impact the organisation, in the RCSA document, has served to priorities risks and their relevant mitigation plans. The Company is the ultimate owners of their risks and are responsible for reviewing their RCSA form on a quarterly basis. This reviewed RCSA form is then considered by the GHAIL ERM division in consolidating risks for the Group.

### Bottom up Approach of Risk Management Framework



**The ERM framework adopted and implemented by the Company involves the following:**

**i. Identification of types of Risk**

**A Risk Event**

Any event with a degree of uncertainty which, if occurs, may result in the Company not meeting its stated objectives.

**Core Sustainability Risks**

Core Sustainability Risks are defined as those risks having a catastrophic impact to and from the organisation, but may have a very low or nil probability of occurrence. These are risks that threaten the sustainability or long term viability of a business and are typically risks stemming from the Company's impact on the environment or society that will have an eventual negative impact on the longevity of the business operations.

**ii. Establishment of Risk Grid with Likelihood of**

Occurrence and severity of impact using the guideline in Table 1 given below, a risk Grid is established for the Company. Every Risk is analysed in terms of Likelihood of Occurrence and Severity of Impact assigning a number ranging from 1 (low probability/impact) to 5 (high probability/impact) to signify the possibility of occurrence and the level of impact to the organisation. Please see Table 1 for further details.

**iii. Establishment of Level of Risk based on above**

Based on the values assigned for each individual risk, using the matrix given in Table 1, a level of risk is established by multiplying the Likelihood of Occurrence with Severity of Impact.

**Table1 :Cuideline for Rating Risks**

Impact/Severity	Catastrophic/ extreme Impact	5	5	10	15	20	10
	Major/very high impact	4	4	8	12	16	20
	Moderate/ High Impact	3	3	6	9	12	15
	Minor Impact	2	2	4	6	8	10
	Low/Insignificant Impact	1	1	2	3	4	5
			Rare/Remote to occur	Unlikely to occur	Possible to occur	Likely to occur	Almost certain to occur
		1	2	3	4	5	
		<b>Occurrence/Likelihood</b>					

**The Color Matrix implies the following;**

Priority level	1	2	3	4	5
ColorCode	Ultra High	High	Medium	Low	Insignificant
Score	15-25	9-14	4-8	2-3	1

## 2. Risk Control and Mitigation Methodology

**“Risk management is part of our culture across the Company. We accept the risks we can manage and where this gives us a competitive advantage. We seek to mitigate or avoid other risks. Ensuring we have an efficient risk management system in place is key to developing our business and achieving our objectives.”**

**Ahmed Rajeeb Samdani**  
Managing Director

### Trusted to manage our risks

Security is our business – so risk management is a necessary and intrinsic part of the way we work. Our customers trust us to make it integral to our service and our culture. It is part of our responsibility to them, as well as to investors, employees and other stakeholders. We review our principal risks regularly, because we work in a dynamic environment where new risks may arise or previously identified risks may have a different impact. Effectively managing risks is the responsibility of all employees. Managers are accountable for allocating required resources to successfully manage the risks they own. The Board needs reasonable assurance that our risk management and reporting systems remain sound.

So we have a range of policies and processes involving both internal and independent controls: Internal Audit, external certification bodies and external auditors. These are designed to strike the right balance between cost and effectiveness. Together, they aim to help us achieve our business objectives while cutting to an acceptable minimum the risk of operational failures, misstatements, inaccuracies and errors, fraud and non-compliance with laws and regulations.

### What we focused on during the year

We strive for a simple and practical approach while constantly improving our risk management process and the quality of information it produces. Our key focus areas during the year were:

- Further improved the Company’s level of preparation for crisis management. Maturity assessment performed on all the plans submitted by our crisis management leaders.
- Expanded risk assessment on key activities with a focus on our Platforms & Services businesses.
- Fraud risk assessment performed.
- Concentrated support provided to Manufacturing and Information Solutions and Services (ISS) in terms of Business Continuity management.

### What we plan to do in the future

- Support our key suppliers to improve their business continuity responses.
- Continue to enhance our business continuity planning with a focus on our IT recovery.
- Ongoing development of our holistic control view through synergies, exchanges and reviews between Risk management, Internal control, Internal Audit, Quality and Corporate Strategy teams.

### The way we manage risk



## How we share our risk management responsibilities



### Five key risk management processes



### Foundations

Our processes are underpinned and informed by:

- Strategy and objectives
- Culture and values
- Internal control
- Sustainability

Business overview

Financial review

Sustainability

Risk management

Governance

Financial statements

Other information

## How we address risk management

### Five key risk management processes

Our risks reporting and mitigating actions are explained on pages 87-94. We have five dedicated processes for managing these and other risks:

1. Budgeting, planning and reporting
2. Risk assessment and mitigation
3. Crisis and business continuity management
4. Fraud risk management
5. Transfer to insurance

### Budgeting, planning and reporting

To support informed and timely decision-making, we maintain strategic planning and detailed annual budgeting and forecasting processes with complementary reporting systems.

Our 2018-2021 Development Plan, prepared in line with Group objectives and strategy, covers the whole Group. The planning process includes analysis of our own business and its competition across all our activities, assessing strengths, weaknesses, opportunities and threats.

Operating and financial results and forecast are reviewed monthly. Operating results and forecast are reviewed first by our MD and and Controller of each segment and geographic area. They are then consolidated for review by the Corporate Treasurer and the CFO.

Our business review process covers all operational entities and corporate departments at least quarterly. The budget process begins in September and delivers an

annual Group budget for the following year. This is approved by the Board in December. Whenever justified by changes in activity, current quarter and current year forecasts are reviewed and consolidated into updated forecasts for the Group.

The Group Treasurer prepares a monthly review of financial results, the efficiency of the balance sheet and cash flow hedges, client receivables, and Group cash and debt. Drawing on the

review of the operating results and the treasury report, the Group Controller and CFO prepare an operating dashboard and report for review by the CEO and circulation to the Board quarterly. A review of activity is also presented by the CEO and the CFO at each Board meeting. In addition to the monthly result calls, the Head of Consolidation holds quarterly reviews with each segment and region to help identify any transaction or event which could significantly impact the Group's results or financial condition.

### Risk assessment and mitigation

Our risk management process has six key elements:



Integrated in the Company's processes, our approach is based on the principles of responsibility, ownership, performance-oriented and continuous improvement. Key risks are assigned to risk owners responsible for developing action plans. Reporting on progress on the mitigation plans is done every six months by each manager sponsor of a risk assessment to the ERA\* Steering Committee chaired by the MD. Risk assessment is carried out at all management levels as shown in the chart below, and is supported by an ERM software tool also used to manage our internal control self-assessment questionnaires.

## Crisis and business continuity management

We cannot identify all the risks we may face. So we have crisis management processes and business continuity responses designed to improve our resilience to unforeseen events – such as a supply chain disruption, employee repatriation, or network intrusion attempts – and minimize their impact on our stakeholders and reputation.

Our Crisis Management Framework was first rolled out in 2014. It encompasses basic escalation and communication rules, guidelines for anticipation and action, and clear roles and responsibilities

In 2016, we continued to update and refine our crisis management framework and improved the Company's preparation level. In particular, the Corporate Risk Management department assessed the maturity of all the crisis management plans submitted by the crisis management leaders, and provided guidelines on the improvement areas.

\*Enterprise Risk Assessment.



Our business continuity responses aim to avoid or minimize disruption to customers and our business in the event of a crisis. They include increasing the standardization of production tools and processes for greater flexibility between sites; multi-sourcing strategies to avoid dependence on a single supplier; creating redundancies in our infrastructure; and storing key information in back-up sites. Developments of specific technical capacities in these sites have significantly reduced the number of products still depending on a single point of manufacturing. In 2016 we further reinforced our business continuity framework with improved tools and templates as well as educational support across the Company, with particular attention and focus on Manufacturing, IT and Purchasing. Continued governance and oversight of business continuity development is provided by our Business Continuity Leadership team.

## Fraud risk management

We have built an anti-fraud framework to prevent, detect, deter, report and respond to fraudulent activities. This is overseen by the Golden Harvest Anti-Fraud Commission comprising the Managing Director, Head of Human Resources, Head of Internal Audit.

All managers must report any suspicion of fraud to the Commission, and our whistle-blowing hotline enables employees to raise suspected irregularities with a confidential advisor. In the event of a fraud, managers must make appropriate changes to systems, controls, education and procedures to prevent recurrence, and the commission monitors the effectiveness of such actions.

In 2016, we performed a fraud risk assessment and trained some 80 key people in anti-fraud, anti-bribery, anti-trust and ethics in addition, some 185 employees were trained in trade compliance topics.

## Transfer to insurance

Our global insurance programs cover property damage, business interruption, public, product and professional liability, and Directors' and Officers' exposures. They aim to protect the Company against exceptionally large or numerous claims, at a cost that does not impair Group competitiveness. We neither own nor operate any captive insurance: we use only high-quality and financially sound insurers, combining master policies with local insurance policies where countries require this.

Negotiation and coordination of these programs are carried out centrally with the help of leading insurance brokers with integrated international networks. In this way we secure broad and consistent cover for all Golden Harvest activities and locations worldwide, cost optimization, and global reporting and control, while ensuring compliance with local regulatory requirements. We review our insurance strategies periodically, taking into account changes in our risk profile (such as acquisitions, claims, loss events and other activities) and insurance market trends.

## How we monitor effectiveness

### Ethical practices and employee confidence

In our 2016 internal People Quest survey, employees confirmed their confidence in our ethical practices and performance. They said that Golden Harvest and its management:

**92%**  
are committed to  
ethical practices

**92%**  
set a good  
example

**88%**  
provide adequate  
information about  
ethical practices

### Risk management

The Corporate Risk Management department has a global view of risks encompassing Enterprise Risk management, Internal Control, Crisis management, Business Continuity, Insurance and Trade Compliance. This broad view is a powerful asset in understanding and managing our risks, and helps us develop a pragmatic overall risk management approach. The department reports to both the General Counsel and the CFO.

### Internal control

We have a strong framework of internal control across all business areas and functions, based on a clear statement of ethical business principles, established procedures, and effective training of the key personnel who implement and oversee it. It aims to check that we are meeting our objectives (including sustainability goals), reporting financial performance

reliably, and complying with relevant laws and regulations.

We apply a risk-based approach. The internal control framework is updated yearly, so that it continuously evolves in line with the Company's structure, objectives, commitments and risks.

Our internal control team develops awareness across the Company and uses yearly risk-based self-assessment campaigns to ensure that the proper level of control is maintained and enhanced. For our most critical processes and entities, these self-evaluations are tested by internal auditors. This helps us to define plans for remedying deficiencies and to monitor their implementation, with particular focus on newly acquired companies.

Our dedicated Security, Quality, Health, Safety and Environment department, with representatives throughout the Group, promotes the appropriate culture and performs regular audits.

The Audit committee regularly reviews internal control reporting and internal audit activity. An annual report to the Audit committee is prepared by the Internal Audit Director and agreed with the CFO and MD.

### Financial control

Financial controllers, with the support from Internal Audit and Corporate Risk Management, are responsible for identifying risks which significantly impact the financial statements, and for taking action to mitigate those risks. They are also responsible for ensuring that the controls over the Group's earnings and operating performance remain adequate. They participate in the budget and quarterly business reviews, and oversee the monthly financial results of segments, regions and the Group. They also play an active role in operational and performance improvement projects, and in cost control and cost-effectiveness initiatives.

## How we provide independent assurance

Internal and external bodies provide assurance on the design and effectiveness of the risk management processes and compliance with the relevant standards, policies and norms.

#### **Internal audit**

- Our Internal Audit department conforms to the International Standards published by the Institute of Internal Auditors (IIA). It has direct and unlimited access to Group operations, documents and employees. It reports directly to the CFO and has an independent line of communication with the Audit committee Chairman and the MD. Internal Audit reports to the Audit committee at each meeting and holds regular private sessions with the Audit committee.
- The team reports monthly and annually to the Chairman of the Audit committee and the CFO. Audit missions include ethics and fraud reviews and follow-up reviews of acquisitions.

#### **External auditor**

- The independent external auditor provides an independent opinion on the financial results of the Group: its report is available on page 176. The auditor has unrestricted access to Golden Harvest sites and documentation, and communicates regularly with the Internal Audit department and with the Audit committee.
- The Audit committee assesses the work of the external auditor at least once a year.

### 3. Disclosure of Risk Reporting

In addition to the business risks generally faced by international businesses like Gemalto (such as country risks, M&A, foreign exchange, interest rates, liquidity...), we have outlined eight principal risks that could have an impact on the Company, and have taken measures to mitigate each one.

#### Market growth

New businesses and chosen markets do not hold their growth prospect or develop as predicted.



##### Relevance/materiality

- Failure to benefit as expected from business opportunities particularly in the Internet of Things, Enterprise Security and National Identity programs.
- Failure to make security a ready-to-use service that grows as fast as the markets it protects.
- Sovereignty consideration reduce potential market for global security solution providers despite increasing needs.

#### Competition

Change in the business dynamic, whereby a competitor's product or technology may lead to loss of competitive advantage.



##### Relevance/materiality

- Market demand is not strong enough for cloud independent security solutions.
- Authentication market commoditizes with generic procedures, pre-embedded in consumer devices sufficient for service providers.
- Physical SIM cards and/or payment cards are replaced by software and dematerialized solutions before our position is strongly established there.

#### Potential impacts/effects

- Negative impact on revenues, cash flows and profitability sustainability.
- Inefficient distribution of physical, personnel and financial resources.

#### Mitigating actions

- Competitive and market intelligence program.
- Formal multi-year development plan.
- Focus on industries where reach is strong.
- Focus investments in growing markets.

#### Mitigating actions

- Target market leadership where we play.
- Design our security solutions to preserve customer ownership and control.
- Design our security solutions to facilitate enforcement of local regulatory compliances.

#### Mitigating actions

- Use common core technologies across segments to leverage internal synergies.
- Continuous adjustment of our geographic footprint by balancing local hiring with the right network of local partners and distributors.
- Diversification of use cases of our technologies and client bases.

#### Mitigating actions

- Comprehensive Product and Software Platform architecture in place to quickly answer clients' unmet business needs.
- Effective contribution to standardization bodies.
- R&D, balancing near-term improvements with longer-term 'break-out' solutions.

#### Mitigating actions

- Selective M&A.
- Customer intimacy, focus on creating value for clients; high overall customer confidence in the annual 'Tell Me' survey.
- Promoting agility, benchmarking and quick market responses.

Key: Main potential impacts expected when unforeseen circumstances occur:

-  Financial
-  Organizational
-  Reputational
-  Legal

## Product quality and service delivery

Technical requirements becoming more and more complex and demanding with high liabilities.



### Relevance/materiality

- Data protection and cyber security are core to our business, which itself is contingent on customer confidence in our ability to protect the privacy of the data they entrust to us.
- Hacking threats are growing significantly.
- Enhanced data quality and integrity lead to strategic business decisions and better customer service.

### Potential impacts/effects

- Leakage and/or loss of customers' or Golden Harvest's confidential data resulting, for example, from cyberattacks, employee negligence or the vulnerability of our IT systems.
- Inquiries, complaints and lawsuits.
- Investigation by governmental privacy authorities.

### Potential impacts/effects

- Inability to attract, develop and retain highly qualified management and suitably skilled employees, particularly to address the markets we want to develop in.
- Loss of key resources, including in acquired companies.
- Shortage of appropriately skilled management.

### Mitigating actions

- Quality management system and world-class enterprise organization.
- Dedicated R&D teams for Product as well as Platforms & Services.
- Bid and contract reviews with approval process based on risk assessment and according to limits of authority.
- Product and professional liability insurance.

## Talent management

Our people and HR processes may not be adequately scalable to meet our growth and transformation ambitions.



### Relevance/materiality

- Business development through expansion into jurisdictions with clear privacy regulations.
- Development of embedded products (else...) will increase liabilities and replacement costs.
- Defects (visual) on Government Program products could be seen as a security breach (fake, fraud...).

### Potential impacts/effects

- Replacement of products or remediation costs.
- Loss of business or market share.
- Adverse impact on reputation.
- Drop in stock prices due to negative publicity.
- Failure to develop and deploy secure, stable or reliable technology products and solutions.

### Mitigating actions

- Awareness program and compliance action plan on food safety by the Director of Golden Harvest.
- Corporate Security Incident Response team.
- Internal security audits.
- Anti-Fraud Commission.
- Regular penetration testing on our systems.
- Standardized manufacturing processes.

### Mitigating actions

- Comprehensive Human Resources strategy with eight pillars (diversity, mobility, promotion from within, learning, recruitment, compensation & benefits, ethics & well-being, management by objectives).
- Technical Ladder to recognize individual contributors/technical skills.
- Short-term and long-term management incentive plans.

### Relevance/materiality

- Our products support our image to the customer
- The Group's success and its strategic shift towards Software and Services are contingent on recruiting and retaining highly skilled personnel (senior management, R&D, engineering, sales, marketing...).
- There is intense competition for skilled employees.

### Potential impacts/effects

- Failure of supplier's product embedded in a Golden Harvest.
- Major quality issue in one of our manufacturing facilities.
- Mismanagement of after-sales service.
- Replacement of products.
- Loss of reputation.

### Mitigating actions

- Customer satisfaction measured regularly with high overall customer confidence in annual survey.
- Dedicated key account management program.
- Qualification labs continuously improving qualification processes.
- Failure analysis labs.
- Corporate quality improvements programs, anti-error systems.

### Mitigating actions

- Succession plan for senior management positions.
- Company positioning on professional social networks.
- Yearly Employee satisfaction survey and related action plan.
- Acquisition of specific expertise accelerated through M&A.

## Business integrity, ethics and reputation

Internal fraud, bribery, anti-trust violations; actions or inactions perceived by stakeholders to be inappropriate.



### Relevance/materiality

- As a listed company with a national wide presence, the Group is subject to numerous rapidly evolving and complex laws and regulations.
- Stakeholder trust is directly tied to ethical behavior, compliance with applicable rules and regulations and internal policies and procedures.
- R&D is an important part of the activity of the Group and is dependent on proprietary technology and intellectual property rights.

### Potential impacts/effects

- Failure to accurately assess our selection chances within the framework of a bid process may lead to inefficient allocation of resources and additional costs.
- Poor understanding and/or implementation of client expectations or needs could lead to a failed contract, resulting in reduced future revenue, profitability and cash generation.
- Contingent liabilities.

### Mitigating actions

- Training/e-learning: security, business principles, anti-fraud, anti-trust.
- Regular internal and external audits of facilities.
- Internal audits on all suspected fraud.
- Investigation process and tools.
- Crisis management framework and associated worldwide training program.

## Contracts

Ineffectively managing complex national or multinational customer contracts.



### Relevance/materiality

- Potential excessive liabilities arising from contracts.
- Numerous factors including cost variation; delivery delays; changes to customer requirements, budgets, strategies, or businesses; supplier performance; our ability to negotiate back-to back clauses for purchasing or partnership agreements affect the revenue and profitability of a contract and could lead to financial loss.

### Mitigating actions

- Code of Ethics signed by employees.
- Clear policies on "do's and don'ts".
- Dedicated and qualified internal IP team organized by technology.

### Mitigating actions

- Patent committee.
- Management of Open Source use within Golden Harvest through a dedicated process.
- In-depth analysis at the very beginning of bidding process for major deals in order to measure the Group's likelihood of success.

Key: Main potential impacts expected when unforeseen circumstances occur:



### Potential impacts/effects

- Loss of trust.
- Impact on our image and reputation.
- Fines and other sanctions.
- Liabilities, including Director and Officer Liabilities.
- Third-party claims for alleged infringements of their patent rights (inability to use the patented invention in our products and services, damages to be paid for past infringements...).

### Mitigating actions

- Risk assessments with regular updates (including fraud risks).
- Anti-fraud commission; Compliance Officer reporting directly to the CEO.
- Policies and procedures, Code of Ethics, Agents Policy, whistle-blowing tool, employee survey.
- Sustainability structure and framework in place.
- Security certifications and organization.

### Mitigating actions

- Reassessment and contract review with clear presentation of risks and approval process according to limits of authority in order to ensure decision-making at proper management level and efficient allocation of resources.
- Project-based organization of Government Programs and solutions and services contracts to manage delivery risks.
- Revenue recognition policy, contractual guidelines, business and geographical legal teams.

ফুডগ্রোড পলিব্যাগে ও বোতলে পূর্ণ ননীযুক্ত

# ১০০% খাঁটি দুধ



ফ্রি হোম ডেলিভারি

সম্পূর্ণ নিজস্ব খামারে উৎপাদিত





## Bloop Choc-o-papa

The chocolaty delight with vanilla ice cream with chocolate coating, the delicate mix of chocolate & vanilla, cheers up with every bite



# Corporate Governance

***“What we believe is good governance will excel organizational overall strategy keeping transparency, accountability and stakeholders’ interest in place.”***



## Corporate Governance

- **Statement of Board of Directors on the Responsibility to Establish Appropriate System of Internal Control.**
- **Corporate information.**
- **Corporate Governance Report**
- **Certificate on Compliance of Corporate Governance**
- **Compliance Report on BSEC’s Notification on Corporate Governance Code**
- **Declaration by CEO and CFO on Financial Statements of the Bank to the Board**

## STATEMENT OF DIRECTORS' RESPONSIBILITY TO ESTABLISH APPROPRIATE SYSTEM OF INTERNAL CONTROL

The company goal is to maximize the shareholders prosperity, not just to maximize profit. The fact is that the company not only has economic responsibility but also social responsibility to the community and its environment. The Company is committed to maintain high standards of corporate governance. Our corporate governance framework is carefully constructed, and continually evaluated and updated, to ensure that it promotes accountability and supports our strategy to faster long term value and sustainable growth for the benefit of all shareholders.

The board of directors believes that good corporate governance practices are important to promote investor confidence and protect the interests of our shareholders. We attach importance to our people, our code of conduct, and our corporate policies and standards, which together form the basis of our governance practices. We respect and are committed to comply with the laws, rules and regulations of the country and area in which we operate, and we strive to ensure for our people a healthy and safe working environment which is our paramount concern. We endeavor to contribute to the sustainable development of the Company, with particular focus on our accountability to shareholders and stakeholders. This report describes how the Company has applied its corporate governance practices to its everyday activities.

The company has adopted a time-tested corporate governance framework which is being regularly reviewed and updated in line with the evolving regulations and best practice, to guide the Board, Board committees, Management and staff in performing their stewardship roles. This framework is underpinned by leadership, integrity, accountability, transparency, sustainability and shareholder engagement. These guide the company in all its decisions relating the Board oversight, delegation of authority, division of responsibilities, resource allocation, risk management, compliance, performance appraisal and compensation, related party transactions, and financial reporting. The commitment to good corporate governance has in fact been a major contributory factor to the many achievements the company has accomplished.

*In order to separate execution by and monitoring over management, Non- executive Directors in our Board Additionally, GHAIL has established a Governance and Remuneration Committee and a Nomination Committee as advisory committees to the Board of Directors. Each committee is chaired by an Independent Director and Audit & Supervisory Board Members. In appointing Independent Director and Audit & Supervisory Board Members, GHAIL places great importance on their independence, and in this connection.*

**A strong leadership and a transparent  
Decision-making system are pillars  
Of good corporate governance.**

It is our fundamental management policy to build a fair and good relationship with various stakeholders based on our corporate philosophy and our code of conduct and thus improve our corporate value from a long-term perspective. In accordance with this policy, with the intention to ensure proper and efficient execution by management, we will enhance the transparency of decision-making and establish a corporate governance system in which monitoring and supervision functions are appropriately incorporated.

The Company believes this arrangement facilitates not only appropriate monitoring over execution by management but also the consideration of important business execution from an external perspective.

It is also vital that GHAIL timely and adequately discloses its financial and non-financial information to the stakeholders as part of good governance.

We believe that our current corporate governance structure accords with good and effective corporate governance called for by the Bangladesh Security Exchange Commission., in its Corporate Governance Code. GHAIL will continue to evaluate and improve its corporate governance structure so that it always best suits GHAIL in any given moment and time in its corporate history.



**Enamuzzaman Chowdhury**  
Chairman

## CORPORATE INFORMATION

Legal Form	Incorporated as a private limited company on August 10, 2004; Converted into Public Limited Company on June 30, 2010 under The Companies Act, 1994	
Listing Status	Listed with Dhaka Stock Exchange and Chittagong Stock Exchange	
<b>Stock Summary &amp; Financial Information</b>		
Authorized Capital	Tk.	2,500 Million
Paid up Capital	Tk.	2158.38 Million
No. of Shareholders		11054
No. of Employees		580 Persons
Corporate Office	Shanta Western Tower, Level-5, Space#501 & 502, 186, Gulshan- Tejgaon Link Road Tejgaon I/A Dhaka- 1208.	
Factory Address	Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur.	
Company E-mail address	info@goldenharvestbd.com	
Company website	www.goldenharvestbd.com	
Board of Directors	Mr. Enamuzzaman Chowdhury	
	Mr. Ahmed Rajeeb Samdani	
	Ms. Nadia Khalil Choudhury	
	Mr. Azizul Huque	
	Mr. Mohius Samad Choudhury	
	Mr. Moqsud Ahmed Khan	
	Mrs. Sameera Mahmud Reza	
	Alena Akhter Khan	
Audit Committee	Alena Akhter Khan	
	Ms. Nadia Khalil Choudhury	
	Mr. Azizul Huque	
Nomination and Remuneration Committee	Alena Akhter Khan-Independent Director Nadia Khalil Chowdhury-Director Enamuzzaman Chowdhury-Director Ahmed Rajeeb Samdani-Managing Director	
Company Secretary	Mr. Nirmal Chandra Sardar	
Chief Financial Officer	Ms. Rojina Akhter, FCA	
Statutory Auditor	MABS & J Partners, Chartered Accountants, SMC Tower (7th Floor), 33, Banani C/A, Road #17, Dhaka-1213, Bangladesh	
Corporate Governance Compliance Auditor	Snehasish Mahmud & co. Plot-10 (3rd floor), Road-9, Block-J Baridhara, Dhaka-1212	
Subsidiary Company	Golden Harvest Dairy Limited	
Associate Company	Golden Harvest Ice Cream Limited	
	Golden Harvest QSR Limited	

## Corporate Governance Report

### Executive Summary

Golden Harvest Agro Industries Limited (GHAIL) and its subsidiary Golden Harvest Dairy Limited (GHDL) have a Corporate Governance philosophy founded on a culture of performance within a framework of conformance and compliance to succeed in today's competitive business vicinities in a manner that is sustainable and equitable to all our stakeholders.

### Corporate Governance Framework

GHAIL's Corporate Governance framework has been developed and enhanced based on the basic principles and best practices outlined in the following:

- Bangladesh Securities and Exchange Commission (BSEC) Corporate Governance Code;
- The Companies Act 1994 and other applicable regulations of Bangladesh;
- Dhaka and Chittagong Stock Exchanges Listing Regulations, 2015;
- Laws of the country;
- Internal Policies and Guidelines of the Company;
- Statement of Delegated Authorities of the Company; and
- Statement of Risk Management of the Company;

### Sound Corporate Governance Practice in GHAIL

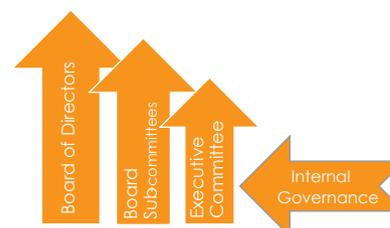
GHAIL is committed to the highest standards of business integrity, ethical values and professionalism in all its activities towards rewarding all its stakeholders with greater creation of value, year-on-year. Our governance framework which has been communicated to all levels of management and staff in individual businesses and functional units is based on the following:

- ≈ The Board is responsible to the shareholders to fulfill its stewardship obligations, in the best interest of the Company and its stakeholders.
- ≈ Maximizing shareholder wealth-creation on a sustainable basis while safeguarding the rights of multiple stakeholders.
- ≈ The methods we employ to achieve our goals are as important to us as the goals themselves.
- ≈ No one person has unfettered powers of decision making.
- ≈ Building and improving stakeholder relationships is an integral aspect of board effectiveness and is a responsible approach to business.
- ≈ Opting, when practical, for early adoption of best practice governance regulations and accounting standards.
- ≈ Our resolve to maintain strong governance practices which present strong commercial advantages especially through a lowering of our cost of capital as a result of the strengthened stakeholder confidence, the confidence of our investors, both institutional and individual.
- ≈ The making of business decisions, and resource allocations, in an efficient and timely manner, within a framework that ensures transparent and ethical dealings which are compliant with the laws of the country and the standards of governance.

### Internal Governance Structure

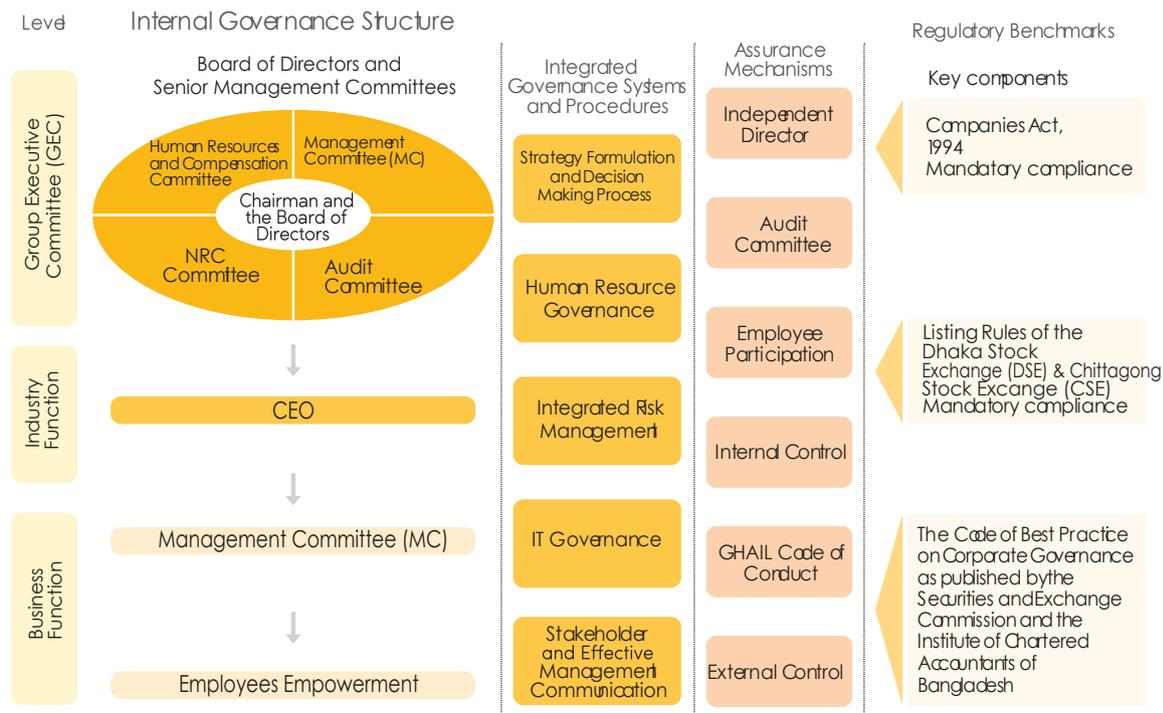
The Internal Governance Structure covers the committees which formulate, execute and monitor Group strategies and initiatives and the policies, processes and procedures employed. The Three (3) main pillars are:

Executive authority is well devolved and delegated through a committee structure ensuring that the CEO, and profit center/functional managers are accountable for the business units/sub functions respectively. Clear definitions of authority limits, responsibilities and accountabilities are set and agreed upon in advance to achieve greater operating efficiency, expediency, healthy debate and freedom of decision making. As depicted in the Governance framework, the above components are strengthened and



complemented by internal policies, processes and procedures such as strategy formulation and decision making, human resource governance, integrated risk management, IT governance and stakeholder management and effective communication.

GHAIL'S Governance Framework in depicted in the following diagram:



### Statement of Compliance with Bangladesh Securities and Exchange Commission’s notification on Corporate Governance

As GHAIL is listed on the Stock Exchanges in Bangladesh, we comply with the Compliance of Notification No.SEC/CMRRCD /2006-158/207/Admin/80 dated 3 June 2019 issued under section 2CC of the Securities and Exchange Ordinance, 1969. For the year ended 30th June 2020, we have complied with the relevant provisions set out in this report.

### Structure of the Board

The Board of Golden Harvest Agro Industries Ltd. consists 08 (eight) Directors including Managing Director & CEO. The Managing director is an Executive Director ( Ex-Officio).02 (two) are independent Directors having diverse and professional expertise and experiences with enables them to execute independent judgments on the Board where their views carry substantial weight in the decision making and policy formation of GHAIL. The presence of 03 (three) female Directors bring variety in the Board. The combination of Executive, Non-Executive and Independent Director in the Board of GHAIL adheres to the corporate governance code issued by Bangladesh Securities & Exchange Commission (BSEC)

### Board of Directors, Chairman and CEO

#### Board of Directors:

The board of directors, along with the Chairman, is the apex body that is responsible and accountable for company's prosperity by collectively directing the company's affairs, whilst meeting the appropriate

interests of its shareholders and stakeholders. In addition to business and financial issues, board of directors must deal with challenges and issues relating to corporate governance, corporate social responsibilities and corporate ethics.

### GHAIL's policy on appointment of Directors:

In relation to the appointment of new Directors, the existing Board of Directors possesses the following duties and responsibilities:

- Regularly review of size and composition of the Board that may be required to permit the Board to execute its functions with adequate skills and expertise;
- Identify any competencies not adequately represented and agreed to the process necessary to be assured that a candidate nominated by the shareholders with those competencies is selected;
- The Directors are appointed by the shareholders in the Annual General Meeting (AGM). Casual vacancies, if any, are filled by the Board in accordance with the stipulations of the Companies Act, 1994, and the Articles of GHAIL;
- Any change in the members of the Board requires intimation to Bangladesh Securities and Exchange Commission (BSEC) and the stock exchanges.

### Retirement and re-election of Directors

As per the Articles of the Company one third of the directors to retire every year shall be who have been longest in office since their last election and are eligible for re-election.

Among the Directors, Mr. Ahmed Rajeeb Samdani and Mr. Mohius Samad Choudhury are retiring by rotation and are eligible for reelection.

As per the code no. 1/2(e) of Corporate Governance Code, one of the independent Director Advocate Alena Akhter Khan is retiring from the board in this AGM after completing two terms. The Board proposed Mr. Obaidu Qader as the independent Director in her place. Mr. Qader is an ex-banker with 34 years of experience.

The another independent director Ms. Anita Gazi resigned from the Board due to her personal reason and the Board accepted her resignation on 24/02/ 2020 and appointed a new independent director Sameera Mahmud. She is an advocate in Supreme Court.

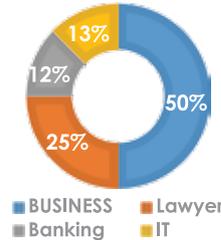
SL No.	Name of Director	Nature of Directorship	Mode of Change
01	Enamuzzaman Chowdhury	Non-Executive	Continue
02	Ahmed Rajeeb Samdani	Executive	Retired & Reelected
03	Nadia Khalil Choudhury	Non-Executive	Continue
04	Azizul Huque	Non-Executive	Continue
05	Mohius Samad Choudhury	Executive	Retired & Reelected
06	Moqsud Ahmed Khan	Non-Executive	Continue
07	Advocate Alena Akhter	Independent Director	Retired
08	Sameera Mahmud Reza	Independent Director	New Appointed
09	Anita Ghazi Islam	Independent Director	Resigned
10	A.S.M. Obaidul Quader	Independent Director	New Appointed

## Roles and responsibilities of the Board

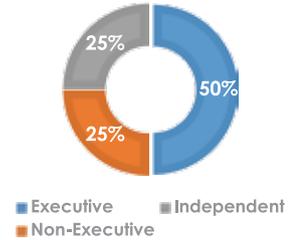
The board of directors, including the general manager or CEO (Chief Executive Officer), has very defined roles and responsibilities within the business organization. Essentially it is the role of the board of directors to hire the CEO or general manager of the business and assess the overall direction and strategy of the business.

- Provide direction and guidance to the Company and the Subsidiary in the formulation of its high level Strategies, with emphasis on the medium and long term, in pursuance of its sustainable development goals;
- The ultimate direction of the company, in particular the conduct, management and supervision of the company, and the provision of necessary directions;
- The determination of accounting and financial control principles, as well as the principles of financial planning;
- Review and approve major corporate objectives, policies, budgets and strategies as initiated by the CEO. In reviewing the strategic Annual plan, long-term business plans, confirm its directors, or propose changes of direction;
- The board reviews the financial performance of the company from time to time and reformulates the financial policies;
- Monitoring systems of governance and compliance;
- Determining any changes to the discretions/authorities delegated from the Board to the executive levels Adopting voluntarily, best practices where relevant and applicable;
- Approving in principle issue of equity I debt securities;
- Test business model and identify key performance measures also Identify risk areas and oversee risk management;
- Ensure the integrity of published financial statements;
- The board formulates, reviews and reformulates the company's mission, objectives and policies which forms the basis for strategy formulation and implementation;
- The board acts a vital and continuous link between the company and external environment like government, other companies, social and economic institutions etc;
- Ensure the company complies with laws and codes;

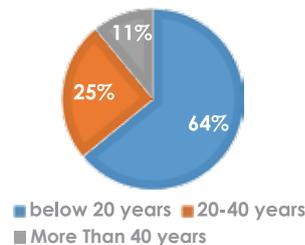
PROFESSIONAL BACKGROUND



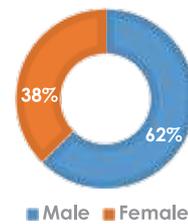
DIRECTOR BALANCE



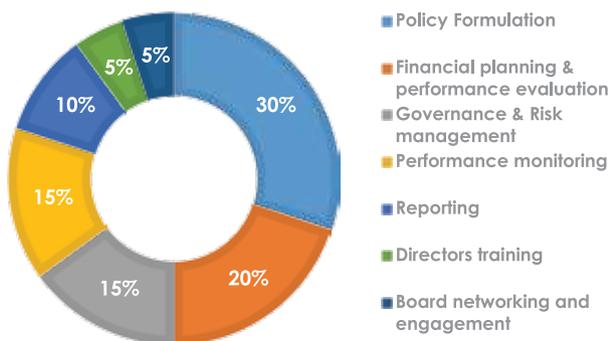
LENGTH OF SERVICE



GENDER DIVERSITY



BOARD SPENT TIME IN FY 2020



### Continuing development program of Directors:

In instances where Non-Executive Directors are newly appointed to the Board, they are apprised of the: Values and culture, operations of the Company and its strategies, operating model, policies, governance framework and processes, responsibilities as a director in terms of prevailing legislation, the code of conduct demanded by the Company and important developments in the business activities of the Group. The Board policy on Directors' training is to provide adequate opportunities for continuous development, subject to requirement and relevance for each Director.

The Directors are constantly updated on the latest trends and issues facing the Company and the industry in general.

### Annual appraisal scheme of the board:

The Board conducted its annual Board performance appraisal for the financial year 2019-20. This formalized process of individual appraisal enabled each member to self-appraise on an anonymous basis, the performance of the Board under the areas of;

- Role clarity and effective discharge of responsibilities
- People mix and structures
- Systems and procedures
- Quality of participation
- Board image

The scoring and open comments are collated by a Non- Executive Independent Director, and the results are analyzed to give the Board an indication of its effectiveness as well as areas that required addressing and/or strengthening.

### Composition of the Board, representation of the Non-Executive Directors and their independence

As at 30 June 2020, the Board consisted of Eight (8) Directors, of which two (2) are Non-Executive, Independent Directors and comply with the limits given by Bangladesh Securities and Exchange Commission (BSEC).

As at the last Annual General Meeting held on the 28 December 2019, the Board was consisted of Eight (8) Directors, of which Two (2) were Non-Executive, Independent Director. The Directors of the Board are appointed by the Shareholders at the Annual general Meeting (AGM) and accountable to the shareholders.

The Board members have a wide range of expertise as well as significant experience in corporate, marketing, legal and financial activities enabling them to discharge their governance duties in an effective manner.

### Representation of Independent Directors in the Board and their independence

As per the Corporate Governance Code No. BSEC/CMRRCD/2006-158/207/Admin/80: dated 3 June 2018, issued by Bangladesh Securities and Exchange Commission (BSEC), at least one fifth of the total directors of the Board shall be independent Directors. Thus in compliance with the code 1(2)(a) two (2) directors out of total eight (8) directors are independent, having no share or interest in GHAIL. The selected Independent directors are committed to maintain their independence throughout their tenure in the board.

### Appointment of Independent Director

As per code 1(2)(e), the tenure of office of an independent director shall be for a period of 3 years, which may be extended for 1 term only. The appointment of independent directors is essential for listed

companies in order to ensure good corporate governance. One of the main reasons behind appointing independent directors is to ensure objectivity so that they can evaluate the performance and wellbeing of a company without having any conflict of interest or undue influence.

### **Chairman of the Board and Chief Executive officer:**

There are two key takes at the top of every public company conducting of the business of the Board, and facilitation executive resistibility for management of the company's business. The main purposes of splitting the position and roles of the Chairman from that of the CEO are to strengthen the overall integrity of the company by means of avoiding the conflict of interest and to improve the ability of the Board of Directors to oversee management. There should be a clear division of responsibility at the head of company. Which ensure a balance power and authority. Such that no one individual has unfettered powers of decision.

In linewidth best practice in Corporate Governance the Chairman and the CEO of the Company are two separate persons in their respective offices. This also complies with clause 1.4 of the BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 on Corporate Governance Code, dated 3 June 2018.

### **Position of Chairman and the Chief Executive Officer of the Company**

In compliance with Notification of Corporate Governance Code issued by the Bangladesh Securities and Exchange Commission (BSEC), the post of the Chairman and the CEO (Chief Executive Officer) will have to be held by different person. The Chairman is a Non-Executive Director and CEO is an Executive Director appointed by the Board. The responsibilities of the Chairman and CEO/Managing Director are clearly defined.

### **Roles & Responsibilities of the Chairman as defined by the board:**

The Chairman of the Board shall be responsible for overall management and effective as well as efficient performance of the Board of Directors. Under his leadership, the Chairman will:

- Provide leadership to the Board's;
- Ensure effective operations of the Board and its committees in accordance with corporate governance structure;
- Ensure that all Board Committees are functional and properly operated;
- Support the CEO & Managing Director in strategy formulation and give advice as and when required;
- Ensure harmony among the Directors to act for the company's overall strategy;
- Encourage and maintain active engagement by all members of the Board; and
- Ensure that Board Committees address all corporate governance issues;

### **Roles & Responsibilities of MD & Chief Executive Officer**

The CEO/MD is the highest-level leader of a company. They make key management and financial decisions, and serve as the public face of the company.

The CEO/MD is accountable to the board for the performance of his responsibilities with expectations of the CEO/MD keeping the board informed of all events and circumstances which have, or may be likely to have, a material impact on the organization.

- Develop and execute the company's business strategies in order to attain the goals of the board and shareholders Providing strategic advice to the board and chairperson;
- Preparing and implementing comprehensive business plans to facilitate achievement;
- Ensure company policies and legal guidelines are communicated all the way from the top down

in the company and that they are followed at all times;

- Communicate and maintain trust relationships with shareholders, business partners and authorities;
- Board Administration and Support;
- Oversee the company's financial performance, investments and other business ventures;
- Delegate responsibilities and supervise the work of executives providing guidance and motivation to drive maximum performance;
- Analyze problematic situations and occurrences and provide solutions to ensure company survival and growth;
- Create an environment that promotes great performance and positive morale.;
- Represent the company as required, including attendance of important functions, industry events and public meetings;
- Work closely with the CFO (Chief Financial Officer) to prepare annual budgets, complete risk analysis on potential investments, and advise the Board of Directors with regard to investment risk and return;
- Work closely with Human Resources (HR) regarding hiring practices, payroll and benefit disbursement;
- Oversee quality control throughout the company, establishing goals for each department in partnership with division managers;



## Annual evaluation of CEO by the board:

As CEO is in the board of GHAIL, he along with the board of directors does broad discussions on yearly business plans for the coming years at the end of previous year. The yearly budget are discussed, evaluated and finalized by the Board. The overall business goals are monitored semiannually with actual achievements, by the Board. The whole process is to attain overall business growth keeping deviations at the nominal level.

## Roles & Responsibilities of Chief financial officer (CFO)

The Chief Financial Officer (CFO) of a company has primary responsibility for the planning, implementation, managing and running of all the finance activities of a company, including business planning, budgeting, forecasting and negotiations.

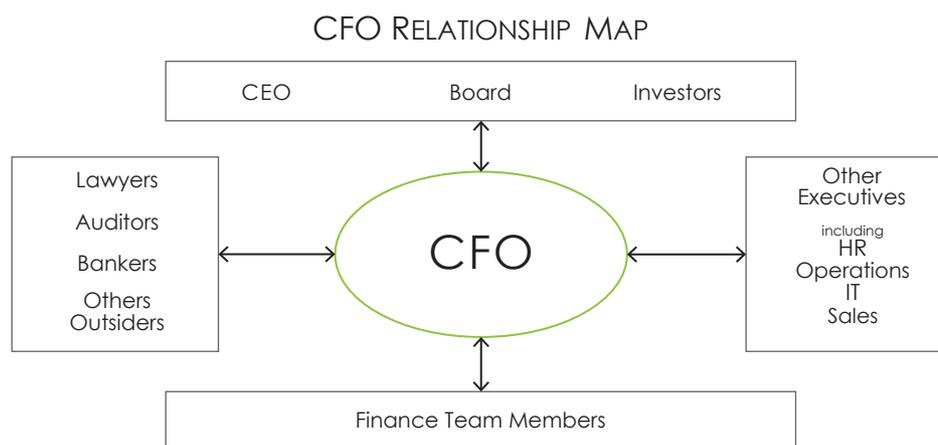
- To participate in planning and policy making, and unshouldering responsibility for the overall financial management of the Company; To regulate, supervise and implement a full and accurate set of accounting books and records reflecting all its activities in a manner commensurate with the relevant legislation .

- Providing leadership, direction and management of the finance and accounting team
- Communicate, engage and interact with Board of Directors, CEO, COO and Executive Leadership Team to provide strategic recommendations.
- Establishing and developing relations with senior management and external partners and stakeholders
- Reviewing all formal finance, HR and IT related procedures

- **Organizer**
- **Operator**
- **Strategist**
- **Catalyst**



- To prepare annual budget, financial and business plans, feasibility studies for new diversification;
- Understand and mitigate key elements of the company's risk profile
- Ensure that the company complies with all legal and regulatory requirements
- Assess and evaluate financial performance of organization with regard to long-term operational goals, budgets and forecasts.
- Provide insight and recommendations to both short-term and long-term growth plan of organization.
- Ensure full transparency over the financial performance of the company.



### **Roles & Responsibilities of Company Secretary**

The Company Secretary guides the Board on discharging its duties and responsibilities, promoting best practices in Corporate Governance. His responsibilities include ensuring the conduct of Board and General Meetings in accordance with the Articles of Association and relevant legislation, maintaining statutory registers, prompt communication to regulators and shareholders, filing statutory returns and facilitating access to legal advice in consultation with the Board, where necessary. He maintains the Minutes of Board Meetings, which are open for inspection by any Director at any time. Appointment and removal of the Company Secretary is a matter for the Board as a whole.

The main role & Responsibility as below:

- Ensuring the compliance of the Company and the Board of Directors with the relevant laws, rules & regulations, resolutions of both the Board and AGM's meetings including corporate governance practices.
- Preparing and keeping important documents of the Company.

- Holding, managing and administering board and committee meetings and general meetings of shareholders; Organizing, preparing agendas for, and taking minutes of board meetings, audit committee meetings, executive committee and other committees of the Board, annual general meetings (AGMs) and extra-ordinary general meeting of the shareholders;
- Certifying the company's annual financial statements whether the company has filed required returns and notice in terms of the Act, and whether all such returns and notices appear to be true, correct and up to date also Ensuring that copy of the report sent, in accordance with the Act to every person who are entitled to it
- Providing support for Directors and Executives to attend training courses in their relevant areas
- Providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers;
- Filing statutory returns to regulatory bodies such as RJSC, Bangladesh Bank, Securities & Exchange Commission (SEC), Stock Exchanges, Central Depository System etc;
- Assist management in corporate tax planning and ensure efficient and effective tax management and compliance with regard to tax withholding and statutory reporting to tax authority;
- To develop and oversee the systems that ensure the company complies with all applicable codes, as well as its legal and statutory requirements;
- Liaison with the outside parties for company affairs.

## Roles & Responsibilities of Head of Internal Audit and Compliance

The Head of Internal Audit and Compliance is responsible to bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes accordance with annual audit objectives, and holding opening and closing meetings with management, including providing all audit reports. HIAC assists in the establishment, development and evaluation of a company's internal controls over financial reporting, compliance and business operations.

- Ensure proper internal control system are in place;
- Lead Internal Audit's change initiative by implementing action plans related to risk assessment and annual planning, audit execution, audit reporting, staff recruiting and development, audit technology, and Audit Committee reporting;
- Coordinate analysis of risk in different areas of operations;
- Ensuring the reports are clear, concise, identify root causes with practical solutions, and ultimately provide value to management;
- Update/develop process documentation to support management's assessment and Model Audit Rule compliance;
- Proactively inform senior management of significant risks or exposures related to internal controls, compliance, and/or governance requiring prompt attention;
- In order to monitor interventions from management, internal audit managers conduct follow-up audits to make sure that regulations and sector rules are still being met and best practices are being followed;



- Manage the process to track, follow-up, and ultimately close all open audit issues leveraging the Audit Committee, if necessary;
- Coordinate the activities of external auditors including how best to leverage the work performed and results produced from Internal Audit's work;
- To ensure the company meets its financial, operational and compliance objectives;
- Reporting on control deficiencies to management and making recommendations to mitigate risk and add value;
- Challenging current processes across the company and identify opportunities for refinement;
- Playing an active role in the maintenance and review of policies and procedures Communicating with a variety of stakeholders across the company;

### The Director's Report to Shareholders

The Director's Report to shareholders is prepared in compliance with the corporate governance code of BSEC. Detailed Directors' Report is articulated on page No. 44.

### Related party transactions

During the year the Company concluded business deals with the organizations in which the Directors had an interest. It was determined on the basis of common Directorship and the Company's subsidiaries. Details are given Note no 42.2 in the accounts.

### Disclosure of Board Meeting:

The meetings of the Board of Directors of GHAIL are normally held at the Registered Corporate Head Office of the Company. The meetings are held frequently, at least once in a quarter, to discharge its responsibilities and functions as mentioned above. Meeting is scheduled well in advance and the notice of each Board meeting is given, in writing and through e-mail to each director by the Company secretary. The Board meets physically and also through video conference as available for both scheduled meeting and on other occasions to deal with urgent and important matters that require attention.

The Board met ten times during the year 2019-2020 and took decisions on key matters. The details of Board Meeting and attendance are given on Director's report.

The number of meetings of the Board and individual attendance by members are as follows:

SL No.	Name of Director	Nature of Directorship	Attendance
01	Enamuzzaman Chowdhury	Non-Executive	6/6
02	Ahmed Rajeeb Samdani	Executive	6/6
03	Nadia Khalil Choudhury	Non-Executive	5/6
04	Azizul Huque	Non-Executive	6/6
05	Mohius Samad Choudhury	Executive	5/6
06	Moqsd Ahmed Khan	Non-Executive	3/6
07	Advocate Alena Akhter	Independent Director	6/6
08	Anita Ghazi Islam	Independent Director	4/6
09	Sameera Mahmud Reza	Independent Director	0/0

### Knowledge and expertise of Directors in Finance and Accounting:

GHAIL's Board of Directors consists of members who have a wide variety of knowledge and expertise in finance, economy, business administration, management and marketing. Their diversified knowledge will ensure effective and sustainable policy for the development of the business.

### GHAIL'S Vision, Mission and Strategies

#### Approved vision and mission statements of the company:

GHAIL has approved vision, mission and strategic objectives from the board which has been maintained by all the team members of the company. Mission and vision statements are placed on Page No. 4 & 5 and Strategic objectives are placed on Page No. 6. Of this Annual Report.

#### Identification of business objectives and business focus:

Management team is always very proactive to implement GHAIL's corporate objectives set by the board of directors. Moreover our focus is on how to attain those objectives. Directors and other reports will complement these objectives and growth strategies.

#### Strategies to achieve company's business objectives:

As mentioned our objectives are associated with our mission and vision which will increase shareholder's stake value.

### Audit Committees

#### Appointment and composition of Audit Committee:

The Audit Committee, as a Sub-Committee of the Board, has been formed on 12th October 2012 comprising of three Directors. The Company Secretary acts as Secretary to the Committee. Role of Audit Committee as per provision of the BSEC regulation have been duly adopted by the Board. The Independent director is the chairman of Audit Committee.

#### Composition of audit committee consisting of Non-Executive independent director:

As per BSEC notification, the Audit Committee consists of 3 (three) members including an independent director who is the Chairman of the committee. The company secretary acts as the secretary of the Committee. The quorum of the Audit Committee meeting shall not constitute without independent director.

#### Qualification of the Chairman and other members:

**Advocate Alena Akhter Khan** Alias Alena Khan is one of the Independent Directors of GHAIL, is also the Chairman of the Audit Committee. By profession, she is a very devoted human rights activist and also dedicated lawyer. She is also a regular contributor to print media on issues of public awareness on misinterpretation of laws, superstitions, and injustice and power abuses.

**Ms. Nadia Khalil Choudhury** (Non-Executive Director) is a Business Graduate. She is an energetic business person with innovative ideas and concepts, and other units of the group. Ms. Nadia Khalil Choudhury is actively involved in different Social activities, she is the Founder and Director of Dhaka Art Summit and the Co-Founder and Managing Director of Samdani Art Foundation. Ms. Choudhury has also contributed articles for various international art magazines and art columns, also she is a Director of Khalil Group, an advisor to Bangladesh Human Rights Foundation and also the Trustee of Taher Ahmed Choudhury Charitable Hospital (TACCH) & Alvina Samdani Trust.

**Mr. Azizul Huque** (Non-Executive Director) holds a University Higher diploma in Computer Science from Staffordshire University. Having vast experience extended over 18 years in Bulk Food Commodities Trading as well as Information Technology business, has enabled him to have a comprehensive knowledge in the business dynamics and current local and international business policies of different countries. His in-depth understanding of all aspects of business and expertise on process cost elimination and quality assurance in business processes which is required for international business has proved to be assets for the Company. Both have in-depth understanding in all aspects of business.

### **Roles & Responsibility of Audit Committee**

According to Terms of Reference approved by the board and in compliance with BSEC notification, the principal responsibilities and duties are as follows:

- ✓ Oversee the financial reporting process;
- ✓ Monitor choice of accounting policies and principles;
- ✓ Monitor Internal Control Risk management process;
- ✓ Oversee hiring and performance of external auditors;
- ✓ Review along with the management, the annual financial statements before submission to the board for approval;
- ✓ Ensure the company complies with Regulatory laws and codes;
- ✓ Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;
- ✓ Review Risk Management Improvement Plan and risk management system;
- ✓ Review the adequacy of internal audit function;
- ✓ Review statement of significant related party transactions submitted by the management;
- ✓ Review Management Letters/ Letter of Internal Control, weakness issued by statutory auditors;
- ✓ The Audit Committee also assesses the Group's ability to continue as a going concern in the foreseeable future;
- ✓ Assist in selecting the company's scope of the audit engagement;
- ✓ Review independent auditor's observations of financial and accounting personnel;
- ✓ Review all significant transactions, especially those that are non-routine and those that may be illegal, questionable, or unethical;

### **Accessibility of Head of Internal Audit to Audit Committee:**

The Head of Internal Control and Compliance has direct access to the Audit Committee. He reports to the Board for his overall work.

### **Holding of Audit Committee meetings:**

As per BSEC notification, Audit Committee is required to hold at least four (4) meetings in a year. During the year ended 30 June 2020, the Committee held four (4) meetings. The details of the meetings held and attendance of the members are disclosed in Audit Committee Report.

## Objectives and activities of Audit Committee:

### Objectives of Audit

The Audit Committee shall assist the Board of Directors to ensure that the financial statements reflect a true and fair view of the statement of affairs of the Company. The committee will also ensure good monitoring systems within the business.

The principal functions of the Audit Committee are to exercise oversight over GHAIL's risk management, financial reporting and regulatory compliance functions.

### Key activities during the year

Four (4) meetings were held by the Audit Committee and key issues discussed in the meetings include the followings:



## Internal Control & Risk Management

### Internal Control and Compliance

The Board has taken necessary steps to ensure the integrity of the Group's accounting and financial reporting systems and internal control systems via reviewing and monitoring of such systems on a periodic basis. A brief description of some of the key internal control systems are listed below:

A quarterly self-certification program requires the CEO, COO, Chief Financial Officer and Company Secretary to confirm compliance with financial standards and regulations. Further the CEO and the Heads of business unit are required to confirm operational compliance with statutory and other regulations and key control procedures, and also identify any significant deviations from the expected norms.



### System of Internal Control and Director's review on the adequacy

The internal audit function in the Company is not outsourced to the external auditor in a further attempt to ensure external auditor's independence. The Auditors' report on the Financial Statements of the Company for the year under review is found in the Annual Report.

The Risk Review Program covering the internal audit of the Company and the reports arising out of such audits are, in the first instance, considered and discussed at the business / functional unit levels and after review by the respective CEO of the Company and the Subsidiary, are forwarded to the Audit Committee on a regular basis. Further, the Audit Committee also assesses the activeness of the risk review process and systems of internal control on a regular basis. Follow-ups on internal audits are done on a structured basis.

The role of the internal auditor has been transformed into a value adding function instead of merely a 'policing' function, where audit findings form an integral input in modifying and improving our internal process. The board of directors review the overall system based on the Audit Committee report.

### Identification of Key risks GHAIL is exposed to and subsequent strategies adopted

Business of GHAIL is also exposed to various risks; proactive identification of which reduces as well as eliminate to the acceptable level. We have presented detail information in Enterprise Risk Management section of the Annual Report.



### Executive Committee Meeting and discussion thereof

GHAIL has separate a Executive Committee headed by the CEO and consist of five members including COO, CFO and CS. The meet in the first week of every month and discusses various business issues. Among others, some are as follows:

- Review of internal control structure within the company
- Identification of various business risks and subsequent strategies to counter those risks
- Extent of corporate governance

### **Safeguard of Records and Assets**

Board should maintain a sound system of Internal Control to safeguard shareholders' investment and company assets. At least annually review the system of Internal Control.

The Board is overall responsible in establishing a good system of internal control in the company and delegates much of it to the Audit Committee.

This committee in turn reviews all management accounts, directs the Internal Audit Team to carry out checks on areas of verification other than their normal checks. The Audit Committee reviews all Internal audit Reports which are circulated to them quarterly and discusses the salient features at the Audit Committee Meeting with the Internal Auditor and the CFO

The Directors of the Board keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that GHAIL Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

### **Ethics And Compliance**

The company has written a Code of Conduct, to which all the employees including the Board of Directors are bound by, engraves the desired behavior of the staff at executive and above level, particularly the Senior Management. This is being constantly and rigorously monitored.

The company has a practice where it regularly draws attention of the Executive Directors and Senior Managers to the Company's Policy on Business Ethics by obtaining their signature on a copy of same. This document covers the following main areas:

- Conflict of Interest with the business of the company
- Relations with Customers, Government and Labor
- Confidentiality of documents, books and records
- Supplier relations
- Conduct

Where ever there are transactions with connected companies such transactions are disclosed under the related party transactions. The Company is compliant with the Code of Best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission. The Report contains this issue at the page no. 8.

### **IT GOVERNANCE**

Information technology is an integral part of our business and fundamental to ongoing operations. Given the strategic importance of IT, we have aligned our business requirements to available IT resources and technology to ensure appropriate IT strategy is formulated to improve our competitiveness for its future sustainability.

### **Board's commitment to establishing high level of ethics and compliance in GHAIL:**

Board maintains a sound system of Internal Control to safeguard shareholders' investment and company assets. They at least annually review the adopted system of Internal Control. The Board is overall responsible in establishing a good system of ethics and compliance the company and delegates much of it to the Audit Committee.

This committee in turn reviews all management accounts, directs the Internal Audit Team to carry out checks on areas of verification other than their normal checks. The Audit Committee reviews all Internal Audit Reports which are circulated to them quarterly and discusses the salient features at the Audit Committee Meeting with the Internal Auditor and the CFO.

The Directors of the Board keep themselves informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that GHAIL Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and elective control of Company activities.

### **Effective anti-fraud programs and controls:**

Effective control activities should be designed and implemented to mitigate identified fraud risks. Active oversight by Audit Committee will ensure operating effectiveness. GHAIL's anti-fraud programs include the incorporation of Whistle blowers mechanism which is directly taken care of the team of senior management.

### **Nomination & Remuneration Committee**

GHAIL views nomination of the suitable person paying competitive remuneration as well as proper evaluation through unbiased standard procedure as the factor for the company's long term success. The company follows a transparent selection process for recruitment of the potential candidates on the basis of role profile. The company gives great emphasis on four values throughout the recruitment and evaluation process: Respect, Integrity, Commitment and Excellence.

The Nomination and Remuneration Committee (NRC) was established on 11 November 2018 as a sub-committee of the Board in place of earlier Human Resources Committee. The NRC is comprised of two (2) Non-Executive Directors and one (1) Independent Director. The Chair of the Committee is an Independent Director, as per directive of BSEC vide their circular # SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June Corporate Governance Code. The Committee assists the Board broadly in formulation of policy with regard to determining qualifications, positive attributes, experiences, remuneration mainly for directors and top level executives. Board having clear & specific Terms of Reference (ToR) for the working of NRC as enumerated in the directives of BSEC. Since the NRC was constituted as a sub-committee of the Board 01 (one) meeting of NRC was held during the reporting period. The detailed activities of the NRC during 2019 are given on page No. 148 of this Annual Report.

The Company Secretary acts as the Secretary to the Committee, drives corporate compliance and ensures effective functioning of the Board and Committee by organizing and attending all Board and Committee meetings.

### **Management Committee (MANCOM)**

The MANCOM operates under the leadership of the CEO and is dedicated and focused towards implementing strategies and policies determined by the Board, and designing, implementing and monitoring the best practices in their respective functions, even at departmental level where appropriate and material.

#### **Key Objective**

MANCOM has ultimate responsibility for directing the activity of the organization, ensuring it is well run and delivering the outcomes for which it has been set up. MANCOM of GHAIL is also providing this leadership by setting proper strategic decision, taking proactive steps and ensuring effectiveness in the management.

## Scope

The agenda of the MANCOM is carefully structured to avoid duplication of effort and ensure that discussions and debate are complementary both in terms of a bottom-up and top-down flow of accountabilities and information. Responsibility and accountability of the effective functioning of the MANCOM is vested upon the CEO, the Functional Heads and managers as applicable.

The Good Manufacturing Practice (GMC) focus is aligned to headline financial and non-financial indicators, strategic priorities, and risk management, implement strategies and policies determined by the Board, the use of IT as a tool of competitive advantage, new business development, continuous process improvements, management of human resources and managing through delegation and empowerment, the business affairs of the respective sectors. Responsibility for monitoring and achieving plans as well as ensuring compliance with Group policies and guidelines rests with the CEO and the Functional Heads where applicable.

## Human Capital

Human resource plays a pivotal role in the current corporate world and GHAIL management is always up for its continuous development. The Human Resources and Compensation Committee of GHAIL complement the requirements of the group as well.

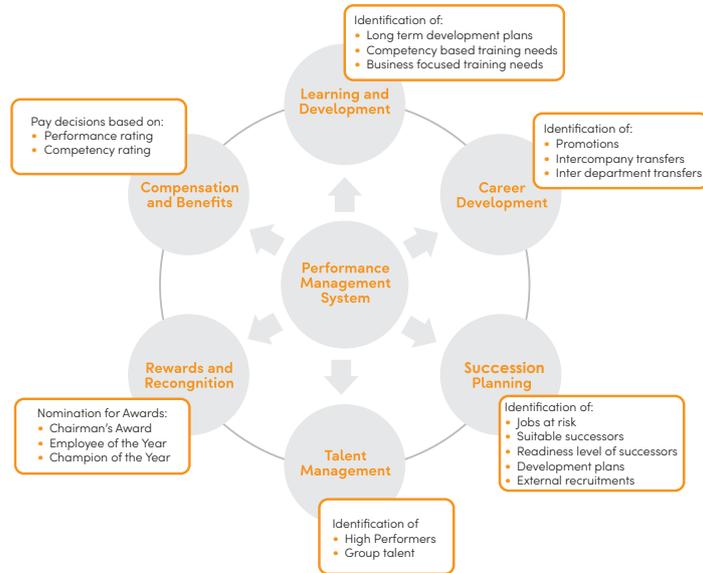
### **The key principles underlying the Remuneration Policy of the Group are as follows:**

- All Executive roles across the Golden Harvest Group have been banded by an independent third party on the basis of the relative worth of jobs.
- Compensation be set at levels that are competitive to enable the recruitment and the retention of high caliber executives in the identified job classes/bands – as guided by the best comparator set of Companies from Bangladesh.
- Compensation, comprising of fixed (base) payments, short term incentives and long term incentives be tied to performance, both individual and organizational.
- Performance be measured annually on well-defined objectives and matrices at each level individual, business and Group, thereby aligning shareholder interests through a well-established performance management system.
- The more senior the level of management, the higher the proportion of the incentive component, thereby lowering the proportion of the fixed (base) component of total compensation.
- As the seniority, and therefore the decision influencing capability of the position on organizational results, increases, the individual performance to hold lesser weight age than the organizational performance when determining total compensation and incentives.

## Performance Management:

The Performance Management System as illustrated below is at the heart of many supporting Human Resource Management processes such as Learning and Development, Career Development, Succession Planning, Talent Management, Rewards/ Recognition and Compensation/ Benefits. The GHAIL Performance Management System has been very instrumental in empowering staff in achieving organizational goals through relevant training, recognition and reward.

**GHAIL Performance management System:**



**Performance Based Compensation**

Manager and above - given the high level of decision making authority, the performance is measured annually on well-defined individual as well as organizational objectives and matrices which reflect, and are positively correlated to the Company's objectives, thereby aligning employee management and stakeholder interests.

**Performance Management**

"Pay for performance"  
Greater prominence is given to the incentive component of the total target compensation of the management.

**Satisfaction**

"More than just a workplace"  
Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

**Compensation Policy**

- Compensation comprises of fixed (base) payments, short term incentives and long term incentives
- Higher the authority level within the Group, higher the incentive component
- Greater the decision influencing capability of a role, higher the weight given organizational performance as opposed to the individual performance

**Internal Equity**

"Pay for performance"  
Greater prominence is given to the incentive component of the total target compensation of the management.

**Satisfaction**

"More than just a workplace"  
Continuously focuses on creating a sound work environment covering all aspects of employee satisfaction.

### Organizational Chart:

GHAIL's organizational chart depicts the internal structure of the company. Here the departments and divisions are segregated depending on their nature and requirements. The chart is shown on page 24 of this Annual Report.

### Communication To Shareholders & Stakeholders

The company secretary office of the Parent Company is responsible for maintaining an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties, towards developing an effective investor communication channel.

#### The Investor Relations unit of GHAIL is responsible for;

- Ensure relevant information is available in Website.
- Staying visible and building relationships.
- Being factual.
- Focusing on the long-term view and strength of the balance sheet.
- Responding to queries and clarifying on concerns of investors.
- Coordinating media relations and investor Communication.

#### Communications through quarterly reports:

GHAIL reports four times a year to its shareholders through quarterly, half-yearly and annual report.

#### Communications through AGM:

In AGM, shareholders are encouraged to communicate with the board of directors regarding their valuable views which is always taken into consideration.

#### Communications through website:

The company's website [www.goldenharvestbd.com](http://www.goldenharvestbd.com) displays, inter-alia, the quarterly, half-yearly and Annual Report's. It also contains all the details about new products and corporate announcements.

#### Environmental and Social Obligations

GHAIL defines CSR as a process that aims to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and other stakeholders. In this respect, GHAIL acknowledges that as a corporate entity, its social and environmental impacts are a legitimate concern for its sustainability. Keeping this in mind, GHAIL treats its CSR with paramount significance. This is done by creating standing committees that develops and implements policies. These are policies which are intended to ensure all aspects of GHAIL's CSR are addressed. These aspects are not only relevant to GHAIL but are also needed to fulfill GHAIL's commitment to the community and environment. Furthermore, GHAIL believes CSR is not something that can be imposed from the outside, but rather an ideology that is made to be an inherent part of its business's principles, which are derived from the mission, vision and values of the GHAIL group. In this regard, GHAIL is aware of the fact that CSR activities are not to be chosen arbitrarily, thus the resources deployed are efficiently used to address overall socio-economic well-being.

Detail of the CSR activity has been presented in the Sustainability Report of this Annual Report in Page No. 158.

## Board of Directors







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1212  
Phone: +88-02-8834063  
info@smac-bd.com  
www.smac-bd.com

**Annexure-B**  
**[Certificate as per condition No. 1(5) (xxvii)]**

**Report to the Shareholders of Golden Harvest Agro Industries Limited on Compliance on the Corporate Governance Code**

(Issued under Condition No. 9.00 of Corporate Governance Guidelines of "BSEC" vide notification no. SEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018)

We have examined the compliance status to the Corporate Governance Code by **Golden Harvest Agro Industries Limited** for the year ended on 30th June 2020. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969, of the Bangladesh Securities and Exchange Commission.

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

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

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion and subject to the remarks and observations as reported in the connected compliance Statement:

- The Company has complied with the conditions of the Corporate Governance Code except condition no. 1(3)(c) as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the Company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

Dated: 02 Dec 2020  
Dhaka

**Snehasish Mahmud & Co.,**  
Chartered Accountants



**AUDIT • TAX • CONSULTING**

## STATEMENT OF COMPLIANCE OF CORPORATE GOVERNANCE CODE

### Annexure-C [As per condition No. 1(5) (xxvii)]

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

#### Report under Condition No. 9.00

Condition No	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>1</b>	<b>Board of Directors.-</b>			
1 (1)	Size of the Board of Directors			
	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not to be less than 5 (five) and more than 20 (twenty).	✓		Board is comprised of 08 Directors
1 (2)	Independent Directors			
1 (2)(a)	At least one fifth (1/5) of the total number of directors in the company's board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director(s);	✓		02 Independent Directors out of 08 Directors
1 (2)(b) (i)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company;	✓		IDs have declarations about their compliances
1 (2)(b) (ii)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company;	✓		
1 (2)(b) (iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1 (2)(b) (iv)	Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1 (2)(b) (v)	Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1 (2)(b) (vi)	Who is not a shareholder, director excepting independent direct or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1 (2)(b) (vii)	Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;	✓		

Condition No	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(viii)	Who is not an independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBF);	✓		
1(2)(b)(x)	Who has not been convicted for a criminal offence involving moral turpitude.	✓		
1(2)(c)	The independent director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM).	✓		The appointment of new ID, Ms. Sameera Mahmud Reza, is to be approved in 16 <sup>th</sup> AGM
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days.	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		One of ID is in her extended tenure
1(3)	Qualification of Independent Director (ID)			
1(3)(a)	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.	✓		The qualifications and backgrounds justify their abilities
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association;	N/A		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company;	N/A		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law;	N/A		
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law;	N/A		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director(s) shall have at least 10( ten) years of experiences in any field mentioned in clause (b);		✓	One of the ID has experience in legal field since 2012 but started practice in High Court Division from 2016

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.		✓	No such approval found
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer.-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		The Chairperson, MD and CEO are different individual
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	N/A		The Chairman was present in all Board meetings
1(5)	The Directors' Report to the Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		Included in Directors' report
1(5)(ii)	The Segment-wise or product-wise performance;	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any;	✓		
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);	✓		
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or 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 Share Offer, Direct Listing etc.;	✓		
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial Performance and Annual Financial Statements;	✓		
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	√		
1(5)(xiii)	A statement that appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment;	√		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	√		
1(5)(xv)	A statement that the system of internal control is sound in design and has been effectively implemented and monitored;	√		
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	√		
1(5)(xvii)	A statement that there is no Significant doubt upon the issuer company's ability to continue as going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	√		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	√		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	√		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;	√		
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;	√		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	√		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	√		
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance their spouses and minor children (name- wise details);	√		
1(5)(xxiii)(c)	Executives;	√		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details).	√		
1(5)(xxiv)	In case of the appointment or reappointment of a director, a disclosure on the following information to the shareholders:-			
1(5)(xxiv)(a)	a brief resume of the director	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiv)(b)	nature of his/her expertise in specific functional areas;	✓		
1(5)(xxiv)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
1(5)(xxv)	A management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per <b>Annexure-A</b> ; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C.	✓		
1(6)	Meetings of the Board of Directors			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code.	✓		
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC), for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	√		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company:</b> -			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;	√		
2(b)	At least 1 (one) independent director of the Board of the holding company shall be a director on the Board of the subsidiary company;	√		
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.	√		
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;	√		
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	√		
<b>3.</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO) Head of Internal Audit and Compliance (HIAC) and Company Secretary(CS):-</b>			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	√		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	√		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	√		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	√		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	√		
3(2)	Requirement to attend Board of Director's Meetings			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board:	√		
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer(CFO)			

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
3(3)(a)(i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓		
3(3)(a)(ii)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent illegal or violation of the code of conduct for the company's Board or its member;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
<b>4.</b>	<b>Board of Director's Committee.- For ensuring good governance in the company, the Board shall have at least following sub-committees:</b>			
4(i)	Audit Committee;	✓		
4(ii)	Nomination and Remuneration Committee	✓		
<b>5.</b>	<b>Audit Committee:</b>			
5(1)	<i>Responsibility to the Board of Directors</i>			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board 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;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		Audit committee comprise of Three members
5(2)(b)	The Board shall appoint members of the audit committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		All members of the committee are Non-Executive Director, one of them is ID
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management background and 10(ten)years of such experience;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(2)(d)	When the term of service of any Committee members expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	N/A		No such case in the reporting year
5(2)(e)	The company secretary shall act as the secretary of the Committee.	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)(a)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the audit committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular chairperson shall be duly recorded in the minutes.	N/A		No such case in the reporting year
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee;	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	The Audit Committee shall:-			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	Monitor choice of accounting policies and principles;	✓		
5(5)(c)	Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance plan and review of the Internal Audit and Compliance Report;	✓		
5(5)(d)	Oversee hiring and performance of external auditors.	✓		
5(5)(e)	Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	Review along with the management, the annual financial statements before submission to the board for approval;	✓		
5.5(g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval;	✓		
5.5(h)	Review the adequacy of internal audit function;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
5(5)(i)	Review the Management's Discussion and Analysis before disclosing in the Annual Report;	√		
5(5)(j)	Review statement of all related party transactions submitted by the management;	√		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.	√		
5(5)(l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors;	√		
5(5)(m)	Oversee whether the proceeds raised through Initial public Offering (IPO) or Repeat public Offering(RPO) or Rights Share offer have been utilized as per the purpose stated in relevant offer document or prospectus approved by the Commission;	√		
5(6)	Reporting of the Audit Committee			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)(a)	report on conflicts of interests;	N/A		No such event occurred.
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; control system;	N/A		No such event occurred.
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations;	N/A		No such event occurred.
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;	N/A		No such event occurred.
5(6)(b)	Reporting to the Authorities:-			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.	√		No such event occurred.
5(7)	Reporting to the Shareholders and General Investors			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition 5(6) (a) (ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		Reported in Annual Report

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
<b>6.</b>	<b>Nomination and remuneration Committee (NRC).</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	√		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	√		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5) (b).	√		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	√		NRC comprise of three members and one of the is ID
6(2)(b)	All member of the Committee shall be non-executive directors;	√		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	√		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	√		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;	N/A		
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;	√		
6(2)(g)	The company secretary shall act as the secretary of the Committee;	√		
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	√		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	√		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	√		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	N/A		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	N/A		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:	✓		
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:	✓		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria;	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies;	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not Complied	
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	√		
<b>7.</b>	<b>External or Statutory Auditors</b>			
7(1) (i)	Appraisal or valuation services or fairness opinions;	√		
7 (1) (ii)	Financial information system design and implementation;	√		
7 (1) (iii)	Book-keeping or other services related to the accounting records or financial statement;	√		
7 (1) (iv)	Broker –dealer services;	√		
7 (1) (v)	Actuarial services;	√		
7 (1) (vi)	Internal audit services or special audit services;	√		
7 (1) (vii)	Any services that the Audit Committee determines.	√		
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition No.9(1);	√		
7 (1) (ix)	Any other service that creates conflict of interest	√		
7(2)	No Partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company;	√		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	√		
<b>8.</b>	<b>Maintaining a website by the Company.-</b>			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	√		
8(2)	The company shall keep the website functional from the date of listing.	√		
8(3)	The company shall make available the detailed disclosures on its website as required under the regulations of the concerned stock exchange(s)	√		
<b>9.</b>	<b>Reporting and Compliance of Corporate Governance.-</b>			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	√		The company obtained the certificate from Snehasish Mahmud & Co. Chartered Accountants
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the Shareholders in the annual general meeting.	√		The Auditors has been appointed by the Board and confirm in the next AGM
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.	√		

**Golden Harvest Agro Industries Limited**  
**CERTIFICATE OF DUE DILIGENCE BY CEO & CFO**  
**(As required under the BSEC Guidelines)**

To the Board of Directors of  
Golden Harvest Agro Industries Limited

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

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

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended on 30 June 2020 and that to the best of our knowledge and belief:
  - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) These statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.



**Ahmed Rajeeb Samdani**  
Managing Director and CEO  
Dhaka  
26 November 2020



**Rojina Akhter FCA**  
Chief Financial Officer

## Audit Committee Report

The powers and responsibilities of the Audit Committee are governed by the Audit Committee Charter which is approved and adopted by the Board. The terms of reference comply with the requirements of the Corporate Governance Rules as per Section 3 of the notification of the Bangladesh Securities and Exchange Commission (BSEC).

### Role Of The Audit Committee

The role of the Committee, which has specific terms of reference, is described in the Corporate Governance Report on Page No. 116.

### Composition Of The Audit Committee

The Audit Committee, appointed by and responsible to the Board of Directors, comprises three Directors one of whom is Independent Director. The Company Secretary acts as the Secretary to the Audit Committee. The Managing Director and Chief Financial Officer (CFO) attend to the meetings. The Chairman of the Audit Committee is an Independent Director.

The audit committee, as a subcommittee of the board of directors, consists following members:

SL No	Name	Status in the Board	Status in the Committee	Educational Qualification
01	Alena Akhter Khan	Independent Director	Chairman	LLB
02	Nadia Khalid Choudhury	Director	Member	Business Graduate
03	Azizul Huque	Director	Member	Diploma in Computer Science

### Meetings Of The Audit Committee

The Committee met 4 times during the year. The attendance of the members at these meetings is as follows:

Audit Committee meeting 4 (Four) :

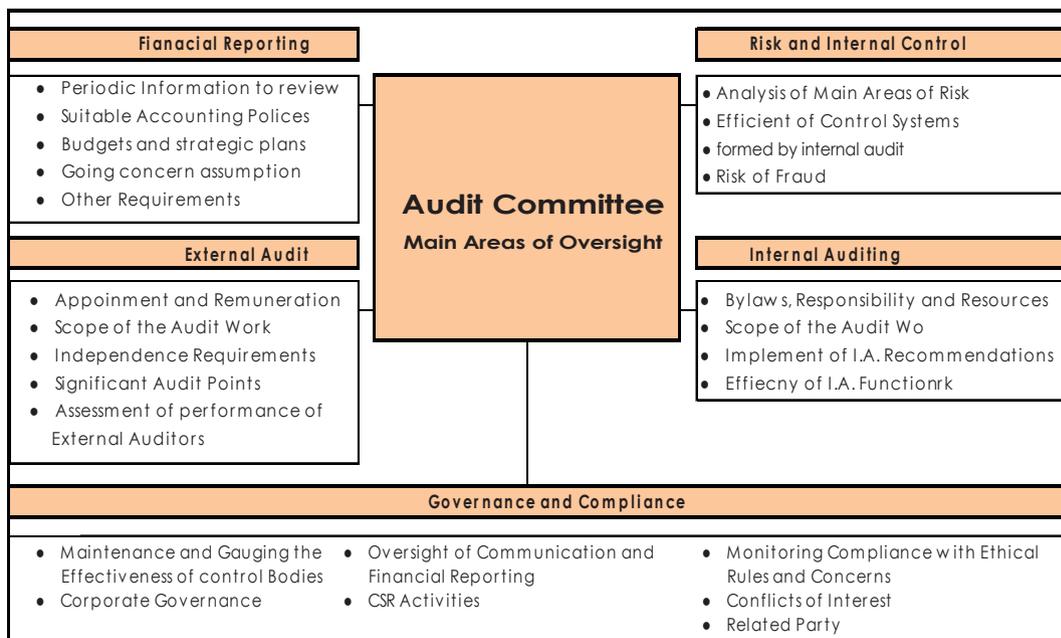
Name	14.11.2019	27.01.2020	25.04.2020	24.06.2020
Alena Akhter Khan	√	√	√	√
Nadia Khalid Chowdhury	√	√	√	√
Azizul Huque	√	√	√	√

### Participation of non-members

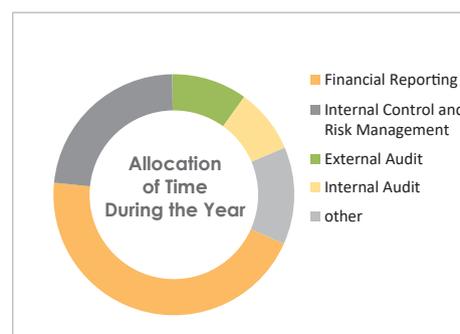
A representative of Internal Control & Compliance Division attends and participates in meetings of the Committee. The Managing Director and CFO also attend meetings of the Committee, together with pertinent other members of Management as the Committee determines.

### Task of the Audit Committee

The Committee is tasked with assisting the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and other stakeholders in relation to the integrity of the Financial Statements of the Group, ensuring that a good financial reporting system is in place and is well managed in order to give accurate, appropriate and timely information, that it is in accordance with the Company's Act and other legislative reporting requirements and that adequate disclosures are made in the Financial Statements in accordance with the Bangladesh Accounting Standards. Details as under:



- Monitor the integrity of the financial statements, any formal announcements relating to the financial performance, and review significant financial reporting judgements, estimates or other accounting matters concerning.
- The Audit Committee reviews the design and operational effectiveness of risk management internal controls and implement changes where required and ensures that the risk management processes are effective and adequate to identify and mitigate risks.
- The Audit Committee also ensures that the conduct of the business is in compliance with applicable laws and regulations and policies of the Group.
- Monitor and review the effectiveness of the Group's internal audit function.
- The Audit Committee reviews Enterprise Risk Management Improvement Plan and risk management system
- The Audit Committee also assesses the Group's ability to continue as a going concern in the foreseeable future.
- The Committee evaluates the performance and the independence of the Internal Auditors and the External Auditors. The Committee is also tasked with the responsibility of recommending to the Board the re-appointment and change of External Auditors and to recommend their remuneration and terms of engagement.
- In fulfilling its purpose, it is the responsibility of the Audit Committee to maintain a free and open communication with the Independent External Auditors, the outsourced Internal Auditors and the management of the Company and to ensure that all parties are aware of their responsibilities.
- The Audit Committee is empowered to carry out any investigations it deems necessary and review all internal control systems and procedures, compliance reports, risk management reports etc. to achieve the objectives as stated above. The Committee has reviewed and discussed with management and internal and external auditors, the audited Financial Statements, the quarterly unaudited Financial Statements as well as matters relating to the Company's internal control over financial reporting, key judgments and estimates in the preparation of Financial Statements and the processes that support certification of the Financial Statements by the Directors and the CFO.
- Reviewed report on utilization of funds raised through rights issue as per condition no 5.5(m) of Corporate Governance Code issued by Bangladesh Securities Exchange Commission, dated 03 June, 2018.



Audit Committee activities	Nov	Jan	April	Jun
<b>Financial reporting</b>				
Review and approve preliminary & interim results	*		*	
Consider key audit and accounting issues and judgments	*		*	
Consider accounting policies and the impact of new accounting standards	*		*	
Review any related party matters and intended disclosures	*			
Review management letter from auditors	*			
Approve going concern and viability statements	*			
Review Annual Report, and confirm if fair balanced and understandable	*			
<b>External auditors</b>				
Plan for year-end audit & half year review		*		*
Confirm auditor independence, materiality of fees, and non-audit services		*		*
Approval of audit engagement letter and audit fees				*
<b>Internal audit and risk management controls</b>				
Approve internal audit plan and resources	*	*	*	*
Review of internal audit reports and monitor progress on open actions	*	*	*	*
Review of financial, IT and general controls	*	*	*	*
Monitor Group whistleblowing procedures	*	*	*	*
Assessment of the principal risks and effectiveness of internal control systems				*
<b>Governance</b>				
Assurances as to corporate governance and Corporate Governance Code compliance	*			
Accounting standards update		*		*
Corporate governance update		*		*
Evaluation of external and internal audit function		*		
Directors' Compliance Statement policy and procedures				*
Policy on the engagement of external auditors				*

## Summary of Activities During the Financial Year

The Committee reviewed with the Independent External Auditors who are responsible for expressing an opinion on the truth and fairness of the audited Financial Statements and their conformity with the Bangladesh Financial Reporting Standards (IFRS).

The Committee also reviewed the Accounting Policies of the Company and such other matters as are required to be discussed with the Independent External Auditors in compliance with Bangladesh Auditing Standard. The quarterly Financial Statements were also reviewed by the Committee and recommended their adoption to the Board.

These reviews focused on, but were not limited to:

- The appropriateness and consistency of accounting policies and practices;
- The going concern assumption;
- Compliance with applicable financial reporting standards, corporate governance requirements and the clarity and completeness of disclosures; and
- Significant areas in which judgement had been applied in the preparation of the financial statements in accordance with the accounting policies

- Compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results
- Discussed a report from the external auditors at that meeting identifying the significant accounting and judgmental issues that arose in the course of the audit;
- Discussed with management future accounting developments which are likely to affect the financial statements;
- Reviewed the budgets and strategic plans of the Group in order to ensure that all forward looking statements made within the Annual Report reflect the actual position of the Group

### Internal Audit

The Committee monitors the effectiveness of the internal audit function and is responsible for approving their appointment or removal and for ensuring they have adequate access to information required to conduct their audits.

During the year under review, the Audit Committee has met the Internal Auditors to consider their reports, management responses and matters requiring follow up on the effectiveness of the internal controls and audit recommendations.

- satisfying themselves as to the strategies, methodologies, plans, manning, resources and organization for internal auditing and its standing within the Company, and the extent of the co-ordination with the external auditors;
- considered the role and effectiveness of internal audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Review the management's actions in computerization of the Company and its applications and Management Information System (MIS).
- received quarterly updates from the Head of Internal Audit on progress against the agreed plan including the results of internal audit reports and management's actions to remediate issues identified
- received updates on the nature and extent of non-audit activity performed by internal audit;
- ensured co-ordination between Group Internal Audit and the external auditor to maximize the benefits from clear communication and co-ordinated activities.

### Risk and Control Review

The Audit Committee has reviewed the Business Risk Management Process and procedures adopted to manage and mitigate the effects of such risks and observed that the risk analysis exercise has been conducted. The key risks that could impact operations have been identified and wherever necessary, appropriate action has been taken to mitigate their impact to the minimum extent.

- reviewed and approved the Group Internal Audit function's strategy and annual plan to ensure alignment with the Group's principal risks;
- considered and were satisfied that the competencies, experience and level of resources within the internal audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of internal audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;

- received quarterly updates from the Head of Internal Audit on progress against the agreed plan including the results of internal audit reports and management's actions to remediate issues identified;
- received updates on the nature and extent of non-audit activity performed by internal audit;
- monitoring compliance with the Company's Standards of Business Conduct;
- ensuring there is due process for compliance with relevant national laws and regulations;
- reviewing the reliability of management information procedures in the organisation including management reporting to the Main Board and the Management Board;
- Considering major areas of change prior to commencement and obtaining assurance that proper plans for control have been developed;

### External Audit

The External Auditors of the Company MABS & J Partner Member firm of Nexia International submitted a detailed audit plan for the financial year 2019/20, which specified, inter alia, the areas of operations to be covered in respect of the Company. The audit plan specified 'areas of special emphasis' which had been identified from the last audit and from a review of current operations. The Audit committee had meetings with the External Auditor to review the scope, timelines of the audit plan and approach for the audits.

The areas of special emphasis have been selected due to the probability of error and the material impact it can have on the Financial Statements. At the conclusion of the audit, the External Auditors met with the Audit Committee to discuss and agree on the treatment of any matter of concern discovered in the course of the audit and also to discuss the Audit Management Letters. The Audit Committee also reviewed the audit fees of the External Auditors of the Company and recommended its adoption by the Board. It also reviewed the other services provided by the auditors in ensuring that their independence as auditors was not compromised.

- Recommend for appointment, reappointment or change Auditors
- Approval for remuneration, i.e. fees for audit or non-audit service
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements.
- Revaluation Performance and audit plan
- Reviews the independence and objectivity of the external auditors
- Consider and discuss with the external auditors of the Company the scope of their audit prior to its commencement and, subsequently, the results, and review the effectiveness of the process
- review the external auditors' management letter and any major recommendations of the external auditors and consider management's response

### Related party transactions

Review all material related party transactions (including interested person transactions) and keep the board informed of such transactions, and the findings and conclusions from its review.

### Compliance with Financial Reporting and Statutory Requirements

The Audit Committee receives a quarterly declaration from the CEO, CFO and the VP Finance, listing any departures from financial reporting, statutory requirements and Group policies. Reported exceptions, if any, are followed up to ensure that appropriate corrective action has been taken.

With a view of ensuring uniformity of reporting, the Group has adopted the standardized format of Annual Financial Statements developed by the ultimate Parent Company.

### Conclusion

The Audit Committee is satisfied that the effectiveness of the organizational structure of the Group in the implementation of the accounting policies and operational controls, provide reasonable assurance that the affairs of the Group are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Group's Internal and External Auditors have been effective and independent throughout the period under review.



**Alena Akhter Khan**

Chairman, Audit Committee

## Report Of The Nomination And Remuneration Committee

This Nomination and Remuneration Policy is being formulated in compliance with Notification No. BSEC/CMRR D/2006-158/207/Admin/80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board.

The Nomination and Remuneration Committee (NRC) of Golden Harvest Agro Industries Limited is comprised of the following members:

Names	Representation in the committee	Number of Meetings of the Committee during FY 2018-19	
		Held	Attended
Alena Akhter Khan-Independent Director	Chairman	1	1
Nadia Khalil Chowdhury-Director	Permanent Member		1
Enamuzzaman Chowdhury-Director	Permanent Member		1
Ahmed Rajeeb Samdani	Advisory (Non-voting) Member		1

### Terms of Reference:

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive.

### Role of the NRC:

- NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- To oversee, among others, the following matters and make report with recommendation to the Board:
  - (i) formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - (b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - (c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - (ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background.
  - (iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;

- (iv) formulating the criteria for evaluation of performance of independent director(s) and the Board;
- (v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
- (vi) developing, recommending and reviewing annually the company's human resources and training policies;

#### **Objective and Policy of the NRC:**

##### **Objective:**

The objective of the policy is to ensure that

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/top management team required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### **Appointment and Removal of Director, Top Level Executives and Senior Management**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executives or at Senior Management level and recommend his / her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he /she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position.

#### **Term / Tenure of Independent Director**

All companies shall have effective representation of independent directors on their Boards. At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors. Qualifications, experience and position of Independent Director shall be as per notification on Corporate Governance Code of Bangladesh Securities & Exchange Commission.

The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM). The post of independent director(s) cannot remain vacant for more than 90 (ninety) days and the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only. Provided that a former independent director may be considered for reappointment for another tenure after a time gap of one tenure, i.e., three years from his or her completion of consecutive two tenures [i.e. six years]:

Provided further that the independent director shall not be subject to retirement by rotation as per the Companies Act, 1994.

##### **Evaluation**

The Committee shall carry out evaluation of performance of Director and top level executives yearly or at such intervals as may be considered necessary.

##### **Removal**

The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).

## Retirement

The Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director or any top level executive even after attaining the retirement age, for the benefit of the Company.

### Policy for Remuneration of Directors/ Top Level Executives:

- a) The Remuneration to be paid to Managing Director / Other directors as approved by the NRC committee.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive / Independent Director may receive meeting fees and such other remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- d) The remuneration to top level executives shall be fixed considering their performances and in accordance with the Company's Policy.

### Major activities during the year:

At its commencement meeting the Committee delved in detail into the values, code of conduct and talent value proposition of the Company. During the year under review, the Committee carried out the following activities:

- ▶ Oversee the core human resources policies, principles and philosophy of the Company including recruitment, performance evaluation across all levels of members and talent value proposition of the Company
- ▶ Recommendation for Long Term Performance Plan
- ▶ Review the salary structure & other benefit in COVID-19 Pandemic & the committee discuss the issue how to overcome the situation and overall impact.
- ▶ Overseen other issues within the Code of Conduct of the NRC.

### Implementation

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

Nomination and Remuneration Committee (NRC) expressed their sincere thanks to the members of the Board of Directors, management of the Company for their outstanding support and Co-operation.



**Alena Akhter Khan**

Chairman

Nomination and Remuneration Committee & Independent Director



Awsummmmm  
**Shor malai**  
ice cream!  
Just the way you like it!







**JUBILANT**  
GOLDEN HARVEST



**Domino's**  
Pizza



# Sustainability Report

## Golden Harvest Agro Industries Ltd. For the year ended 30 June 2020

### Global Reporting Initiative G4 Guidelines on Sustainability Reporting

We have assessed the material impacts of economical, environmental and social indicators on the business as well as our stakeholders based on GRI Standards. The Guidelines consist of Principles for defining report content and ensuring the quality of the information reported. The Guidelines also include Standard Disclosures consisting of Performance Indicators and other disclosure items. Also included are Indicator Protocols (which provide definitions and other information to ensure consistency), Technical Protocols (to provide guidance on issues in reporting) and Sector Supplements (instructing the user on how to use the Guidelines in a specific sector; they are to be used in addition to the standing Guidelines rather than replacing them).

The goal of sustainable development is to "meet the needs of the present without compromising the ability of future generations to meet their own needs." Climate change, sustainable development and ecological consciousness are global concern. GRI is in the process of updating its Sustainability Reporting Guidelines, and plans to incorporate the findings of the linkage document in order to align its new guidelines with those of CDP. As a responsible corporate, Golden Harvest is committed to the global agenda with a specific and focused framework for achieving them within the parameters of our business operations', inspiring significant policy decisions by world leaders. This content index accompanies our Golden Harvest has been prepared in accordance with the GRI Standards 2016.

As per new guidelines, the companies to be more transparent about the impacts of their activities and assets have on the environment, economy and society.

#### Overview of the set of GRI Standards:

(A) Universal Standards:

The Universal Standards apply to all organizations preparing a report in accordance with the GRI Standards:

GRI 101 - Foundation: Starting point for using the GRI Standards.

GRI 102 - General Disclosures: The report contextual information about an origination.

GRI 103 - Management Approach: To report the management approach for each material topic.

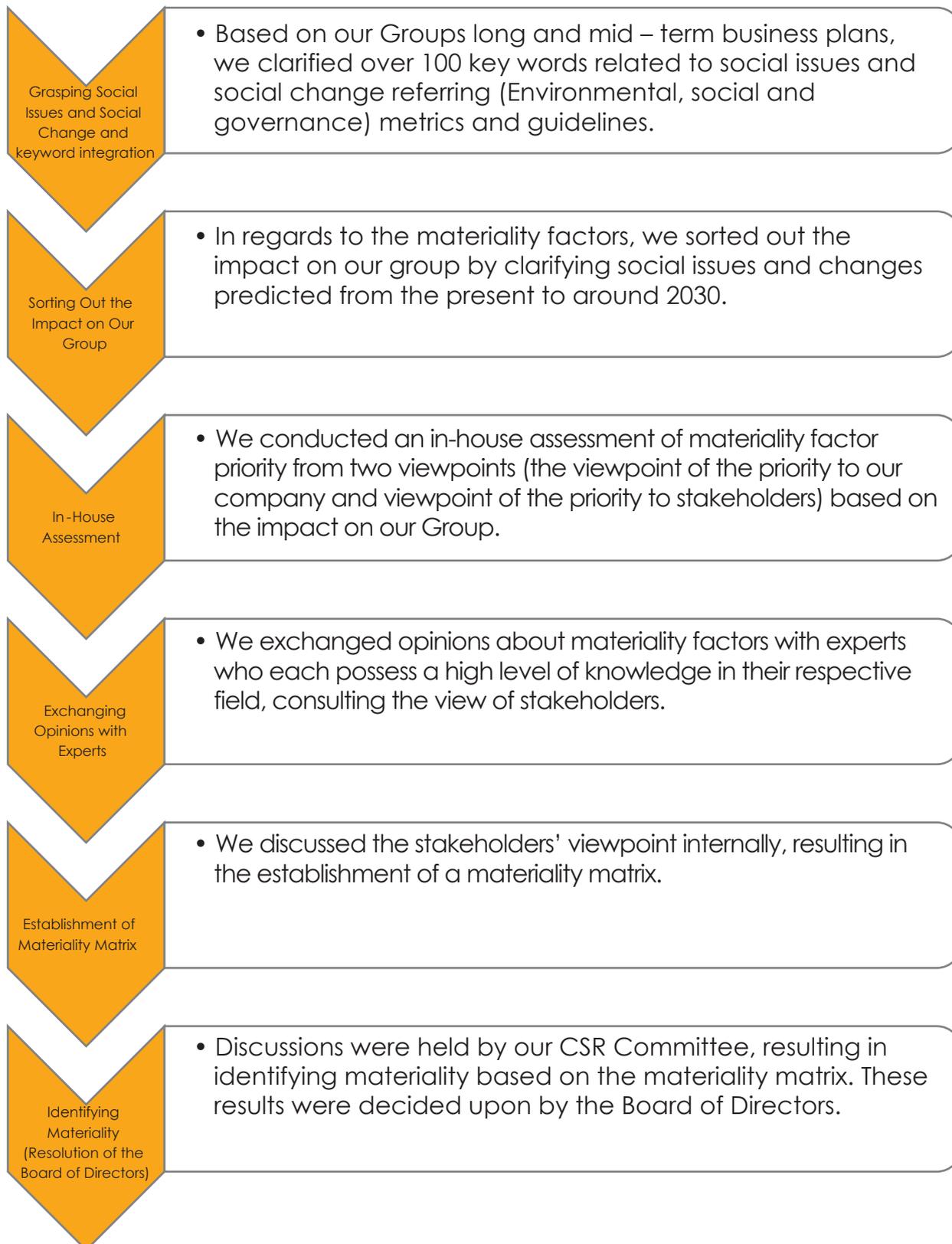
(B) Topic-specific Standards: There are various topic-specific Standards, organized in three series:

- Economic topics (200 Series)
- Environmental topics (300 series)
- Social topics (400 series)

#### Materiality Selection

Our Group has identified the materiality needed to realize our corporate vision in 2030 to become "A corporate group which provides new values for helping to enrich people's lives by integrating internal and external knowledge with facing globally-changing society" and "A group of first-class pioneers who blaze a way to the future with enthusiasm by trusts they have built and skills they have cultivated".

### Process of Materiality Identification



## Materiality Matrix



Provision of new value for helping to enrich people's lives	We aim to provide new value for helping to enrich people's lives through our businesses based on five core technologies.
Strengthening of Golden Harvests Business base	We aim to strengthen our business base to improve our ability to respond to increasingly diverse and sophisticated marketing needs.
Continuous improvement of responsible care activities	We aim enhance the maintenance of environment, health, and safety through the operation of the Golden Harvest Product Responsible Care Management System.

To prevent companies or independent organization to adopt the GHAIL Intangible Value Assessment in their own possible truncation, addition, and weights amendments should be approved by an methodology committee.

**Table: Golden Harvest Agro Industries Ltd. Matrix: Pillars, Themes And Key Issues**

Pillar	Theme	Key Issue
Environmental	Climate Change	Carbon emission Product carbon footprint Energy efficiency Climate Change Vulnerability Financing environmental impact
	Natural resource use	Biodiversity and land use Raw material sourcing
	Waste Management	Toxic emissions and waste Packaging material and waste Electronic waste
Social	Human Capital	Opportunities in clean tech Opportunities in green building Labour management Health and safety Supply chain labour standards Controversial sourcing
	Product safety	Product safety and quality Chemical safety Financial product safety Privacy and data security Insuring health and demographic risk Responsible investment
	Social opportunities	Opportunities in nutrition and health Access to communications Access to healthcare

Pillar	Theme	Key Issue
Governance	Corporate Governance	Corporate Governance Corruption and instability Business Ethics and fraud Anti-competitive practices
	Government and public policy	Finance system instability

## CSR Process

GHAIL defines CSR as a process that aims to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and other stakeholders. In this respect, GHAIL acknowledges that as a corporate entity, its social and environmental impacts are a legitimate concern for its sustainability. Keeping this in mind, GHAIL treats its CSR with paramount significance. This is done by creating standing committees that develops and implements policies. These are policies which are intended to ensure all aspects of GHAIL's CSR are addressed. These aspects are not only relevant to GHAIL but are also needed to fulfill GHAIL's commitment to the community and environment. Furthermore, GHAIL believes CSR is not something that can be imposed from the outside, but rather an ideology that is made to be an inherent part of its business's principles, which are derived from the mission, vision and values of the GHAIL group. In this regard, GHAIL is aware of the fact that CSR activities are not to be chosen arbitrarily, thus the resources deployed are efficiently used to address overall socio-economic well-being. This is done by aligning GHAIL's CSR activities that deliver the intended result while staying true to improving people's quality of lives all while utilizing GHAIL's core competencies. Accordingly, GHAIL makes its CSR initiatives cohesive and meaningful to create the perfect balance between business sustainability and social needs, keeping society and its stakeholders satisfied.

## Environmental and CSR Policy

As a corporate entity, GHAIL believes that its operations should be financially sustainable, socially responsible and environmentally friendly. In this regard, GHAIL does not engage in activities that cause difficulties in localities where it operates. GHAIL does not cause pollution nor does it degrade the environment, Since GHAIL's motto is to improve people's quality of life, GHAIL only undertakes projects that benefit society as a whole, as a part of its CSR. While choosing CSR worthy initiatives, GHAIL remains conscious of the fact that its core competencies are utilized through projects that build efficiency through the application of GHAIL's knowledge and resources. GHAIL wishes to reiterate that its CSR activities are not philanthropic or unsystematically chosen. GHAIL endeavors to fulfill its responsibility for social improvement and abolishing poverty.

In this respect, GHAIL's CSR programs are aimed at those who are impacted due to its operations, these may be consumers of GHAIL products, the locality in which GHAIL operates or the environment. This leads GHAIL to be socially and environmentally sustainable. Various projects under GHAIL's CSR pillars are designed by its management committee which falls under corporate strategy. GHAIL's projects therefore are always aligned with the interest of all of its stakeholders.

## Environmental Sustainability

**“We learned that economic growth and environmental Protection can and should go hand in hand.”**

### Our Green Philosophy

As a leader in the industry we see it as a duty for organisations to take on the reins of creating a sustainable planet which will be conducive to continuing the symbiotic relationship that exists between humans, animals and nature. Our business philosophy therefore is to create a long-term shareholder value with minimalistic impact to the environment. Our philosophy is to engage in business practices that subsidises Sustainable Development on a macro scale while alleviating the burden of environmental pollution.

Therefore in keeping with our green philosophy we have taken a collective effort to reduce our Carbon Footprint to the bare minimum and established Golden Harvest Echo Friendly Industrial Park situated in Fatehpur (Gowainghat Upazila, Sylhet District) adjacent to National Highway. Strategically located in Sylhet-Jaflong Highway, the site provides swift access to the National Highway N2 and hence to Dhaka and Chittagong, and is positioned conveniently for access into the Sylhet town. The park comprises industries, warehouse and office accommodation in a range of unit sizes. Types of businesses that would be there including Food Production, Cold-storage facility, Warehouses, and many others. The park is managed by a well-established management team and benefits from CCTV, backed up by 24 hour mobile and static security guarding. There is a comprehensive maintenance and gardening scheme in place..

A number of projects focusing primarily on waste and water management have been successfully implemented for this purpose. We strictly adhere to Occupational Health and Safety requirements to ensure a safe, hygienic and accident-free workplace for our employees. Numerous measures have been established to ensure minimum hazard emissions while, intensive training is given to our employees on relevant issues such as environmental awareness, protection and conservation.

The Group policy of minimising waste discharge was well communicated among all staff members of the Group. Their contributions in this exercise have helped the Company reap a substantial reduction in the quality of disposable waste during the year.

Moreover, the procedures of discharging these effluents stringently adhere to accepted guidelines and regulations ensuring that no harm comes to the ecosystems surrounding our factory locations. We have also minimised the challenges surrounding the imprudent use of land resources by ensuring that land used by GHAIL is utilised wisely and with a keen understanding of the environmental needs, yielding added returns for the future.

Our promise to the next generation is to aspire to be ideal corporate citizens that honor our civic duty, protecting the earth's natural resources through novel ideas that effectively maximise the overall utility of land, energy and water, while adhering to the ethical manufacture, supply and export of chemicals. The policies of GHAIL commitment to the green initiatives is made manifest in our efforts to becoming Carbon-Neutral while also tracking our Carbon Footprint in a comprehensible and conscious manner, through one of the leading Carbon Consulting Companies in the country.

The dedication of the Group in this regard is evident in that even the utilisation of fluorescent light bulbs and the energy efficiency practiced in the manufacturing process.

As per the guiding principles of Integrated Reporting structures, GHAIL has built its business model on that of a Green Policy, in which the Company is held accountable to its shareholders inclusive of its surrounding environs.

### Waste Management:

Under Section 12 of the Bangladesh Environment Conservation Act 1995 (ECA 1995) no industrial unit or project can be established or undertaken without obtaining an Environmental Clearance Certificate (ECC) from the DOE. The ECC ensures that the industry/project meets all the prescribed standards set by the Bangladesh Government in terms of the quality standards of air, water, noise, odor and other environmental components.

As per the Act, National Standards of Waste Discharge Quality Standards for Industrial Units and Projects are prescribed as below:

Parameter	Unit	Location of final disposal		
		Inland Surface Water	Public Sewerage System Connected to treatment at 2nd stage	Irrigated Land
Ammonia (free ammonia)	mg/L	5	5	15
Ammoniacal Nitrogen (as N)	mg/L	50	75	75
Arsenic (As)	mg/L	0.2	0.5	0.2
BOD5 20°C	mg/L	50	250	100
Boron (B)	mg/L	2	2	2
Cadmium (Cd)	mg/L	0.05	0.5	0.5
Chloride (Cl <sup>-</sup> )	mg/L	600	600	600
Chromium (hexavalent Cr)	mg/L	0.1	1.0	1.0
Chromium (total Cr)	mg/L	0.5	1.0	1.0
COD	mg/L	200	400	400
Copper (Cu)	mg/L	0.5	3.0	3.0
Cyanide (CN)	mg/L	0.1	2.0	0.2
Dissolved Oxygen (DO)	mg/L	4.5 – 8	4.5 – 8	4.5 – 8
Dissolved Phosphorus (P)	mg/L	8	8	10
Electrical Conductivity	µMho/cm	1200	200	200
Fluoride (F)	mg/L	7	15	10
Iron (Fe)	mg/L	2	2	2
Lead (Pb)	mg/L	0.1	1.0	0.1
Manganese (Mn)	mg/L	5	5	5
Mercury (Hg)	mg/L	0.01	0.01	0.01
Nickel (Ni)	mg/L	1.0	2.0	1.0
Nitrate (N molecule)	mg/L	10	-	10
Oil and Grease	mg/L	10	20	10
pH		6 – 9	6 – 9	6 – 9
Phenol Compounds (C <sub>6</sub> H <sub>5</sub> OH)	mg/L	1.0	5.0	1.0
Selenium (Se)	mg/L	0.05	0.05	0.05
Sulfide (S)	mg/L	1	2	2
Total Dissolved Solids (TDS)	mg/L	2100	2100	2100
Total Kjeldahl Nitrogen (N)	mg/L	100	100	100
Total Suspended Solids (TSS)	mg/L	150	500	200
Zinc (Zn)	mg/L	5	10	10

Golden Harvest is concerned about the environmental impacts and very careful about the compliance of the relevant laws. To comply with the laws the company has established a Biological Effluent treatment plant. We have identified that the production process generates two types of waste. One is solid waste and another is waste water.

#### Solid Waste:

The solid waste that generates from the process is mainly from residue of raw material which is agricultural products. All are biological waste and are not hazardous. All solid waste can be decomposed and can be used as green fertilizer.

The production process generates around [xxxx] tons of waste per day. The waste are collected and deposited into a safe place for decomposition. After two to three weeks the waste are decomposed properly. Then they are taken to the field to the contact grower for use in their field. This manure in one side reduce utilization of chemical fertilizer and in another side increase the fertility of the land. It reduces soil erosion and help improving long term environmental impact.

#### **Waste Water:**

We are focused on complying the “Bangladesh Environment Conservation Rules – 1997.” In the Agro project waste water comes from washing and cleaning activities. It does not contain anything that is harmful or hazardous to the environment. Therefore, it does not require any treatment. The water is discharged directly to the natural sewerage system managed by the Local Government Engineering Department. The Company in its frozen food department uses around 2,000 liter of water per hour. The main source of water is from its own deep tube well.

Every week the waste water is tested in our lab. Sample is collected before the treatment and after the treatment. A report is given below:

Parameter	Sample from Waste Tank	Sample from Clarifier outlet	Standard
PH	4.0 – 5.0	7.0 – 8.0	6.0 – 9.0
Total Dissolved Solid (TDS)	3000 – 3500	520 – 550	<2100
Chemical Oxygen Demand (COD)	350 – 450	100 – 120	<150
Bio – Chemical Oxygen Demand (BOD)	100 – 150	15 – 20	<50
Dissolved Oxygen (DO)	15 – 20	5.0 – 6.0	4.5- 8.0

#### **Material**

We continue to monitor the use of all core materials used in our business. This gives us better control over the use of production inputs such as fertilizer, agrochemicals, packaging material etc. At the same time we promote reuse and recycling wherever possible and practical.

#### **Transportation**

We have made sure that transporting of products, other goods and materials or members of the workforce will not cause any unsatisfactory eco impacts. Accordingly, GHG emissions from fuel used for transportation remains the only environmental impact what we have at present.

#### **Having to deal with Supplier assessment for environmental Impact**

a wide range of suppliers and contract farmers has prompted to set out comprehensive guidelines for the assessment of each supplier category. All existing suppliers and contract farmers are evaluated regularly to assess their level of compliance with GHAIL rules and regulations. In dealing with new suppliers for vegetable, chicken and spices and other equipment required for the operations, we make sure to procure only from suppliers who comply with national environmental regulations and adhere to international environmental standards. Even then regular qualitative assessment are carried out to establish their alignment with our quality parameters and conformity with globally accepted food safety management criteria. Meanwhile, uprooting contractors are assigned the job only once they sign the contract agreement to prevent damage to the environment during uprooting process.

#### **Corporate Social Responsibility (CSR)**

Golden Harvest strongly believes in giving back to the society and runs a CSR programme that includes Bangladesh Human Rights Foundation, TAC Charitable Hospital, Alvina Samdani Trust and Samdani Art Foundation that organizes Dhaka Art Summit, the largest non-commercial South Asian art dedicated event.

## LIGHTING THE FIRE OF FREEDOM

### Bangabandhu Sheikh Mujibur Rahman

To celebrate the birth centenary of the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman, Golden Harvest and CRI in collaboration with ICT Ministry and Bangladesh Shilpakala Academy presented a historical exhibition 'Lighting the Fire of Freedom, Bangabandhu Sheikh Mujibur Rahman'.



### Golden Harvest - Always with the Deprived, who aspires to become Successful in life - Joyontika Zobeda

Golden Harvest is Proud to be the companion in Zobeda's Success Story. It could be a different story for not being benevolent to provide dowry, life of numerous women in Bangladesh lose the pace of their life time and again. But Zobeda has brought this traditional story into a different height & we, Golden Harvest take the pride to be a part of her glorious story. Jobeda, a Super Hero – Jobeda was a dwarf girl, eldest child of a farm-laborer having 4 siblings from Majhipara, Gaibandha. She could not complete her education due to her dwarfness & poor financial condition of her father. Dwarfness is a social stigma in Bangladesh, more so in rural areas. She was married off at the early age but could not pursue her married life since her poor father could not pay off the dowry during marriage.

All these predicaments did not stop her to carry forward her dream. She started as a sewing apprentice in a local sewing shop, later she opened own sewing shop in her home to start a new beginning in life.

Golden Harvest, knowing her hardship & adversity and determination & fighting instinct to stand on her own foot, came forward to help her. Golden Harvest provided her initial capital to buy sewing machines for smooth initiation of business.

Zobeda, running the wheel of sewing machine has stimulated the immobilized luck of her own.



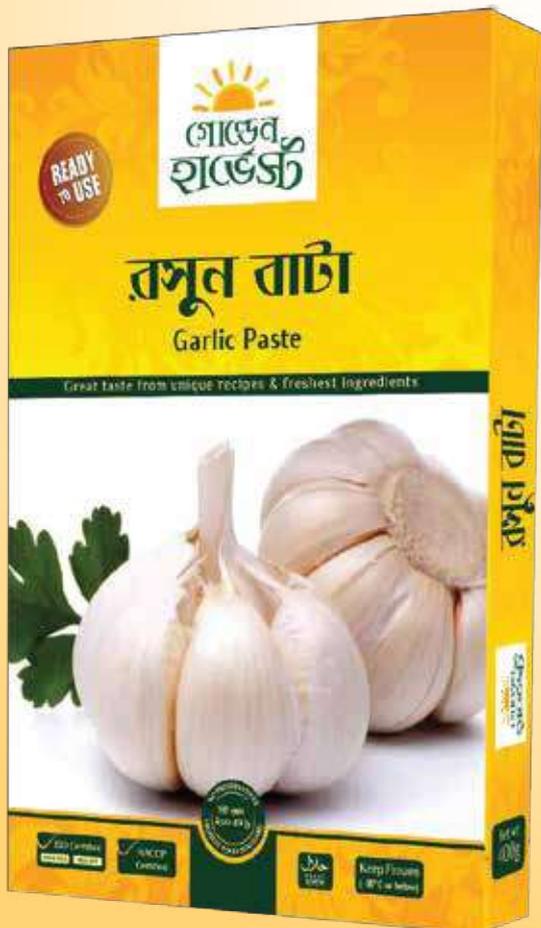
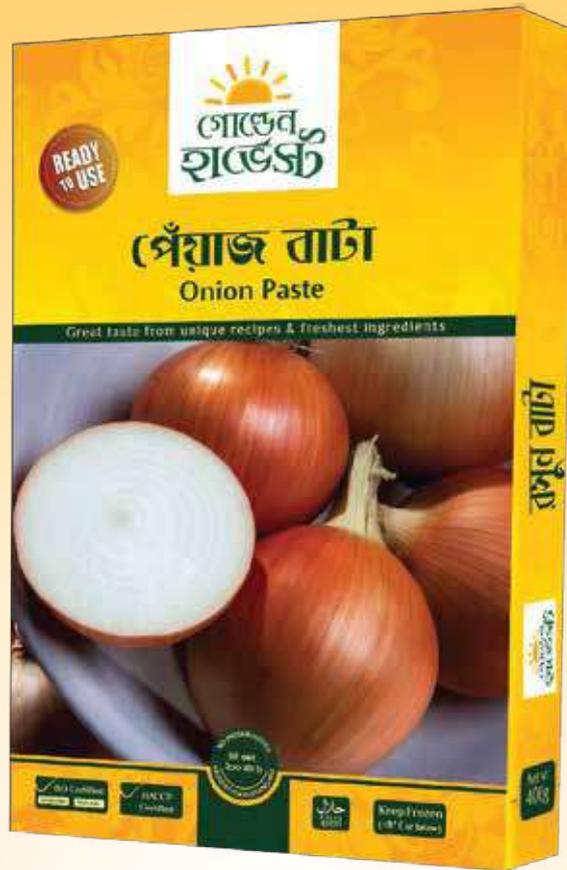
'Running a sewing machine' rather than the one (Holding the cheque received from Golden Harvest).

She has written the success poetry of her life despite her physical deformity. She is now running the shop successfully & helping her father to run family expenses, keeping her head high. Jobeda is no longer dependent & curse for the society, rather she is an independent woman contributing to the society keeping her ESTEEM HIGH.

Golden Harvest is very much proud of Super Her- Jobeda. Hats Off to her determination & success for an independent decent life. It is indeed a celebration on the occasion of International Women's Day 2018 for all the WOMENFOLK & the SOCIETY.



Golden Harvest donated freezer van to Quantum Foundation for Dead body carrying at COVID time. S M Momtazul Islam, Chief Executive Officer, Golden Harvest Agro Industries Limited handed over the freezing van to Quantum Foundation



### Bangladesh Human Rights Foundation (BHRF)

A not for profit organization set up to provide free of cost legal aid to the underprivileged who are fighting against violation of human rights in different ways.

### Others Corporate Social Responsibility (CSR) Activities During The year



Better Performance Appreciation



Celebrate Golden Harvest Family Day



Golden Harvest Group distributed relief among 1,000+ flood affected people of Jamalganj, Sunamganj. All the members of golden harvest group has supported & contributed in this noble program. Relief Distribution to Flood Affected People.



Sales Conference



Arrange school workshops towards developing approach to human right education & integrating human right values.



Vaccine Programme at factory. To ensure staff health security Golden Harvest arrange blood testing program & give vaccine like Hepatitis B, typhoid etc.

## Human Capital

### 'The goal is the optimum potential of each person, We are the architects of the possibilities of human beings'

'The goal is the optimum potential of each person, We are the architects of the possibilities of human beings'

The work ethic that revolves around GHAIL is built on professionalism that is based on a carefully cultivated code of conduct with strong roots in the principles of good governance. This discipline prevails over all dealings within the GHAIL Group, while a constantly evolving Human Resource Policy marks the cornerstone of every operation. Our Human Resource Policy covers terms and conditions of employment, professional ethics and general conduct, employee responsibilities, remuneration/employee benefits and staff development, security, safety, health and environment, staff social activities, staff communication and grievance handling.

The workforce at GHAIL is what gave the Company the necessary edge to be the pioneers in the manufacture and export of ready to cook frozen products. The Company is earmarked by its team of lateral thinkers with a dynamic and committed work ethic. The policy of its human capital is the key to us maintaining our competitive market position at the top of the ranks. Our achievements in the face of a challenging external work environment is due solely to the human capital which remains the single most crucial cog in the wheel of our organisation's sustainability and growth.

Each member of the GHAIL team is bonded together in a strong sense of camaraderie. Along with their attitudes, skills and abilities this is the key contributor to the Group's performance and level of productivity. We believe in the potential of the individual and have made noteworthy investments that have translated into an empowering, knowledge-based culture. These policies have made a natural transition in to action and behavior that reflects the positives of a good work ethic, philosophy of life, equitable balance, rewards, remuneration, recognition and a personnel retention policy. Our key 'hire to retire' human capital management strategy has ensured that our employees remain with us for longer periods than the industry norm.

In developing our human capital we base our philosophy on intensive training and long-term development, creating opportunities for well-balanced professional and personal careers through recreation, entertainment, extracurricular activities and the instigation of welfare for both the Company's employees and their families.

During the current year, training and development program held by local resource personnel. The programme were enriched through tailor made training procedures executed by external resource personnel increasing overall knowledge and skill levels. We believe in staying on par with international standards through the competence and competitive drive of our team. GHAIL is a staunch believer in investing in the human capital of the Group. We have understood and thus practice the principle of investing in the intellectual, technical and emotional wellbeing and growth of our team members. The focus on the cultivation of Professional Development Skills is a proactive method encouraged amongst the Corporate Management to effectively keep abreast of relevant industry trends and to expand levels of specialized knowledge. We promote and aid the cultivation of professional and technical knowledge. This is put in practice by granting financial assistance and professional consultancy for team members wishing to pursue higher academic goals.

Training needs are identified in the annual performance review via the gap analysis for the senior management. The reviews then used as the base to prepare an all-inclusive training calendar catering to the identified problem areas. Challenging and inspiring goals are then dealt for team members annually, ensuring that they maintain their competitive edge. A dynamic HR Department develops procedures that would enable these targets to be converted to quantified results, integrating tools and processes. This procedure ensures that the Company as well as the team keeps a visible track on its growth trajectory. Our human capital management approach brings into line the goals of our employees with the aspirations of the Group and directs such an alignment to tally with specific, measured and realistic business objectives. Executives are assigned tasks at the beginning of the fiscal year; these are in concurrence with company objectives for that fiscal period.

These goals are directly linked to employee benefits and added remuneration. Our Human Resources have been focusing on creating the right work environment for our employees. This is because we understand the importance of a work conducive atmosphere that promotes healthy interaction between employees and their work space. Thus we undertook the development of facilities and amenities while endeavoring to protect and legitimize the rights and liberties of our work force. Our endeavors have resulted in the quality of our workers daily lives improving noticeably. Several initiatives have been conducted, these include comprehensive training sessions on safety and the use of safety equipment. These are accentuated by safety audits carried out by external safety experts, ensuring that our work environment is safe and hazard-free with all danger-inducing gaps/threats identified and resolved urgently.

Our 'open doors policy provides the Company staff the liberty to air their ideas and opinions. The transparent and open discussion environment this policy encourages has ensured that the Group has uplifted and improved its standards considerably. Job security has remained strong within our team. The successful management of the Company through the global economic and financial crisis is proof of this fact. The confidence the team places

in us has served to nurture and stabilise the strong bonds we have constructed within the GHAIL family.

GHAIL can boast a customer base that has stood by us through the test of time. They have been the guiding points in our development story. Our customers continually commend us on our consistent improvement in both productivity and service delivery. These results are a direct translation of the commitment and competency of our team members. Each employee plays a significant role in the growth and productivity of the Company.

The passion and flair displayed by the GHAIL group is a direct translation of the sense of ownership and oneness the workforce has with the Company. The welfare measures taken by the Group speaks volumes of its commitment towards sustaining and nurturing its human resources. These include workman's compensation, bonus payments, productivity incentives, meal allowances, staff loan facilities for various purposes, comprehensive medical insurance which covers a variety of areas, professional subscriptions and weekend allowances. The GHAIL Group is firmly rooted in their commitment towards protecting the ideal of holistic development of the employee. As a proud equal opportunity employer, merit remains the sole point of assessment and the sole criterion for qualification. Our policies are embedded in the idea that human rights are the corner stones of human dignity and civility. Within GHAIL there is cultural pluralism devoid of prejudice and injustice.

Regular comprehensive health checks are carried out for all factory staff. As per the health checks carried out during reporting period, it confirmed that none of our factory staff are affected with ill-health and we have taken adequate measures to ensure that all our employees receive the best medical attention under varying circumstances.

Criterion for qualification. Our policies are embedded in the idea that human rights are the corner stones of human dignity and civility. Within GHAIL there is cultural pluralism devoid of prejudice and injustice.

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Training isn't just important to us, it is vital. Golden Harvest arrange different type of internal & external training to improve current & future performance by helping employees acquire the skill, knowledge and attitudes required of a competitive work force.

We celebrated International Women's day in respect to our female colleagues. We would specially like to thank Nadia Madam for attending this program and making it even more special for Golden Harvest Family.



Monthly Birthday Celebration at Golden Harvest Corporate Head Office.

Badminton tournament at Gazipur Factory. Participated by 8 teams of 2 members. Champion Team was Mohammad Ferdous Akhter; Security In-charge & Md. Rashedul Islam; Operator, Ice-cream.



## Human Resource Accounting

Human Resource Accounting is the process of identifying and measuring data about human resources and communicating this information to the interested parties. It is an attempt to identify and report the investment made in human resources of the Company that are currently not accounted for in the conventional accounting practices.

### Practice in GHAIL

We are working towards establishing a Human Resource Accounting system to ensure clarity and focus on the investments made in the Human Resources. We are also finalizing an HR Dashboard in ERP system which regularly will provide important insights/intelligence about the total HR process/system.

We are working relentlessly to establish Golden Harvest as a platform to learn, grow and contribute for consistently delivering international standard innovative products and services for improved lifestyle

There is a Compensation

Committee which ensures regular compensation survey of the relevant industry and ensures that the salary & fringe benefits are determined by the reference to the external market, internal equity and affordability.

Last year Golden Harvest HR worked with a vision for creating a work-culture to foster creativity, innovation and productivity through dynamic and engaged people with an objective to become the most trusted and preferred brand to every household of Bangladesh.

We identified the training needs through a structured TNA (Training Need Assessment) process and provided trainings accordingly to develop the knowledge and skills of our human resources.

Training cost comprises of formal training cost, on job training cost, special training cost and development programs In the year-2019-20, GHAIL incurred for its employee training (home and abroad) as under:

Types of Training	Description	Expense During The year
Training & Conference	Training organized by the company and different organizations	422,333

We celebrated birthdays of 32 employees in head office and expenses on different welfare issues (Sickness/treatment, family problem etc.).

Types of Expenses	Description	Expense During The year
Welfare Issues	Sickness/treatment, family problem etc.	8,50,500
	Health Safety Measurement and to protect form COVID-19 Pandemic	28,67,549

GHAIL has a mix of enthusiastic youth and experienced seniors who synchronize the efforts to achieve the company's goals.

Age Range (Years)	Male	Female	Total
18-25	75	138	213
26-35	176	139	315
36-45	45	1	46
46-55	4	0	4
56 and above	2	0	2
Total	302	278	580

# Integrated Reporting Initiative Index

## Organizational Overview

Golden Harvest is one of Bangladesh's leading business group with diversified interests in Food, Dairy, Commodity, Information Technology, Logistics, Real Estate, Aviation, Infrastructure Development and Insurance.

Golden Harvest has been a pioneering force in the frozen food sector in Bangladesh and is the country's first company to develop its own Cold Chain network in collaboration with USAID.

Golden Harvest started its journey as a Commodity Brokerage company and later on expanded its business and is now a leading force behind various business sectors and employing over 5000 People.

Golden Harvest is also the Joint Venture partner of Nippon Express, Asia's largest logistics company with network in over 480 locations worldwide.

Golden Harvest strongly believes in giving back to the society and runs a CSR programme that includes Bangladesh Human Rights Foundation, TAC Charitable Hospital, Alvina Samdani Trust and Samdani Art Foundation that organizes Dhaka Art Summit, the largest non-commercial South Asian art dedicated event.

## REPORTING APPROACH

The aim of the integrated annual report is to provide stakeholders with a balanced and holistic view of the financial, social, environmental and economic impacts of Golden Harvest Agro Industries Limited ("GHAIL" or "Group") to enable them to obtain a better understanding of the Group's long term prospects. This report includes subsidiaries and associates of GHAIL. It covers the performance for the year ended 30 June 2020 and provides a view of operations of the Group with relevant comparisons to the previous period.

There has been no change in the scope and boundary of this report, relative to the previous report, nor have there been significant changes in the size or ownership during the current reporting period, other than through organic growth of operations. Given the substantial corporate activity in the 2015-2020 financial years, GHAIL has continued to provide financial results for the previous financial year, to give shareholders a better understanding of the underlying performance of the Group.

The Group operating its business dividing in four divisions, Frozen Food, Ice Cream, Dairy Products and Dairy Farming. There is also a Group Shared Services function that oversees issues pertaining to strategy, finance, information technology, human resources, governance and communication and a Group treasury function.

In compiling this report, GHAIL has considered the following requirements:

- International Financial Reporting Standards (IFRS) in respect of the annual financial statements;
- The BSEC Listings Requirements;
- The Companies Act, 1994, as amended;
- Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI); and
- The International Integrated Reporting Framework.

The information in this report has been selected to cater for the interests of stakeholders that require a broad overview of the present and future direction and prospects of the Golden Harvest Group – shareholders, funders, regulators, prospective employees, suppliers and community members, amongst others. Stakeholders with more in-depth needs, such as employees and customers are invited to contact GHAIL directly or visit our website, [www.goldenharvestbd.com](http://www.goldenharvestbd.com) for further information.

Matters that substantially affect the Group's ability to create and sustain value over the short, medium and long-term are considered material and are included in this report. Material issues are identified and selected for inclusion through an evaluation of GHAIL's risk register, as well as a process of dialogue amongst senior executives and the board.

The integrated report forms part of, and should be read in conjunction with a set of reports available online on our website. Other reports available are:

- Corporate governance report
- Risk report
- Sustainability report
- Annual financial statements.

# SWOT Analysis



## Strengths

- Strong financial position
- State of the art production facilities
- Established brand name / loyalty
- Well established distribution network
- Technical prowess
- Development of new and eco-friendly formulations
- Competent & committed human resources
- Well diversified investment portfolio
- High barriers to entry in the industry

## Weakness

- Mature industry with clogged overall demand
- Established competitors' dealer network hampering market share enhancement
- Reliance on depleting natural resource
- Narrow product line
- Relatively homogeneous product, limiting pricing strategies

## Opportunities Threats

- Horizontal as well as vertical diversification
- Increase / value addition in product line covering macro and micro nutrients
- Implementation of energy efficient technologies to conserve gas
- Exploration of alternative sources of raw material
- Depleting natural gas reserves
- Poor farm economics
- Continuous increase in raw material / fuel prices
- Provision of gas to competitors at concessionary rates
- Profits cuts due to continuous increase in operating cost



## PEST Analysis

### Political

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Political Stability	Stable political situation will have positive impact over business	GHAIL always try to do business considering minimum impact if any political instability prevails
Taxation Policy	Unfavorable taxation policy will lower business profit	GHAIL tries to take maximum benefit within the boundary of tax legislation

### Economic

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Lower interest rate	Will lower cost of capital	Review quarterly cost of capital so that GHAIL gets maximum benefit
Inflation Control	Controlled inflation will have positive impact on business growth	GHAIL overall business strategy tries to take advantage of the market
Increase in Income Level	Purchasing power of the consumer will go up	GHAIL always try to penetrate on existing market considering yearly market growth

### Social

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Change in lifestyle	People will shift towards ready to cook products	All marketing related communication is pursuing that messages
Income distribution	Number of customer in the market will go up	New customer will have impact on increased sales

### Technological

Influencing Factor	Impact on GHAIL	GHAIL's Approach
Impact of emerging technology Impact of technology transfer	IT and MIS department needs to take their role to maintain competitive advantage	All the recommendations to incorporate technological advancement from IT and MIS have been done

## Governance

GHAIL's governance structure complements its ability to create value in the short, medium and long strategy and objectives. The overall governance issues have been depicted in pages 84 of Annual Report.

## Business model

Inputs		
Equity BDT. 3,240 Million	Activities	
	Total Property, Plant and Equipment BDT. 1,722 Million	Value Outputs
Interest bearing borrowings of BDT. 1,830 Million		Earnings per share - BDT. 0.04
	Total Non-Current Assets BDT. 3114 Million	
Market Capitalization BDT. 3,604 Million		Earnings Attributable to Shareholders - BDT. 7.56 Million
	Total Current Assets BDT. 2,268 Million	
		Dividends 2019/20 – No Dividend
	Total Assets BDT. 5,382 Million	
		Interest Exp. to Funding Providers - BDT. 185.68 Million

Inputs		
Distributors 577	Activities	
Direct outlets 485	Brand Building BDT. 42 Million	Value Outputs
Retail Outlets 45,662		Sales Volume BDT. 885 Million
Supplier 302	Advertisement BDT. 1.60 Million	
Brands 05		Commission Paid to Distributors BDT. 77 Million
		Purchase BDT. 517.42 Million
		Dealer and Distributor cold storage investment in Freezers 45,662

## Risks and Opportunities

As like any other business, GHAIL is also exposed to various risks which are being explained as well as their mitigation process in page no. 88 of Annual Report.

## Performance

Quantitative Indicators:

GHAIL maintained steady growth over the financial period and all the key indicators are graphically presented in page no. 25 in Annual Report.

### Stakeholders Relationship

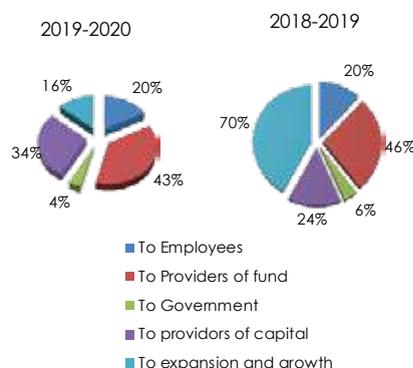
<p><b>Investors</b></p> <ul style="list-style-type: none"> <li>• Relevant and timely reporting</li> <li>• Sustainability of the business</li> <li>• Strategic priorities, growth markets and plans</li> <li>• Key market conditions and forecasts</li> <li>• Key growth areas</li> <li>• Business risk management</li> <li>• Operational performances and opportunities</li> <li>• Trading outlook</li> </ul>	<p><b>Business Partners /customers</b></p> <ul style="list-style-type: none"> <li>• Price</li> <li>• Service</li> <li>• Customer solutions/requirements</li> <li>• New product/service development</li> <li>• Organisational improvements</li> </ul>
<p><b>Employees</b></p> <ul style="list-style-type: none"> <li>• Continuous learning</li> <li>• Accessibility of key information across the entire business</li> <li>• Ensuring that skills and competency profiles are in line with requirements, incorporating recruitment, assessment and selection, employment equity considerations, career pathing, succession planning, leadership development, staff development/ training, employee retention, performance management and leadership development</li> <li>• Promote workplace safety.</li> </ul>	<p><b>Government</b></p> <ul style="list-style-type: none"> <li>• Environmental issues</li> <li>• Use of scarce resources</li> <li>• Creation of employment</li> <li>• Compliance to relevant standards and legislation</li> <li>• Transparent disclosure of levels of compliance</li> <li>• Tackling industry issues</li> <li>• Interactions and support of key industry bodies</li> <li>• Commenting on policy proposals</li> <li>• Forming partnerships to grow the economy and for better futures for society</li> </ul>
<p><b>Local Communities /civil society</b></p> <ul style="list-style-type: none"> <li>• Community upliftment</li> <li>• Partnership opportunities</li> <li>• Local business investments</li> <li>• Employment opportunities</li> <li>• Sustainability impact</li> <li>• Training opportunities</li> <li>• Participation in the carbon disclosure project</li> </ul>	<p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• Collaboration on synergistic Group procurement policies</li> <li>• Joint customer and supplier meetings and workshops</li> <li>• Fair procurement principles</li> <li>• Sustainability impact</li> <li>• Reduction in value chain cost engineering</li> <li>• Price</li> <li>• Service</li> <li>• Product supply innovation</li> </ul>
<p><b>Media</b></p> <ul style="list-style-type: none"> <li>• Brand communication</li> <li>• Promotions</li> <li>• Community updates</li> <li>• Financial results</li> </ul>	<p><b>Consumers</b></p> <ul style="list-style-type: none"> <li>• Quality of Products</li> <li>• Positive brand experience</li> <li>• Ethical and non-collusive business practices</li> </ul>

## Value Added Statement

### Golden Harvest Agro Industries Limited For the year ended 30 June 2020

	Group				The Company			
	2019-2020		2018-2019		2019-2020		2018-2019	
	Amount in BDT	%						
Revenue	885,193,111		916,740,007		838,160,294		872,705,727	
Other operating income	9,230,353		49,108,109		12,686,708		49,108,109	
Finance income	17,889,545		1,905,691		17,889,545		1,905,691	
	912,313,009		967,753,807		868,736,547		923,719,527	
Cost of materials and service obtained	(484,585,381)		(515,850,986)		(455,312,595)		(424,446,458)	
<b>Value Addition</b>	<b>427,727,628</b>		<b>451,902,821</b>		<b>413,423,952</b>		<b>499,273,069</b>	
<b>Value allocated to:</b>								
To Employees								
Salaries, wages and other benefits	84,807,250	19.83%	81,088,351	17.94%	78,836,084	19.07%	76,169,200	15.26%
Workers' profit participation fund	1,176,144	0.27%	8,142,599	1.80%	1,176,144	0.28%	8,142,599	1.63%
To Providers of fund								
Finance cost	185,682,228	43.41%	209,058,575	46.26%	157,393,209	38.07%	181,442,453	36.34%
To Government								
Income tax and other taxes and fees	18,671,752	4.37%	29,337,886	6.49%	18,671,752	4.52%	29,337,886	5.88%
	<b>290,337,374</b>		<b>327,627,411</b>		<b>256,077,189</b>		<b>295,092,138</b>	
To providers of capital								
Dividend to shareholders	0	0.00%	116,164,871	25.71%	0	0.00%	116,164,871	23.27%
To expansion and growth								
Profit retained	7,565,863	1.77%	242,839,111	53.74%	21,463,758	5.19%	132,803,640	26.60%
Depreciation & amortization	71,094,644	16.62%	68,824,749	15.23%	70,333,600	17.01%	68,824,749	13.78%
Deferred taxation	(10,613,991)	-2.48%	6,106,971	1.35%	(13,910,746)	-3.36%	8,465,970	1.70%
	<b>68,046,516</b>		<b>433,935,702</b>		<b>77,886,612</b>		<b>326,259,230</b>	
	<b>358,383,890</b>		<b>761,563,113</b>		<b>333,963,801</b>		<b>621,351,368</b>	

	Group		Group	
	2019-2020	%	2018-2019	%
To Employees	85,983,394	20%	89,230,950	20%
To Providers of fund	185,682,228	43%	209,058,575	46%
To Government	18,671,752	4%	29,337,886	6%
To providers of capital	143,891,748	34%	109,008,900	24%
To expansion and growth	68,046,516	16%	317,770,831	70%
	<b>502,275,638</b>		<b>754,407,142</b>	



## Economic Value Added (EVA)

Economic Value Added (EVA) = Net operating profit after tax - (Capital Employed X Cost of capital)

	Group	
	2019-2020	2018-2019
Net operating profit after tax (NOPAT)	25,213,302	392,408,989
Total Capital Employed	4,308,273,218	3,326,698,093
Weighted average cost of capital (%)	0.29%	11.16%
<b>EVA</b>	<b>12,857,208</b>	<b>21,278,665</b>



Bloop ice cream plant, facilitated with the state-of-the-art technology, with setup from Tetra Pak Hoyer, the best European ice cream machinery company



GOLDEN  
HARVEST



# Financial Statements

### Compliance Report on IAS and IFRS

Sl. No.	IAS title	Remarks
IAS-01	Presentation of Financial Statements	Applied
IAS-02	Inventories	Applied
IAS-07	Statement of Cash Flows	Applied
IAS-08	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
IAS-10	Events After the Reporting Period	Applied
IAS-11	Construction Contracts	N/A
IAS-12	Income Taxes	Applied
IAS-16	Property, Plant and Equipment	Applied
IAS-17	Leases	Applied
IAS-18	Revenue	Applied
IAS-19	Employee Benefits	Applied
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance	N/A
IAS-21	The Effects of Changes in Foreign Exchange Rates	Applied
IAS-23	Borrowing Costs	Applied
IAS-24	Related Party Disclosures	Applied
IAS-26	Accounting and Reporting by Retirement Benefit Plans	N/A
IAS-27	Consolidated and Separate Financial Statements	Applied
IAS-28	Investments in Associates	Applied
IAS-29	Financial Reporting in Hyperinflationary Economies	N/A
IAS-31	Interests In Joint Ventures	Applied
IAS-32	Financial Instruments: Presentation	Applied
IAS-33	Earnings Per Share	Applied
IAS-34	Interim Financial Reporting	Applied
IAS-36	Impairment of Assets	Applied
IAS-37	Provisions, Contingent Liabilities and Contingent Assets	Applied
IAS-38	Intangible Assets	Applied
IAS-39	Financial Instruments: Recognition and Measurement	Applied
IAS-40	Investment Property	N/A
IAS-41	Agriculture	Applied

Sl. No.	IFRS title	Remarks
IFRS 1	First-time Adoption of International Financial Reporting Standards	N/A
IFRS 2	Share-based Payment	N/A
IFRS 3	Business Combinations	Applied
IFRS 4	Insurance Contracts	N/A
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	N/A
IFRS 6	Exploration for and Evaluation of Mineral Assets	N/A
IFRS 7	Financial Instruments: Disclosures	Applied
IFRS 8	Operating Segments	Applied
IFRS 9	Financial Instruments	Applied
IFRS10	Consolidated Financial Statements	Applied
IFRS 11	Joint Arrangements	N/A
IFRS 12	Discloser of Interest in other Entities	Applied
IFRS 13	Fair Value Measurement	Applied
IFRS 15	Revenue Form Contracts with Customers	Applied
IFRS 16	Lease (Right - of use Assets)	Applied

**Auditor's Report and Financial Statements  
of  
Golden Harvest Agro Industries Ltd.  
For the year ended 30 June 2020**

Shanta Western Tower, Level-5  
186, Gulshan-Tejgaon, Link Road, Tejgaon I/A,  
Dhaka-1208, Bangladesh

## Independent Auditor's Report To the Shareholders of Golden Harvest Agro Industries Limited

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

We have audited the consolidated financial statements of **Golden Harvest Agro Industries Limited (the Company) and its subsidiary (the Group)**, which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 30 June 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### Basis for Qualified Opinion

1. Reference to Note # 25.02 to the consolidated financial statements, provision for Workers Profit Participation Fund (WPPF) of **Taka 21,721,729** has been provided by the company and the same is shown under the head of "Employees Welfare Fund, Bangladesh Workers Welfare Fund and Workers Profit Participation fund" of Taka 3,175,464, Taka 3,290,240 and Taka 15,256,025 respectively as current liabilities in the consolidated financial statements as on 30 June 2020. However, the amount has not been distributed yet with a proportion of 80:10:10 among these funds as per the Labor Act 2006 as amended in 2013.
2. Reference to Note # 14A.02 to the financial statements, the Company has provided a total amount of **Taka 816,825,508** as loan to Sister Concerns which is shown under the head of "Other Receivables" as current assets in the financial statements as on 30 June 2020. However, the Company has not taken any approval of Shareholders in the Annual General Meeting (AGM) for the said loans to the Sister Concerns.

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

#### Emphasis of Matters

Without modifying our opinion, we report as follows:

1. As disclosed in Note # 42.5 to the consolidated financial statements, the Company temporarily closed its Head Office for at least 2.5 months in response to COVID-19 while Factory operation had been continuing at a very limited scale just to keep the machineries running. At this point, the Company has financially affected by the ongoing COVID-19 pandemic on the Company's business, results of operations, financial position and cash flows for the year ended 30 June 2020. However, management's evaluation of the events and conditions and management's plans to mitigate these matters has been described in the Note # 42.5. Our opinion is not modified in respect of this matter.

2. No physical verification of the company's inventories as disclosed in Note # 12 to the consolidated financial statements was conducted by us and by the company as on 30 June 2020 considering health and safety issues due to Corona Pandemic. However, to confirm the inventories as at 30 June 2020, we have applied alternative audit procedures subsequently during our field audit works as per the guidelines issued by the International Federation of Accountants (IFAC) and The Institute of Chartered Accountants of Bangladesh (ICAB) in this regard. Our opinion is not modified in respect of this matter.
3. Reference to Note # 37 "Earning per Share" of its financial statements, the management of the Company has explained the reasons for decrease in EPS from **Taka 1.93** in the previous year to Taka **0.04** this year. Our opinion is not modified in respect of this matter.
4. As per IAS 01 (Para-38), an entity present comparative information in respect of the preceding period for all amounts reported in the current period's financial statements. An entity also includes comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements. However, the Company has consolidated one subsidiary company named Golden Harvest Dairy Limited in its consolidated financial statements for the Financial Year 2019-2020. On the other hand, the comparative financial information shown for the corresponding Financial Year 2018-2019 with the consolidation of two subsidiaries named Golden Harvest Dairy Limited and Golden Harvest Ice Cream Limited. Hence, previous year's financial information is not fully pertinent in respect to the financial information of the current period's consolidated financial statements as Golden Harvest Ice Cream Limited was not excluded from previous year's consolidation and comparatives.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to the Key Audit Matters to be communicated in our report. For each matter below our description of how our audit addressed the matters provided in that context.

Risk	Our response to the risk
<b>Revenue recognition</b>	
<p>At the year end the Company reported the net sales revenue of Taka 885,193,111 are recognized when the Company transfers control over goods to the customer or satisfies the performance obligation to a customer. Sales have decreased than the previous year due to the effect of COVID 19. Recognition of the revenue of Golden Harvest Agro Industries Limited (GHAIL) has been considered significant to our current year audit due to significant decrease comparing to last few years.</p> <p>Please see <b>Note # 27 "Revenue"</b> of its consolidated financial statements.</p>	<p>We have reviewed the Company's revenue recognition policies, accounting guidelines and disclosures to assess conformity with IFRS 15 "Revenue from Contract with Customers". We have tested relevant internal control used to ensure the completeness, accuracy and timing of revenue recognized including sales during the year end to ensure cut off has been properly maintained. We have applied analytical and substantive procedure to establish, whether any revenue had been recognized where no corresponding accounts receivables or proceeds have been recorded in the general ledger.</p>
<b>Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP)</b>	
<p>The carrying value of the Group's Property, Plant and Equipment (PPE) was <b>Taka 1,722,216,242</b> and Capital Work In Progress (CWIP) was Taka</p>	<p>Our audit included the following procedure: We assessed whether the accounting policies in</p>

<p><b>487,654,465</b> at 30 June 2020. Expenditures are capitalized if they create new assets or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of the expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the assets or its significant components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p> <p>In considering the Valuation of capital work in progress to PPE, the management needs to ensure the assets under construction or pending installation and not yet ready for intended use are classified as work in progress. An appropriate system needs to put in place to capture all directly identifiable costs, which can be capitalized, to be so accumulated to capital work in progress whilst expenses which are identified and charged to revenue in the normal course.</p> <p>The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements and that there is significant measurement uncertainty involved in this valuation.</p> <p>Please see <b>Note # 5.00</b> "Property, Plant and Equipment" and <b>Note # 9.00</b> Capital Work in Progress" to its consolidated financial statements.</p>	<p>relation to the capitalization of expenditures are in compliance with IAS and found them to be consistent.</p> <ul style="list-style-type: none"> <li>• We inspected a sample of invoices and supporting documents to determine whether the classification between capital and revenue expenditure was appropriate.</li> <li>• We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market practice.</li> <li>• We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment".</li> <li>• We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry.</li> <li>• We verified records e.g. contractor bills, work orders and certification of work performed by the specialized personnel to ensure that the assets under construction or pending installation and not yet ready for intended use are classified as work in progress. We also verified the date on which the assets are moved from the capital work in progress account to the property plant and equipment (the date on which the asset is ready for intended use), so that the depreciation on property, plant and equipment may be computed correctly.</li> <li>• We reconciled the movement of capital work in progress from opening to closing, specifically verifying additions during the year, capital assets completed during the year and impairment of any opening capital work in progress items.</li> </ul> <p>We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the reclassification from capital work in progress to ready for use, with the date of the act of completion of the work.</p>
<b>Measurement of Deferred Tax Liability</b>	
<p>The company reports net deferred tax liability to totaling <b>Taka 89,461,260</b> as at 30 June 2020.</p> <p>Significant judgment is required in relation to deferred tax liabilities as it is probable that the taxable profit will be reduced against which the</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of DTAs and DTLs and the assumptions used in estimating the company's</p>

<p>taxable temporary differences can be recognized over a number of years.</p> <p>Please see <b>Note # 22 “Deferred Tax Liability”</b> to its consolidated financial statements.</p>	<p>future taxable income.</p> <p>We also assessed the completeness and accuracy of the data used for the estimations of future taxable income.</p> <p>We involved tax specialists to assess key assumptions, controls, recognition and measurement of in the consolidated financial statements.</p>
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### Other Matter

The Consolidated financial statements of Golden Harvest Agro Industries Limited and its subsidiaries (the Group) for the year ended 30 June 2019 were audited by S. F. Ahmed & Co., Chartered Accountants who expressed an unmodified opinion on those statements on 30 October 2019.

### Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the consolidated financial statements and our auditors' report thereon. The directors are responsible for the other information.

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

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

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

Management is responsible for the preparation of consolidated financial statements in accordance with IFRSs, the Companies Act 1994, the Security and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

Dated: Dhaka, 28 October 2020



Nasir Uddin Ahmed FCA

Senior Partner

**MABS & J Partners**

Chartered Accountants

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2020**

Particulars	Notes	Amount in BDT	
		30-Jun-20	30-Jun-19
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>3,114,285,263</b>	<b>4,748,784,466</b>
Property, plant and equipment (PPE)	5	1,722,216,242	3,965,751,209
Right-of-use (ROU) assets	6	27,935,089	103,129,286
Intangible assets	7	59,792,120	82,205,517
Biological assets	8	93,015,304	102,260,141
Capital work in progress	9	487,654,465	480,138,313
Investment in associates	11	723,672,043	15,300,000
<b>Current assets</b>		<b>2,267,880,397</b>	<b>2,999,662,009</b>
Inventories	12	502,198,548	907,889,197
Advances, deposits and prepayments	13	324,364,384	662,956,578
Trade and other receivables	14	1,036,082,679	1,058,693,308
Cash and cash equivalents	15	405,234,786	370,122,926
<b>TOTAL ASSETS</b>		<b>5,382,165,660</b>	<b>7,748,446,475</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>		<b>3,240,034,179</b>	<b>2,399,343,861</b>
Share capital	16	2,158,376,210	1,199,097,900
Share premium	17	-	28,668,154
Revaluation surplus	18	216,395,928	219,946,668
Retained earnings	19	865,262,041	951,631,139
Non controlling interest (NCI)	20	5,032,270	844,138,981
<b>Total shareholder's equity</b>		<b>3,245,066,449</b>	<b>3,243,482,842</b>
<b>Non-current liabilities</b>		<b>1,063,206,769</b>	<b>2,225,010,232</b>
Long term loans	21	973,745,509	1,942,464,852
Deferred tax liability	22	89,461,260	256,689,455
Lease liabilities	23	-	25,855,925
<b>Current liabilities</b>		<b>1,073,892,442</b>	<b>2,279,953,401</b>
Accounts and other payables	24	59,247,932	85,317,316
Accruals and provisions	25	158,437,027	310,280,515
Short term loans	26	599,641,243	1,225,486,192
Current portion of long term loans	21	255,887,449	633,191,796
Current portion of Lease liabilities	23	678,791	25,677,582
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,382,165,660</b>	<b>7,748,446,475</b>
<b>Number of share used to calculate NAV</b>		<b>215,837,621</b>	<b>119,909,790</b>
<b>Net asset value per share</b>	38	<b>15.01</b>	<b>20.01</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.

  
**Director**

  
**Director**

  
**Managing Director**

  
**Chief Financial Officer**

  
**Company Secretary**

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

  
**Nasir Uddin Ahmed FCA**

**Senior Partner**  
**MABS & J Partners**  
Chartered Accountants

**Dated; Dhaka**  
**October 28, 2020**

Golden Harvest Agro Industries Limited  
Statement of Financial Position  
As at 30 June 2020

Particulars	Notes	Amount in BDT	
		30-Jun-20	30-Jun-19
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>2,759,163,476</b>	<b>2,513,539,943</b>
Property, plant and equipment (PPE)	5A	1,482,308,884	1,302,921,393
Right-of-use (ROU) assets	6A	27,935,089	31,038,988
Intangible assets	7A	59,792,120	49,852,919
Biological assets	8A	-	13,699,777
Capital work in progress (CWIP)	9A	450,358,528	397,015,154
Investment in subsidiary companies	10	15,096,812	704,311,712
Investment in associates	11	723,672,043	14,700,000
<b>Current assets</b>		<b>2,389,743,084</b>	<b>1,662,202,056</b>
Inventories	12A	499,943,834	399,026,142
Advances, deposits and prepayments	13A	323,349,766	295,231,110
Trade and other receivables	14A	1,163,448,583	736,449,281
Cash and cash equivalents	15A	403,000,901	231,495,523
<b>TOTAL ASSETS</b>		<b>5,148,906,560</b>	<b>4,175,741,999</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>		<b>3,240,034,179</b>	<b>2,399,343,861</b>
Share capital	16	2,158,376,210	1,199,097,900
Share premium	17	-	28,668,154
Revaluation surplus	18A	216,395,928	219,946,668
Retained earnings	19A	865,262,041	951,631,139
<b>Total shareholder's equity</b>		<b>3,240,034,179</b>	<b>2,399,343,861</b>
<b>Non-current liabilities</b>		<b>937,872,601</b>	<b>790,747,561</b>
Long term loans	21A	845,114,589	680,779,960
Deferred tax liability	22A	92,758,012	107,852,338
Lease liabilities	23A	-	2,115,263
<b>Current liabilities</b>		<b>970,999,780</b>	<b>985,650,577</b>
Account and other payables	24A	58,924,137	43,632,211
Accruals and provisions	25A	157,212,984	146,614,435
Short term loans	26A	541,894,631	555,045,051
Current portion of long term loans	21A	212,289,237	234,607,436
Current portion of Lease liabilities	23A	678,791	5,751,444
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,148,906,560</b>	<b>4,175,741,999</b>
<b>Number of share used to calculate NAV</b>		<b>215,837,621</b>	<b>119,909,790</b>
<b>Net asset value per share</b>	38A	<b>15.01</b>	<b>20.01</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.

  
Director

  
Director

  
Managing Director

  
Chief Financial Officer

  
Company Secretary

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

  
Nasir Uddin Ahmed FCA

Senior Partner  
MABS & J Partners  
Chartered Accountants

Dated, Dhaka;  
28 October 2020

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2020**

Particulars	Notes	Amount in BDT	
		2019-2020	2018-2019
Revenue	27	885,193,111	2,240,120,323
Cost of goods sold	28	(517,424,493)	(1,229,082,581)
<b>Gross profit</b>		<b>367,768,618</b>	<b>1,011,037,742</b>
<b>Operating expenses</b>		<b>(207,903,453)</b>	<b>(319,463,440)</b>
Administrative expenses	29	(46,500,993)	(67,143,635)
Selling and distribution expenses	30	(161,402,460)	(252,319,805)
Other operating income	31	9,230,353	63,723,132
Fair value adjustments of biological assets	8.01.01	17,840,039	18,072,083
<b>Profit from operations</b>		<b>186,935,557</b>	<b>773,369,517</b>
Finance income	32	17,889,545	6,483,206
Finance expenses	33	(185,682,227)	(433,525,364)
<b>Net profit from operation</b>		<b>19,142,875</b>	<b>346,327,359</b>
Contribution to WPPF		(1,176,144)	(16,495,001)
<b>Income before share of non-consolidated companies and income tax</b>		<b>17,966,728</b>	<b>329,832,358</b>
Share of profit / (loss) from associates		(10,222,454)	-
<b>Net profit before tax</b>		<b>7,744,273</b>	<b>329,832,358</b>
Income tax expenses	34	(1,403,557)	(73,580,877)
<b>Net profit after tax</b>		<b>6,340,716</b>	<b>256,251,481</b>
Non controlling interest (NCI)	20	1,225,147	(13,412,370)
<b>Net profit after tax attributable to ordinary shareholders</b>		<b>7,565,863</b>	<b>242,839,111</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>7,565,863</b>	<b>242,839,111</b>
<b>Number of share used to calculate EPS</b>		<b>191,395,001</b>	<b>125,905,280</b>
<b>Earnings per share(EPS)</b>	37	<b>0.04</b>	<b>1.93</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.

  
**Director**

  
**Director**

  
**Managing Director**

  
**Chief Financial Officer**

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

  
**Company Secretary**

Dated; Dhaka  
 October 28, 2020

  
**Nasir Uddin Ahmed FCA**  
**Senior Partner**  
**MABS & J Partners**  
 Chartered Accountants

Golden Harvest Agro Industries Limited  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 30 June 2020

Particulars	Notes	Amount in BDT	
		2019-2020	2018-2019
Revenue	27A	838,160,294	872,705,727
Cost of goods sold	28A	(485,392,241)	(453,911,495)
<b>Gross profit</b>		<b>352,768,053</b>	<b>418,794,232</b>
<b>Operating expenses</b>		<b>(203,427,048)</b>	<b>(119,993,686)</b>
Administrative expenses	29A	(43,681,548)	(40,180,635)
Selling and distribution expenses	30A	(159,745,500)	(79,813,051)
Other operating income	31A	12,686,708	49,108,109
Fair value gain from biological assets	8.A1.1	2,174,970	2,622,681
<b>Profit from operations</b>		<b>164,202,683</b>	<b>350,531,335</b>
Finance income	32A	17,889,545	1,905,691
Finance expenses	33A	(157,393,209)	(181,442,453)
<b>Net profit from operations</b>		<b>24,699,019</b>	<b>170,994,574</b>
Contribution to WPPF		(1,176,144)	(8,142,599)
<b>Income before share of non-consolidated companies and income tax</b>		<b>23,522,875</b>	<b>162,851,975</b>
Share of profit from subsidiary	35	(3,675,441)	110,035,470
Share of profit / (loss) from associates	36	(10,222,454)	-
<b>Net profit before tax</b>		<b>9,624,980</b>	<b>272,887,445</b>
Income tax expenses	34A	(2,059,116)	(30,048,335)
<b>Net profit after tax</b>		<b>7,565,863</b>	<b>242,839,110</b>
Profit after tax attributable to Ordinary Shareholders of the Company		7,565,863	242,839,110
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>7,565,863</b>	<b>242,839,110</b>
<b>Earnings per share (EPS)</b>	37A	<b>0.04</b>	<b>1.93</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Director



Director



Managing Director



Chief Financial Officer

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



Company Secretary



Nasir Uddin Ahmed FCA  
Senior Partner  
MABS & J Partners  
Chartered Accountants

Dated; Dhaka  
October 28, 2020

Golden Harvest Agro Industries Limited  
Consolidated Statement of Changes in Equity  
For the year ended 30 June 2020

Particulars	Amount in BDT					
	Share capital	Share premium	Revaluation surplus	Retained earnings	Non controlling interest (NCI)	Total
<b>Balance as at 01 June 2019</b>	1,199,097,900	28,668,154	219,946,668	951,631,139	844,138,981	3,243,482,842
Deferred tax adjustment on revaluation surplus	-	-	-	1,183,583	-	1,183,583
Depreciation adjustment on revaluation surplus	-	-	(3,550,740)	3,550,740	-	-
Issuance of Stock dividend	59,954,890	(28,668,154)	-	(31,286,736)	-	-
Net profit after tax	-	-	-	7,565,863	-	7,565,863
Issue cost of right share	-	-	-	(11,172,568)	-	(11,172,568)
Payment of Cash Dividend	-	-	-	(56,209,976)	-	(56,209,976)
Issuance of right share	899,323,420	-	-	-	-	899,323,420
Disposal of subsidiary	-	-	-	-	(837,881,564)	(837,881,564)
Share of profit from subsidiary	-	-	-	-	(1,225,147)	(1,225,147)
<b>Balance as at 30 June 2020</b>	<b>2,158,376,210</b>	<b>-</b>	<b>216,395,928</b>	<b>865,262,041</b>	<b>5,032,270</b>	<b>3,245,066,449</b>

For the year ended 30 June 2019

Particulars	Amount in BDT					
	Share capital	Share premium	Revaluation surplus	Retained earnings	Non controlling interest (NCI)	Total
<b>Balance as at 01 July 2018</b>	1,090,089,000	137,677,054	283,316,706	920,797,701	6,342,044	2,438,222,504
Prior year adjustment of deferred tax	-	-	(1,122,716)	-	-	(1,122,716)
Prior year adjustment of revaluation surplus	-	-	-	-	(1,372,210)	(1,372,210)
Deferred tax adjustment on revaluation surplus	-	-	-	1,455,084	-	1,455,084
Depreciation adjustment on revaluation surplus	-	-	(4,626,810)	4,626,810	-	-
Adjustment for changes of shareholding position	-	-	(57,620,512)	(217,981,833)	275,602,345	(0)
Issuance of Stock dividend	109,008,900	(109,008,900)	-	-	-	-
Net profit after tax	-	-	-	242,839,110	-	242,839,110
Issue cost of new share	-	-	-	(105,732)	-	(105,732)
Share of profit from subsidiary	-	-	-	(129,228)	-	(129,228)
Issuance of ordinary share-Subsidiary	-	-	-	13,412,370	-	13,412,370
Share of deferred tax adjustment on revaluation Surplus	-	-	-	550,000,000	-	550,000,000
<b>Balance as at 30 June 2019</b>	<b>1,199,097,900</b>	<b>28,668,154</b>	<b>219,946,668</b>	<b>951,631,139</b>	<b>844,138,981</b>	<b>3,243,482,842</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.

Director

E. Z. Ummy

Director

Chief Financial Officer

Chief Financial Officer

Dated: Dhaka  
October 28, 2020

Managing Director

Company Secretary

Golden Harvest Agro Industries Limited  
Statement of Changes in Equity  
For the year ended 30 June 2020

Particulars	Amount in BDT				
	Share capital	Share premium	Revaluation surplus	Retained earnings	Total
<b>Balance as at 01 July 2019</b>	1,199,097,900	28,668,154	219,946,668	951,631,139	2,399,343,861
Adjustment of deferred tax	-	-	-	1,183,581	1,183,581
Depreciation adjustment on revaluation surplus	-	-	(3,550,740)	3,550,740	-
Issue cost of right share	-	-	-	(11,172,568)	(11,172,568)
Issuance of Stock dividend	59,954,890	(28,668,154)	-	(31,286,736)	-
Payment of Cash Dividend	-	-	-	(56,209,976)	(56,209,976)
Issuance of right share	899,323,420	-	-	-	899,323,420
Net profit after tax	-	-	-	7,565,863	7,565,863
<b>Balance as at 30 June 2020</b>	<b>2,158,376,210</b>	<b>-</b>	<b>216,395,928</b>	<b>865,262,041</b>	<b>3,240,034,179</b>

For the year ended 30 June 2019

Particulars	Amount in BDT				
	Share capital	Share premium	Revaluation surplus	Retained earnings	Total
<b>Balance as at 01 July 2018</b>	1,090,087,000	137,677,054	283,316,706	920,797,701	2,431,880,461
Prior year adjustment of deferred tax	-	-	(1,122,716)	-	(1,122,716)
Adjustment of deferred tax	-	-	-	1,455,084	1,455,084
Adjustment for changes of shareholding position	-	-	(57,620,512)	(217,981,833)	(275,602,345)
Depreciation adjustment on revaluation surplus	-	-	(4,626,810)	4,626,810	(0)
Issue cost of new share	-	-	-	(105,732)	(105,732)
Issuance of Stock dividend	109,008,900	(109,008,900)	-	-	-
Net profit after tax	-	-	-	242,839,110	242,839,110
<b>Balance as at 30 June 2019</b>	<b>1,199,097,900</b>	<b>28,668,154</b>	<b>219,946,668</b>	<b>951,631,139</b>	<b>2,399,343,861</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.

  
Director

  
Director

  
Managing Director

  
Company Secretary

Chief Financial Officer

Dated: Dhaka  
October 28, 2020

**Golden Harvest Agro Industries Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 30 June 2020**

Particulars	Notes	Amount in BDT	
		2019-2020	2018-2019
<b>Cash flows from operating activities</b>			
Collections from customers and others		887,625,465	2,155,143,442
Payments for operating costs and other expenses		(750,214,823)	(1,686,905,789)
Tax paid		(15,701,392)	(49,689,424)
<b>Net cash generated from operating activities</b>	40	<b>121,709,250</b>	<b>418,548,229</b>
<b>Cash flows from investing activities</b>			
Acquisitions of property, plant and equipment		(41,301,157)	(411,519,908)
Acquisitions of intangible assets		(14,924,493)	-
Acquisitions / proceed from Biological assets		23,628,521	(3,714,552)
Capital work in progress		(268,477,773)	(78,763,169)
Proceed from disposal of PPE		345,600	-
Advance against flat purchase		-	(32,631,853)
Advance against land purchase		-	(121,500,000)
Investment in associates		(33,655,038)	(15,300,000)
Advance finance to contract farmers, sister concern & others		(22,588,537)	217,475,960
<b>Net cash used in investing activities</b>		<b>(356,972,877)</b>	<b>(445,953,522)</b>
<b>Cash flows from financing activities</b>			
Payment against finance lease		(7,187,916)	(33,328,539)
Borrowings from banks/financial institutions		(244,244,343)	298,694,290
Finance cost paid		(184,267,869)	(432,008,901)
Right share issue cost		-	(121,898)
Issuance of right share		888,272,750	-
Issue of ordinary shares		-	550,000,000
Payment of cash dividend		(45,494,141)	-
Issue Cost of ordinary shares		-	(234,960)
<b>Net cash provided from financing activities</b>		<b>407,078,482</b>	<b>382,999,993</b>
Net changes in cash and cash equivalents		171,814,849	355,594,699
Cash and cash equivalents at the beginning of the year		370,122,926	14,528,227
Disposal of subsidiary company		(136,702,989)	-
<b>Cash and cash equivalents at the end of the year</b>		<b>405,234,786</b>	<b>370,122,926</b>
<b>Number of share used to calculate NOCFPS</b>		<b>191,395,001</b>	<b>125,905,280</b>
<b>Net operating cash flow per share (NOCFPS)</b>	39	<b>0.64</b>	<b>3.32</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Director



Director



Managing Director



Chief Financial Officer



Company Secretary

Dated; Dhaka  
October 28, 2020

Golden Harvest Agro Industries Limited  
Statement of Cash Flows  
For the year ended 30 June 2020

Particulars	Notes	Amount in BDT	
		2019-2020	2018-2019
<b>Cash flows from operating activities</b>			
Collections from customers and others		841,144,629	861,389,407
Payments for operating costs & other expenses		(712,956,267)	(674,639,970)
Tax paid		(15,701,392)	(26,420,806)
<b>Net cash generated from operating activities</b>	40A	<b>112,486,970</b>	<b>160,328,631</b>
<b>Cash flows from investing activities</b>			
Acquisitions of property, plant and equipment		(41,186,287)	(23,206,027)
Proceed from disposal of PPE		345,600	-
Proceed from disposal of CWIP		-	-
Acquisitions of intangible assets		(14,924,493)	-
Acquisitions / proceed from Biological assets		15,874,747	(11,077,096)
Proceed from disposal of leased assets		-	-
Capital work in progress		(268,477,773)	(46,210,907)
Investment in associates		(33,655,038)	(14,700,000)
Advance finance to contract farmers & others		(22,372,001)	(6,239,049)
<b>Net cash used in investing activities</b>		<b>(364,395,245)</b>	<b>(101,433,079)</b>
<b>Cash flows from financing activities</b>			
Payment against finance lease		(7,187,916)	(8,590,653)
Borrowings from banks/financial institutions/Sister concern		(256,198,188)	359,537,481
Share premium		-	-
Payment of cash dividend		(45,494,141)	-
Right share issue cost		-	(121,898)
Issuance of right share		888,272,750	-
Finance cost paid		(155,978,850)	(180,658,080)
<b>Net cash provided from financing activities</b>		<b>423,413,656</b>	<b>170,166,850</b>
Net changes in cash and cash equivalents		171,505,378	229,062,407
Cash and cash equivalents at the beginning of the year		231,495,523	2,433,116
<b>Cash and cash equivalents at the end of the year</b>		<b>403,000,901</b>	<b>231,495,523</b>
<b>Number of share used to calculate NOCFPS</b>		<b>191,395,001</b>	<b>125,905,280</b>
<b>Net operating cash flow per share (NOCFPS)</b>	39A	<b>0.59</b>	<b>1.27</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Director



Director



Managing Director



Chief Financial Officer



Company Secretary

Dated; Dhaka  
October 28, 2020

# Golden Harvest Agro Industries Limited

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 1. Reporting entity

##### Group profile

Golden Harvest Agro Industries Limited was incorporated on August 10, 2004 as a private limited company; vide Reg. No.-C-53850(515)/2004 under the Companies Act, 1994 and converted to public limited company on 30 June 2010. The Group has been listed to both the Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd. on 04 March 2013. The principal place of business and the head office of the Group are at Shanta Western Tower, Level # 5, Space Code # 502, 186, Gulshan, Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The registered office and factory is located at Bokran, Monipur, Bobanipur, Gazipur Sadar, Gazipur.

##### Nature of Business Activities

The Company owns and operates the business of growing, procuring, purchasing, processing, packaging, warehousing, transporting, exporting, importing, distributing and selling agriculture based food, food products, vegetable processing. As per the object clause of the Memorandum the Company could also establish any industrial processing unit based on agro based raw materials products within the country and export the same or meet local demand.

#### 1.1 Subsidiary

Subsidiary is entity controlled by the Golden Harvest Agro Industries Limited. An investor controls an investee when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

##### Golden Harvest Dairy Limited

Golden Harvest Dairy Limited has incorporated on 18 February 2015, vide Reg. No.-C-121268/15 under the Companies Act, 1994 as a private limited company. Golden Harvest Agro Industries Limited acquired 75.00% of shares of Golden Harvest Dairy Limited.

The objectives of the company will process Liquid Milk and milk based product like butter, cream, cheese, yogurt, etc. The project will not be for milk collection only it will support in meat processing and calf selling.

#### 1.2 Associates

Two associates are the entities in which Golden Harvest Agro Industries Limited (GHAIL) has significant influence whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. GHAIL uses the equity method to account for its investment in associates and in its financial Statement in accordance with IAS-28 "Investment in Associates and Joint Ventures". Golden Harvest Ice Cream Limited and Golden Harvest QSR Limited are the associates of the Group.

Golden Harvest Ice Cream Limited (Previous name was Golden Harvest Sea Food and Fish Processing Limited)

Golden Harvest Ice Cream Limited formerly known as Golden Harvest Sea Food and Fish Processing Limited was incorporated on January 05, 2005, vide Reg. No.-C-55601(2285)/05 under the Companies Act, 1994. The objectives of the Group are to carry out the business, promote & establish factories, distribution ice cream, dairy and allied products in Bangladesh and setting ventures and business is in connection therewith. Golden Harvest Agro Industries Limited is holding 45% of shares of Golden Harvest Ice Cream Limited.

### **Golden Harvest QSR Limited**

Golden Harvest QSR Limited has incorporated 04 February 2015; vide Reg. No.-C-128718/2016 under the Companies Act, 1994 as a Private Limited Company. Golden Harvest Agro Industries Limited acquired 30.00% of shares of Golden Harvest QSR Limited. Investment is initially recognized at cost and subsequently measured at equity method.

#### **1.3 Date of Authorization for issue**

The financial statements of Golden Harvest Agro industries Ltd. for the year ended 30th June 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 28th October 2020.

#### **1.4 Reporting Period**

The reporting period of the Group has covered one year from 1st July 2019 to 30th June 2020.

### **2. Basis of Preparation of Financial Statements**

#### **2.1 Statement on Compliance with Local Laws**

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

#### **2.2 Statement on Compliance of Financial Reporting Standards**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

#### **2.3 Basis of Measurement of Elements of Financial Statements**

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by Golden Harvest Agro Industries Limited is historical cost except for land, building and plant and machinery which are stated at revalued amount, inventories are at the lower of cost and net realizable value and marketable securities are at market value. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

#### **2.4 Basis of Consolidation**

Group accounts are prepared on the basis that the parent and subsidiaries are a single entity as per IFRS-10 "Financial Statements". This reflects the economic substances of the group arrangement.

The group financial statements include the financial statements of GHAIL and subsidiaries that it controls. GHAIL prepares financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.

GHAIL presents non-controlling interests in the statement of financial position within equity, separately from the equity of the owners of GHAIL. Changes in GHAIL ownership interest in a subsidiary that do not result in losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners).

Consolidation procedures

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- eliminate in full intergroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intergroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intergroup losses may indicate an impairment that requires recognition in the financial statements.

#### **Loss of control of Subsidiaries**

If GHAIL loses control over its subsidiaries, GHAIL:

- derecognizes the assets and liabilities of the former subsidiary from the statement of financial position.
- recognizes any investment retained in the former subsidiary and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs.
- recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

#### **Investment in subsidiaries and associates in GHAIL separate financial statements**

When GHAIL prepares separate financial statements, the GHAIL using the equity method for investment in subsidiaries and associates:

#### **2.5 Going Concern**

At each year end management of the group makes assessment of going concern as required by IAS-1. The Company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the financial statements.

#### **2.6 Accrual Basis of Accounting**

GHAIL prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, GHAIL 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.

#### **2.7 Functional and presentation currency**

The financial statements are prepared and presented in Bangladesh Taka/BDT, which is the Group's functional currency. The Group earns its major revenues in BDT and all other incomes/expenses and transactions are in BDT and the competitive forces and regulations of Bangladesh determine the sale prices of its goods and services. Further, the entire funds from financing activities are generated in BDT.

#### **Foreign currency translation**

Foreign currency transactions are booked in the functional currency of the Group at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange at the balance sheet date. Exchange differences are included in the income statement.

#### **2.8 Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial

#### **2.9 Offsetting**

GHAIL does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

## 2.10 Comparative Information and Rearrangement thereof

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial Statements and also the narrative and descriptive information when it is relevant for understanding of the current year financial statements. Previous year figure has been re-arranged whenever considered necessary to ensure comparability with the current year's presentation as per IAS-8: "Accounting Policies, Changes in Accounting Estimates and Errors"

## 2.11 Use of Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure, during and at the date of the 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 IAS 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 on the amounts recognized in the financial statements include depreciation, amortization, impairment, net realizable value of inventories, accruals, taxation and provision.

## 2.12 Changes in Accounting Policies, Estimate and Errors

The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognized by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

Changes in accounting policies and material prior period errors shall be retrospectively corrected in the first financial statements authorized for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## 2.13 Structure, Content and Presentation of Financial Statements

The Financial Statements of Golden Harvest Agro Industries Ltd., as at and for the year ended 30 June 2020 comprise the group and its subsidiaries namely Golden Harvest Dairy Ltd. and also Golden Harvest Ice Cream Ltd. & Golden Harvest QSR (together referred to as the 'Group' as per IFRS-10 Financial Statements) as per IAS 28 Investment in Associate. Being the general-purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of financial position as at 30 June 2020;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2020;
- iii) Statement of changes in equity for the year ended 30 June 2020;
- iv) Statement of cash flows for the year ended 30 June 2020; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2020.

### **3. Summary of Significant Accounting Policies**

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Agro Industries Limited.

#### **Changes in accounting policies**

The Group changes its accounting policy only if the change is required by an IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Group's financial position, financial performance or cash flows. Changes in accounting policies is to be made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied.

#### **3.1 Implementation of IFRS 16 'Lease'**

Implementation of IFRS 16 and its relevant assumptions and disclosures IFRS 16: "Leases" has come into force on 1 January 2019, as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Golden Harvest Agro Industries Limited applied IFRS 16 where the Company measured the lease liability at the present value of the remaining lease payments, discounted it using incremental borrowing rate at the date of initial application, and recognized a right-of-use asset at the date of the initial application on a lease by lease basis.

##### **Right-of use Assets:**

The Company recognizes right-of-use assets at the date of initial application of IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation. Right-of-use asset is depreciated on a straight-line basis over the lease term. The right-of-use asset is presented under property, plant and equipment.

##### **Lease Liabilities:**

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payments to be made over the lease term using incremental borrowing rate of 9% at the date of initial application. Lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

#### **Implementation of IFRS 9 'Financial Instruments'**

The Group has applied IFRS 9 'Financial Instruments' with effect from 1st July 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities and impairments for financial assets. Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has adopted IFRS 9 retrospectively but with certain permitted exceptions as detailed below:

##### **Classification and measurement of financial assets**

The date of initial application was 1st July 2018. The Group has not applied the requirements of IFRS 9 to instruments that were derecognized prior to 1st July 2018 and has not restated prior years. Any difference between the previous carrying amount and the revised carrying amount at 1st July 2018 has been recognized as an adjustment to opening retained earnings at 1st July 2018.

All financial assets that are within the scope of IFRS 9 are required to be measured at amortized cost or fair value, with movements through other comprehensive income or the income statement on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**IFRS 9 had the following impact on the Group's assets:**

- The Group's trade receivables were all classified as financial assets measured at amortized cost under IAS 39. Under IFRS 9, the business model under which each portfolio of trade receivables held has been assessed. The Group has a portfolio of trade receivables that is being managed within a business model whose objective is to collect contractual cash flows, and are measured at amortized cost. There were no material changes in carrying value of financial assets as a result of these changes in measurement basis.
- IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognize changes in those expected credit losses at each reporting date. The Group recognizes a loss allowance on trade receivables based on lifetime expected credit losses.

**Implementation of IFRS 15 'Revenue from Contracts with Customers'**

The Group has applied IFRS 15 'Revenue from Contracts with Customers' with effect from 1 July 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations are satisfied.

The Group has adopted IFRS 15 applying the modified retrospective approach. IFRS 15 did not have a material impact on the amount or timing of recognition of reported revenue. In accordance with the requirements of IFRS 15 where the modified retrospective approach is adopted, prior year results have not been restated.

**Changes in accounting estimates**

Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account.

**Correction of error in prior period financial statements**

The Group corrects material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

**3.2 Property, Plant and Equipment**

**Initial Recognition and Measurement**

An item shall be recognized as property, plant and equipment if, and only if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably IAS 16.

Property, plant and equipment are initially recognized at cost and subsequently land, buildings & civil constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/Implementation of the PPE, if the recognition criteria are met.

**Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as 'Repair & Maintenance' when it is incurred.

### Subsequent Measurement

Property, Plant and equipment are disclosed at cost less accumulated depreciation consistently over years. On 30 June 2009, 30 June 2011 and 30 June 2013. Land and land developments, building and other constructions and Plant and Machinery have been revalued to reflect fair value (prevailing market price) thereof following "Current Cost Method".

### Depreciation on Property, Plant and Equipment

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property Plant and Equipment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on all property, plant and equipment except land and land developments on reducing balance method at the following rates:

Particular of Assets	Rate of Depreciation
Buildings and other constructions	2.5%
Plant & Machinery	5.0%
Office Equipment	10%
Furniture and Fixtures	10%
Vehicle	10%
Freezer	10%

### Revaluation of Property, Plant and Equipment of Golden Harvest Agro Industries Limited

The group made revaluation of the Group's Land and Land developments, Buildings and Plant and Machinery as of 30 June 2009, 30 June 2011 and 30 June 2013 to reflect fair value thereof in terms of Depreciated current cost thereof. The revaluation has conducted by Ata Khan & Co, Chartered Accountants.

The increase in the carrying amount of revalued assets is recognized in other comprehensive income under the head revaluation surplus. Other Fixed Assets were kept outside the scope of revaluation works. These are expected to be realizable at written down value (WDV) thereof mentioned in the statement of financial position of the Group.

### 3.3 Capital work-in-progress

Capital work in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2019 and these were stated at cost. In case of import components, capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Group, i.e. at the time of shipment is confirmed by the supplier.

### 3.4 Intangible Assets

#### Recognition

The recognition of an item as an intangible asset requires GHAIL to demonstrate that the item meets the definition of an intangible asset and the recognition criteria. An intangible asset is recognized as an asset if, and only if:

- it is probable that expected future economic benefits that are attributable to the asset will flow to GHAIL; and
- the cost of the item can be measured reliably.

## Measurement

An intangible asset is measured at cost less any accumulated amortizations and any accumulated impairment losses. Subsequent expenditures are likely to maintain the expected future economic benefits embodied in an existing intangible asset rather than meet the definition of an intangible asset and the recognition criteria. In addition, it is often difficult to attribute subsequent expenditure directly to a particular intangible asset rather than to the business as a whole. Therefore, expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset is usually recognized in profit or loss as incurred. This is because such expenditure cannot be distinguished from expenditure to develop the business as a whole.

### Separately acquired intangibles

The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- and any directly attributable cost of preparing the asset for its intended use.

### Internally generated intangible assets

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

### Research Phase

No intangible asset arising from research (or from the research phase of an internal project) is recognized. Expenditure on research (or on the research phase of an internal project) is recognized as an expense when it is incurred.

### Development Phase

An intangible asset arising from development (or from the development phase of an internal project) is recognized in IAS-38, "Intangible assets".

The Group's intangible assets include computer software development (ERP), Design, construction and development of products, Augmented Reality.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognized as intangible

### Recognition of an expense

In some cases, expenditure is incurred to provide future economic benefits to an entity, but no intangible asset or other asset is acquired or created that can be recognized. For example, expenditure on research is recognized as an expense when it is incurred, except when it is acquired as part of a business combination. Other examples of expenditure that is recognized as an expense when it is incurred include:

- expenditure on start-up activities i.e. start-up costs/ pre-operating cost.
- expenditure on training activities.
- expenditure on advertising and promotional activities.
- expenditure on relocating or reorganizing part or all of an entity.

### Past expenses

Expenditure on an intangible item that was initially recognized as an expense is not recognized as part of the cost of an intangible asset at a later date.

### Revaluation of intangibles

The revaluation model requires an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses. However, fair value shall be measured by reference to an active market. The revaluation model does not allow the revaluation of intangible assets that have not previously been recognized as assets; or the initial recognition of intangible assets at amounts other than cost.

### Amortization

The depreciable amount of an intangible asset with a finite useful life shall be allocated on a systematic basis over its useful life. Amortization begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortization cease at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. An intangible asset with an indefinite useful life is not amortized.

Amortization of the intangible asset with a finite useful life is calculated using the reducing balance method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Particulars	Rate
Software (at development stage)	10%
Design, construction and development of products	10%
Augmented Reality	10%

### Derecognition of intangible assets

The carrying amount of an item of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of intangible assets is included as other income in profit or loss when the item is derecognized. When the revalued assets are disposed of, the respective revaluation surplus is transferred to retained earnings.

## 3.5 Biological Asset

### Recognition and measurement

Biological asset is a living plant or animal. Biological asset is measured at fair value less costs to sell, both on initial recognition and each reporting date. Cost to sell includes sale commission and regulatory levies but exclude transport to market. Transport costs are in fact deducted from market value in order to reach fair value. The gain on initial recognition and from a change in this value is recognized in profit or loss. The interest on the loan taken out to finance the acquisition is not a cost to sell. The milk is agriculture product and is recognized initially under IAS-41 at fair value less cost to sell. (at this point it is taken into inventories and dealt with under IAS-2). The gain on initial recognition should be recognized in profit or loss.

## 3.6 Impairment of Assets

### Recognizing and measuring impairment loss

If the recoverable amount of an asset is less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognized in profit or loss. However, an impairment loss on a revalued asset is recognized in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

GHAIL assesses at the end of each reporting period whether there is any indication that an asset

may be impaired. If any such indication exists, GHAIL estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, GHAIL tests:

- an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually

### 3.7 Capitalization of Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with IAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Recognition

GHAIL capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHAIL recognizes other borrowing costs as an expense in the period in which it incurs them.

#### Borrowing costs eligible for capitalization

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

To the extent that GHAIL borrows funds specifically for the purpose of obtaining a qualifying asset, GHAIL determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

#### Commencement of capitalization

GHAIL begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the GHAIL first meets all of the following conditions:

- it incurs expenditures for the asset;
- it incurs borrowing costs; and
- it undertakes activities that are necessary to prepare the asset for its intended use or sale.

#### Cessation of capitalization

GHAIL ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### 3.8 Financial instruments

#### 3.8.1 Financial assets

##### Investment in shares

The Group has elected to designate equity investments as measured at Fair Value through Other Comprehensive Income (FVTOCI). They are initially recorded at fair value plus transaction costs and then remeasured at subsequent reporting dates to fair value. Unrealized gains and losses are recognized in other comprehensive income. On disposal of the equity investment, gains and losses that have been deferred in other comprehensive income are transferred directly to retained earnings.

Dividends on equity investments and distributions from funds are recognized in the income statement when the Group's right to receive payment is established.

##### Investment in fixed deposit receipt

Fixed deposit, comprising funds held with banks and other financial institutions, are initially measured at fair value, plus direct transaction costs, and are subsequently measured at amortized

cost using the effective interest method at each reporting date. Changes in carrying value are recognized in profit.

#### **Trade receivables**

Trade receivables are measured in accordance with the business model under which each portfolio of trade receivable is held. The Group has a portfolio of trade receivables that is being managed within a business model whose objective is to collect contractual cash flows, and are measured at amortized cost. Trade receivables measured at amortized cost are carried at the original invoice amount less allowance for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the nature of the business unit and the location and type of customer.

When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement. Subsequent recoveries of amounts previously provided for or written off are credited to the income statement.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, balances with banks and financial institutions, and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortized cost under the hold to collect classification, where they meet the hold to collect "solely payments of principals and interests" test criteria under IFRS 9. Those not meeting these criteria are held at fair value through profit and loss.

### **3.8.2 Financial liabilities**

#### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortized cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognized as a charge to the income statement over the period of the relevant borrowing.

#### **Trade payables**

Trade payables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

### **3.8.3 Impairment of financial assets**

IFRS 9 requires an expected credit loss (ECL) model to be applied to financial assets rather than the incurred credit loss model required under IAS 39. The expected credit loss model requires the Group to account for expected losses as a result of credit risk on initial recognition of financial assets and to recognize changes in those expected credit losses at each reporting date. The Group recognizes a loss allowance on trade receivables based on lifetime expected credit losses.

### **3.9 Inventories**

#### **Measurement**

Inventories are measured at the lower of cost and net realizable value.

#### **Cost of inventories**

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### **Cost formulas**

The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula. GHAIL shall use the same cost formula for all inventories having a similar nature and use to the entity.

The FIFO formula assumes that the items of inventory that were purchased or produced first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced.

### **Recognition as an expense**

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the number of inventories recognized as an expense in the period in which the reversal occurs.

### **3.10 Trade and Other Receivables**

Trade and other receivables are stated at their estimated realizable amounts inclusive of provisions for bad and doubtful debts

### **3.11 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in hand and with banks on current deposit accounts and short-term investments (FDR for the period of 1 to 3 months) which are held and available for use by the Group without any restriction. There is insignificant risk of change in value of the same.

### **3.12 Calculation of Recoverable Amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

### **3.13 Provisions, accruals and contingencies**

#### **Recognition**

#### **Provisions**

#### **A provision is recognized when:**

- GHAIL has a present obligation (legal or constructive) as a result of a past event;
- 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.

If these conditions are not met, no provision is recognized.

#### **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

#### **Contingent Liabilities**

GHAIL does not recognize a contingent liability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

#### **Contingent Asset**

GHAIL does not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to GHAIL.

## **Measurement**

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Changes in provisions

Provisions is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## **Use of provisions**

A provision is used only for expenditures for which the provision was originally recognized. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognized for another purpose would conceal the impact of two different events.

## **Future operating losses**

Provisions are not recognized for future operating losses. Future operating losses do not meet the definition of a liability and the general recognition criteria set out for provisions.

### **3.14 Events Occurring after the Reporting Period**

All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 41.09 of financial statements.

### **3.15 Earnings Per Share (EPS)**

#### **Measurement**

#### **Basic EPS**

GHAIL calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity.

Basic earnings per share has been calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

The Group's diluted earnings per share is same as basic earnings per share.

### **3.16 Dividend distribution on ordinary share**

Dividend distribution to the Group's shareholders is recognized as a liability in the group's financial statements in the period in which the dividends are approved by the Group's shareholders

### **3.17 Income Statements**

For the purpose of presentation of the Income Statement, the function of expenses method is adopted, as it represents fairly the elements of the Group's performance

### **3.18 Revenue**

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework as follows;

- i. Identify the contract(s) with a customer;
- ii. Identify the performance obligations in the contract;
- iii. Determine the transaction price;
- iv. Allocate the transaction price to the performance obligations in the contract; and

- v. Recognize revenue when (or as) the entity satisfies a performance obligation. However, the entity has complied with the applicable requirements of IFRS 15 in recognizing revenue.

Moreover, the entity assesses whether it transfers control over time by following prescribed criteria for satisfying performance obligation. If none of the criteria is met then the entity recognizes revenue at point of time at which it transfers control of the goods to the customer.

Revenue is measured net of value added tax, trade discount, returns and allowances (if any). In case of cash delivery, revenue is recognized when delivery is made and cash is received by the Company

### **3.19 Expenses**

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

### **3.20 Finance Income and Expenses**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### **3.21 Employee Benefits:**

The Company maintains provident fund for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective agreements/trust deeds.

The Company has accounted for and disclosed employee benefits in compliance with the provision of IAS 19: Employee Benefits

The cost of employee benefit is charged off as revenue expenditure in the period to which the contributions relate.

### **3.22 Workers' Profit Participation Fund (WPPF)**

The Group provides applicable rate of its profit before tax after charging contribution to WPPF in accordance with the Bangladesh Labor Act, 2006 (Amended up to 2015).

### **3.23 Taxation**

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

#### **Current tax**

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## **Deferred tax**

### **Principle of recognition**

Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period.

### **Exceptions to recognition in profit or loss**

Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognized as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income.

Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognized directly in equity.

Deferred tax resulting from a business combination is included in the initial cost of goodwill.

### **Taxable temporary difference**

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

### **Revaluations to fair value – property, plant and equipment**

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore given rise to a deferred tax liability.

### **Non-depreciated revalued assets**

If a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in IAS 16, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale, regardless of the basis of measuring the carrying amount of that asset. Accordingly, if the tax law specifies a tax rate applicable to the taxable amount derived from the sale of an asset that differs from the tax rate applicable to the taxable amount derived from using an asset, the former rate is applied in measuring the deferred tax liability or asset related to a non-depreciable asset.

### **Revaluations to fair value – other assets**

IFRS permit or require certain other assets to be revalued to fair value, such as certain financial instruments and investment properties. If the revaluation is recognized in profit or loss (e.g. fair value through profit or loss instruments, investment properties) and the amount is taxable / allowable for tax, then no deferred tax arises as both the carrying value and the tax base are adjusted. However, if the revaluation is recognized as other comprehensive income (e.g. available-for-sale instruments) and does not therefore impact taxable profits, then the tax base of the asset is not adjusted and deferred tax arises. This deferred tax is also recognized as other comprehensive income.

### **Deductible temporary difference**

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

**Unused tax losses and unused tax credits**

A deferred tax asset is recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

**3.24 Statement of Cash Flows**

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

**3.25 Related Party Disclosures**

The Group carried out a number of transactions with related parties. The information as required by IAS 24: "Related party Disclosure" has been disclosed in a separate note to the accounts (Note-41.3).

**3.26 Segment Reporting**

Segmental information is provided for the different business segments of the Group. Business segmentation has been determined based on the nature of goods provided by the Group after considering the risk and rewards of each type of product.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described on notes 40 in the Notes to the Financial Statements. The group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

**4. Risk Exposure****4.1 Financial risk management**

GHAIL's activities are exposed to a variety of financial risks. The Company's financial risk management centered upon using various tools and to manage exposure to risk, particularly credit risk, liquidity risk, market risk, currency risk and interest rate risk. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them. Taking risk is in the core of the financial business, and operational risk is an inevitable consequence of being in business. GHAIL's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on GHAIL's financial performance.

GHAIL's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of prudent risk management policies and application of reliable and up-to-date information systems. GHAIL regularly reviews its risk management policies and systems to reflect changes in products, markets, and emerging best practices.

#### **4.2 Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The senior management of GHAIL carefully manages its exposure to credit risk. Credit exposures arise principally in receivables from customers' existing in GHAIL's asset portfolio. The credit risk management and control are controlled through the credit policies of GHAIL's which are updated regularly. The company is also exposed to other credit risks arising from balances with banks which are controlled through board approved counterparty limits.

#### **4.3 Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash balances or liquid and marketable assets to meet its liabilities when fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

#### **4.4 Industry Risks**

Industry risk 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 results of operation. Frozen foods industry in Bangladesh is an emerging sector with vast local demand for its different product lines. Locally produced frozen products now play a significant role in this sector, which has been dominated by imports in the past.

However, the infrastructure required for this industry is inadequate in Bangladesh, as can be noted below:

- No organized collection centers for agricultural produce exist in Bangladesh; as a result, there is a high fluctuation in prices both for the growers and for processors.
- Absence of Cold Storage or Cold Chains although the whole process of collection, processing and distribution depends on cold temperature maintenance due to the nature of the finished product.

Golden Harvest Agro Industries Ltd has established its brand name in Frozen Food market with its quality products, range of products and customer services. However, to develop an infrastructure, both public and private sector participation is required. This is the focal point of Golden Harvest's future expansion plans. To eliminate fluctuation in prices both for the growers and for the processors, Golden Harvest will organize collection centers to eliminate intermediary cost for both the parties. Deploying 15,000 refrigerators with 24 cold storages at -30-degree Celsius nationwide, Golden Harvest will have infrastructure backbone of Cold Chain which will ensure proper supply of Frozen Foods all over the country through its 50-temperature controlled transport.

#### **4.5 Market risk**

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

##### **(i) Currency risk**

The company is not exposed to currency risk on revenues because goods are sold in local market with local currency and there is insignificant purchase of machineries, parts and equipment.

##### **(ii) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GHAIL again has limited exposure to interest rate since it borrows primarily in fixed interest rate, and further, interest rate are fully hedged at project levels too.

#### 4.6 Reporting foreign currency transactions

##### Initial recognition

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

##### Subsequent measurement

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into GHAIL's functional currency at each reporting date. However, translation depends on whether the assets or liabilities are monetary or non-monetary items:

##### Monetary items

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

##### Non-monetary items

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of GHAIL. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined. The foreign currency fair value of a non-monetary asset is determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

##### Measurement of financial assets

Financial assets can be monetary or non-monetary and may be carried at fair value or amortized cost. Where a financial instrument is denominated in a foreign currency, it is initially recognized at fair value in the foreign currency and translated into the functional currency at spot rate. The fair value of the financial instrument is usually the same fair value of the consideration given in the case of an asset or received in the case of a liability.

At each year end, the foreign currency amount of financial instruments carried at amortized cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

##### Exchange differences

The entire change in the carrying amount of a non-monetary fair value through other comprehensive income financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date.

A change in the carrying amount of monetary fair value through other comprehensive income financial assets on subsequent measurements is analyzed between the foreign exchange component and the fair value movement. The foreign exchange component is recognized in profit or loss and the fair value movement is recognized as other comprehensive income.

The entire change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognized in profit or loss.

5. Property, plant and equipment (PPE)  
Consolidated

Particulars	Cost/Valuation				Depreciation	Amount in BDT		
	Balance as on 01-Jul-19	Addition for the year	Disposal for the year	Balance as on 30-Jun-20		Charged for the year	Disposal for the year	Balance as on 30-Jun-20
<b>At historical cost:</b>								
Land and land development	856,441,344	-	-	450,820,997	0%	-	-	450,820,997
Buildings and other constructions	722,275,342	100,618,351	-	385,215,132	2.5%	8,114,172	54,534,384	383,144,177
Plant and machinery	605,990,324	2,761,720	-	466,300,537	5.0%	5,093,831	44,367,744	98,083,763
Office Equipment	35,055,053	280,372	-	24,548,547	10%	654,293	9,192,693	6,032,198
Furniture and Fixtures	48,670,894	204,490	-	9,557,518	10%	1,927,315	21,944,259	17,373,607
Vehicle	214,428,690	2,506,623	-	201,726,555	10%	666,289	6,758,556	8,450,202
Freezer	1,827,808,622	150,084,000	36,000,000	1,261,417,004	10%	41,815,233	191,930,936	488,524,682
<b>A. Sub total of 30 June 2020</b>	<b>4,310,670,269</b>	<b>256,435,556</b>	<b>36,000,000</b>	<b>2,754,385,640</b>		<b>58,271,133</b>	<b>324,290,558</b>	<b>1,452,429,627</b>
<b>At revaluation:</b>								
Land and land development	213,821,556	-	-	112,033,188	0%	-	-	112,033,188
Buildings and other constructions	165,683,091	-	-	165,683,091	2.5%	3,390,068	33,470,446	132,212,645
Plant and machinery	85,028,928	-	-	41,576,975	5.0%	1,344,252	16,036,193	28,540,782
<b>B. Sub total of 30 June 2020</b>	<b>464,533,575</b>	<b>-</b>	<b>-</b>	<b>319,293,254</b>		<b>4,734,320</b>	<b>49,506,639</b>	<b>269,786,615</b>
<b>Total (A+B) of 30 June 2020</b>	<b>4,775,203,844</b>	<b>256,435,556</b>	<b>36,000,000</b>	<b>2,973,678,894</b>		<b>63,005,453</b>	<b>373,797,197</b>	<b>1,722,216,242</b>
<b>Total of 30 June 2019</b>	<b>4,363,683,936</b>	<b>411,519,908</b>	<b>-</b>	<b>4,775,203,843</b>		<b>193,206,395</b>	<b>809,452,634</b>	<b>3,965,751,208</b>

5.01 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling and Distribution	Rate of Dep. (%)	Total
<b>At historical cost</b>							
Buildings and other constructions	8,114,172	100%	-	0%	-	0%	8,114,172
Plant and machinery	5,093,831	100%	-	0%	-	0%	5,093,831
Office Equipment	327,147	50%	261,717	40%	65,430	10%	654,293
Furniture and Fixtures	674,560	35%	963,657	50%	289,097	15%	1,927,315
Vehicles	66,629	10%	199,887	30%	399,774	60%	666,289
Freezer	-	0%	-	0%	41,815,233	100%	41,815,233
<b>Sub total</b>	<b>14,276,339</b>		<b>1,425,261</b>		<b>42,569,534</b>		<b>58,271,133</b>
<b>At revaluation</b>							
Buildings and other constructions	3,390,068	100%	-	0%	-	0%	3,390,068
Plant & machinery	1,344,252	100%	-	0%	-	0%	1,344,252
<b>Sub total</b>	<b>4,734,320</b>		<b>1,425,261</b>		<b>42,569,534</b>		<b>4,734,320</b>
<b>Grand total</b>	<b>19,010,659</b>		<b>1,425,261</b>		<b>42,569,534</b>		<b>63,005,453</b>

Note (f). Land & Building are mortgaged and Plant & Machinery and equipments are hypothecated with Mercantile Bank Ltd., Gulshan Branch against term loan and working capital (CC hypo) facilities according to their sanction terms.

Note (g). The Company (GHALL) revalued the Lands, Buildings, and Plant & Machinery as of 30 June 2009, 2011 and 2013 by the Valuer, Ala Khan & Co. Chartered Accountants following "Current Cost Method", resulting the following surplus:

5A. Property, plant and equipment  
The Company

Particulars	Balance as on			Cost/Valuation			Rate	Depreciation			Written Down Value as of 30-Jun-20																																																																																																
	01-Jul-19	Addition for the year	Disposal for the year	30-Jun-20	Disposal for the year	30-Jun-20		Charged for the year	Disposal for the year	Balance as on 30-Jun-20																																																																																																	
<b>At historical cost:</b>																																																																																																											
Land and land development	236,336,936	-	-	236,336,936	-	-	0.0%	-	-	-	236,336,936																																																																																																
Buildings and other constructions	311,812,859	100,618,351	-	412,431,210	-	-	2.5%	7,527,735	-	52,073,855	360,357,355																																																																																																
Plant and machinery	137,477,042	2,677,500	-	140,154,542	-	-	5.0%	4,995,752	-	44,018,508	96,136,034																																																																																																
Office equipment	9,991,231	280,372	-	10,271,603	-	-	10%	615,458	-	4,587,265	5,684,338																																																																																																
Furniture and fixtures	39,113,376	202,840	-	39,316,216	-	-	10%	1,927,315	-	21,944,259	17,371,957																																																																																																
Vehicle	12,267,605	2,506,623	-	14,774,228	-	-	10%	628,596	-	6,634,262	8,139,966																																																																																																
Freezer	566,391,618	150,035,000	36,000,000	680,426,618	-	-	10%	41,815,233	21,311,214	191,930,936	488,495,682	<b>5A. Sub total of 30 June 2020</b>	<b>1,313,390,667</b>	<b>256,320,686</b>	<b>36,000,000</b>	<b>1,533,711,353</b>	<b>-</b>	<b>-</b>		<b>57,510,089</b>	<b>21,311,214</b>	<b>321,189,084</b>	<b>1,212,522,269</b>	<b>At revaluation:</b>												Land and land development	112,033,188	-	-	112,033,188	-	-	0.0%	-	-	-	112,033,188	Buildings and other constructions	165,683,091	-	-	165,683,091	-	-	2.5%	3,390,068	-	33,470,446	132,212,645	Plant and machinery	41,576,975	-	-	41,576,975	-	-	5.0%	1,344,252	-	16,036,193	25,540,782	<b>B. Sub total of 30 June 2020</b>	<b>319,293,254</b>	<b>-</b>	<b>-</b>	<b>319,293,254</b>	<b>-</b>	<b>-</b>		<b>4,734,320</b>	<b>-</b>	<b>49,506,639</b>	<b>269,786,615</b>	<b>Total (A+B) of 30 June 2020</b>	<b>1,632,683,921</b>	<b>256,320,686</b>	<b>36,000,000</b>	<b>1,853,004,607</b>	<b>-</b>	<b>-</b>		<b>62,244,409</b>	<b>21,311,214</b>	<b>370,695,723</b>	<b>1,482,308,884</b>	<b>Total of 30 June 2019</b>	<b>1,609,477,894</b>	<b>23,206,027</b>	<b>-</b>	<b>1,632,683,921</b>	<b>-</b>	<b>-</b>		<b>62,769,789</b>	<b>-</b>	<b>329,762,528</b>	<b>1,302,921,393</b>
<b>5A. Sub total of 30 June 2020</b>	<b>1,313,390,667</b>	<b>256,320,686</b>	<b>36,000,000</b>	<b>1,533,711,353</b>	<b>-</b>	<b>-</b>		<b>57,510,089</b>	<b>21,311,214</b>	<b>321,189,084</b>	<b>1,212,522,269</b>																																																																																																
<b>At revaluation:</b>																																																																																																											
Land and land development	112,033,188	-	-	112,033,188	-	-	0.0%	-	-	-	112,033,188																																																																																																
Buildings and other constructions	165,683,091	-	-	165,683,091	-	-	2.5%	3,390,068	-	33,470,446	132,212,645																																																																																																
Plant and machinery	41,576,975	-	-	41,576,975	-	-	5.0%	1,344,252	-	16,036,193	25,540,782																																																																																																
<b>B. Sub total of 30 June 2020</b>	<b>319,293,254</b>	<b>-</b>	<b>-</b>	<b>319,293,254</b>	<b>-</b>	<b>-</b>		<b>4,734,320</b>	<b>-</b>	<b>49,506,639</b>	<b>269,786,615</b>																																																																																																
<b>Total (A+B) of 30 June 2020</b>	<b>1,632,683,921</b>	<b>256,320,686</b>	<b>36,000,000</b>	<b>1,853,004,607</b>	<b>-</b>	<b>-</b>		<b>62,244,409</b>	<b>21,311,214</b>	<b>370,695,723</b>	<b>1,482,308,884</b>																																																																																																
<b>Total of 30 June 2019</b>	<b>1,609,477,894</b>	<b>23,206,027</b>	<b>-</b>	<b>1,632,683,921</b>	<b>-</b>	<b>-</b>		<b>62,769,789</b>	<b>-</b>	<b>329,762,528</b>	<b>1,302,921,393</b>																																																																																																

5A.01 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
<b>At historical cost</b>							
Buildings and other constructions	7,527,735	100%	-	0%	-	0%	7,527,735
Plant and machinery	4,995,752	100%	-	0%	-	0%	4,995,752
Office equipments	307,729	50%	246,183	40%	61,546	10%	615,458
Furniture and fixture	674,560	35%	963,657	50%	289,097	15%	1,927,315
Vehicles	62,860	10%	188,579	30%	377,158	60%	628,596
Freezer	-	0%	-	0%	41,815,233	100%	41,815,233
<b>Sub total</b>	<b>13,568,636</b>		<b>1,398,419</b>		<b>42,543,034</b>		<b>57,510,089</b>
<b>At revaluation</b>							
Buildings and other constructions	3,390,068	100%	-	0%	-	0%	3,390,068
Plant and machinery	1,344,252	100%	-	0%	-	0%	1,344,252
<b>Sub total</b>	<b>4,734,320</b>		<b>-</b>		<b>-</b>		<b>4,734,320</b>
<b>Grand total</b>	<b>18,302,956</b>		<b>1,398,419</b>		<b>42,543,034</b>		<b>62,244,409</b>

6. Right of use (ROU) assets  
Consolidated

Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30-Jun-20
	Balance as on 01-Jul-19	Addition for the year	Disposal for the year		Balance as on 01-Jul-19	Charged for the year	Disposal for the year	
Vehicle	93,463,458	-	-	10%	34,752,150	1,314,076	18,546,887	11,826,684
Freezer	48,672,000	-	28,670,000	10%	4,254,022	1,789,823	3,893,595	16,108,405
<b>Total of 30 June 2020</b>	<b>142,135,458</b>	<b>-</b>	<b>28,670,000</b>		<b>39,006,172</b>	<b>3,103,899</b>	<b>22,440,482</b>	<b>27,935,089</b>
<b>Total of 30 June 2019</b>	<b>113,465,458</b>	<b>28,670,000</b>	<b>-</b>		<b>28,343,752</b>	<b>10,642,420</b>	<b>39,006,172</b>	<b>103,129,286</b>

6.01 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
Vehicles	-	0%	262,815	20%	1,051,261	80%	1,314,076
Freezer	-	0%	-	0%	1,789,823	100%	1,789,823
<b>Total</b>	<b>-</b>	<b>0%</b>	<b>262,815</b>	<b>0%</b>	<b>2,841,084</b>	<b>100%</b>	<b>3,103,899</b>

6A. Right of use (ROU) assets  
The Company

Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30-Jun-20
	Balance as on 01-Jul-19	Addition for the year	Disposal for the year		Balance as on 01-Jul-19	Charged for the year	Disposal for the year	
Vehicle	30,373,571	-	-	10%	17,232,811	1,314,076	18,546,887	11,826,684
Freezer	20,002,000	-	-	10%	2,103,772	1,789,823	3,893,595	16,108,405
<b>Total of 30 June 2020</b>	<b>50,375,571</b>	<b>-</b>	<b>-</b>		<b>19,336,583</b>	<b>3,103,899</b>	<b>22,440,482</b>	<b>27,935,089</b>
<b>Total of 30 June 2019</b>	<b>50,375,571</b>	<b>-</b>	<b>-</b>		<b>15,887,807</b>	<b>3,448,776</b>	<b>19,336,583</b>	<b>31,038,988</b>

6A.01 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling and Distribution	Rate of Dep. (%)	Total
Vehicles	-	0%	262,815	20%	1,051,261	80%	1,314,076
Freezer	-	0%	-	0%	1,789,823	100%	1,789,823
<b>Total</b>	<b>-</b>	<b>0%</b>	<b>262,815</b>	<b>0%</b>	<b>2,841,084</b>	<b>100%</b>	<b>3,103,899</b>

7. Intangible Assets Consolidated

Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30-Jun-20
	Balance as on 01-Jul-19	Addition for the year	Disposal for the year		Disposal for the year	Charged for the year	Disposal for the year	
Software (at development stage)	37,914,397	-	-	10%	-	2,639,727	-	23,757,541
Design, construction and development of products	58,515,350	14,924,493	-	10%	14,472,481	2,345,565	7,446,454	36,034,579
Augmented Reality	378,375	-	-	10%	130,124	-	130,124	-
<b>Total of 30 June 2020</b>	<b>96,808,122</b>	<b>14,924,493</b>	<b>-</b>		<b>14,602,605</b>	<b>4,985,292</b>	<b>7,576,578</b>	<b>59,792,120</b>
<b>Total of 30 June 2019</b>	<b>96,808,122</b>	<b>-</b>	<b>-</b>		<b>9,681,368</b>	<b>4,921,237</b>	<b>-</b>	<b>82,205,517</b>

7.01 Amortization has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
Software	527,945	20%	527,945	20%	1,583,836	60%	2,639,727
Design, construction and development of products	-	0%	-	0%	2,345,565	100%	2,345,565
Augmented Reality	-	0%	-	0%	-	100%	-
<b>Total</b>	<b>527,945</b>		<b>527,945</b>		<b>3,929,401</b>		<b>4,985,292</b>

7A. Intangible Assets The Company

Particulars	Cost/Valuation			Rate of Dep. (%)	Depreciation			Written Down Value as of 30-Jun-20
	Balance as on 01-Jul-19	Addition for the year	Disposal for the year		Disposal for the year	Charged for the year	Disposal for the year	
Software (at development stage)	26,397,268	-	-	10%	-	2,639,727	-	23,757,541
Design, construction and development of products	30,481,678	14,924,493	-	10%	7,026,027	2,345,565	-	36,034,579
<b>Total of 30 June 2020</b>	<b>56,878,946</b>	<b>14,924,493</b>	<b>-</b>		<b>7,026,027</b>	<b>4,985,292</b>	<b>-</b>	<b>59,792,120</b>
<b>Total of 30 June 2019</b>	<b>56,878,946</b>	<b>-</b>	<b>-</b>		<b>4,419,843</b>	<b>2,406,184</b>	<b>-</b>	<b>49,852,919</b>

7A.01 Amortization has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admin.	Rate of Dep. (%)	Selling and Distribution	Rate of Dep. (%)	Total
Software	527,945	20%	527,945	20%	1,583,836	60%	2,639,727
Design, construction and development of products	-	0%	-	0%	2,345,565	100%	2,345,565
<b>Total</b>	<b>527,945</b>		<b>527,945</b>		<b>3,929,401</b>		<b>4,985,292</b>

		Amount in BDT					
		30-Jun-20	30-Jun-19				
<b>8. Biological assets</b>							
	Dryer	1,098,001	1,787,350				
	Milkable Cows	70,850,557	59,973,286				
	Heifers	14,519,182	22,539,571				
	Calves	2,308,981	4,867,238				
	Bull	4,238,583	13,092,696				
		<b>93,015,304</b>	<b>102,260,141</b>				
<b>8.010 Details are as follows:</b>							
		<b>Calves</b>	<b>Heifers</b>	<b>Milkable Cows</b>	<b>Dryer</b>	<b>Bull</b>	<b>Total</b>
	Carrying amount	4,867,238	22,539,571	59,973,286	1,787,350	13,092,696	102,260,141
	Add: Purchase Costs	-	-	-	-	13,455,665	13,455,665
	Less: Transfer/ Sales	(4,865,240)	(11,898,338)	3,765,872	(1,498,575)	(26,044,260)	(40,540,541)
	Add / (Less): Fair value adjustments	2,306,983	3,877,949	7,111,399	809,226	3,734,482	17,840,039
		<b>2,308,981</b>	<b>14,519,182</b>	<b>70,850,557</b>	<b>1,098,001</b>	<b>4,238,583</b>	<b>93,015,304</b>
<b>8.01.01 Fair value adjustments</b>							
		<b>Calves</b>	<b>Heifers</b>	<b>Milkable Cows</b>	<b>Dryer</b>	<b>Bull</b>	<b>Total</b>
	Changes in Fair Value	3,612,405	5,840,776	11,552,229	1,198,752	6,201,082	28,405,244
	Less: Cost to sell	(1,305,422)	(1,962,827)	(4,440,830)	(389,526)	(2,466,600)	(10,565,205)
		<b>2,306,983</b>	<b>3,877,949</b>	<b>7,111,399</b>	<b>809,226</b>	<b>3,734,482</b>	<b>17,840,039</b>
<b>8A Biological assets</b>							
	Heifers		-				6,610,664
	Bull		-				7,089,113
			-				<b>13,699,777</b>
<b>8A.01 Details are as follows:</b>							
			<b>Heifers</b>	<b>Bull</b>	<b>Total</b>		
	Carrying amount		6,610,664	7,089,113	13,699,777		
	Less: Transfer/ Sales		(7,872,918)	(8,001,829)	(15,874,747)		
	Add / (Less): Fair value adjustments		1,262,254	912,716	2,174,970		
			-	-	-		
<b>8A.01.01 Fair value adjustments</b>							
	Changes in Fair Value		2,655,224	2,295,562	4,950,786		
	Less: Cost to sell		(1,392,970)	(1,382,846)	(2,775,816)		
			<b>1,262,254</b>	<b>912,716</b>	<b>2,174,970</b>		
<b>9. Capital work in progress</b>							
	Opening balance			480,138,313	401,375,144		
	Addition during the period			268,477,773	78,763,169		
	Transferred to property, plant and equipment			(215,134,399)	-		
	Disposal for subsidiary company			(45,827,222)	-		
				<b>487,654,465</b>	<b>480,138,313</b>		
<b>9A. Capital work in progress</b>							
	Opening Balance			397,015,154	350,804,247		
	Addition during the period			268,477,773	46,210,907		
	Transferred to property, plant and equipment			(215,134,399)	-		
				<b>450,358,528</b>	<b>397,015,154</b>		

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>10.</b>	<b>Investment in subsidiary companies</b>		
	Golden Harvest Ice Cream Ltd. (Note: 10.01)	-	685,539,459
	Golden Harvest Dairy Ltd. (Note: 10.02)	15,096,812	18,772,253
		<b>15,096,812</b>	<b>704,311,712</b>
<b>10.01.</b>	<b>Golden Harvest Ice Cream Ltd.</b>		
	Opening balance	685,539,459	851,853,929
	Adjustment for changes of tax rates	-	(1,122,716)
	Restated opening balance	<b>685,539,459</b>	<b>850,731,213</b>
	Issue Cost of Ordinary Share	-	(105,732)
	Adjustment for changes of shareholding position on retained earning	-	(217,981,833)
	Adjustment for changes of shareholding position on revaluation surplus	-	(57,620,512)
	Share of net profit after tax of subsidiary	-	110,284,238
	Share of change of revalued amount of PPE	-	232,086
	Transfer to investment in associates	685,539,459	-
		<b>-</b>	<b>685,539,459</b>
<b>10.02.</b>	<b>Golden Harvest Dairy Ltd.</b>		
	Opening balance	18,772,253	19,021,021
	Share of net loss after tax of subsidiary	(3,675,441)	(248,768)
		<b>15,096,812</b>	<b>18,772,253</b>
<b>11.</b>	<b>Investment in associates</b>		
	Golden Harvest Ice Cream Ltd. (Note: 11.01)	675,317,005	-
	Golden Harvest QSR Ltd. (Note: 11.02)	48,355,038	14,700,000
	Cold Chain Bangladesh Ltd. (Note: 11.03)	-	600,000
		<b>723,672,043</b>	<b>15,300,000</b>
<b>11.01.</b>	<b>Golden Harvest Ice Cream Ltd.</b>		
	Opening balance	685,539,459	-
	Share of net profit after tax of associates	(10,222,454)	-
		<b>675,317,005</b>	<b>-</b>
<b>11.02.</b>	<b>Golden Harvest QSR Ltd.</b>		
	Investment	300,000	300,000
	Add: Deposit for share	48,355,038	14,700,000
	Less: Attributable Share of Loss of Associate	300,000	300,000
		<b>48,355,038</b>	<b>14,700,000</b>
<b>11.03.</b>	<b>Cold Chain Bangladesh Ltd.</b>		
	Opening Balance	600,000	-
	Add: Issuance of Share	-	600,000
	Disposal for subsidiary company	(600,000)	-
		<b>-</b>	<b>600,000</b>
<b>12.</b>	<b>Inventories</b>		
	Finished goods	211,601,192	395,451,920
	Raw materials	186,414,307	345,850,253
	Packing materials	90,033,339	153,897,600
	Medicine	165,245	89,554
	Work in process	-	425,667
	Stores in transit	13,984,465	12,174,204
		<b>502,198,548</b>	<b>907,889,197</b>

Share of accumulated loss of associates during the year is Tk. 8,350,110 (Tk. 27,833,700 x 30%) including business loss of Jubilant Golden Harvest Ltd.

Golden Harvest QSR Limited (GHQSR), an associate company (30% share) of Golden Harvest Agro Industries Limited, owns 49% share of Jubilant Golden Harvest Limited (JGHL), and rest 51% share is owned by Jubilant Food works Limited (JFL), a listed company in India. JGHL is a joint venture company between Jubilant Food works and Golden Harvest is operating Domino's Pizza restaurant in Bangladesh.

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>12A.</b>	<b>Inventories</b>		
	Finished goods	211,601,192	173,917,791
	Raw materials	184,588,355	159,326,728
	Packing materials	89,785,484	60,244,938
	Work in process	-	-
	Stores in transit	13,968,803	5,536,685
		<b>499,943,834</b>	<b>399,026,142</b>
<b>13.</b>	<b>Advances, deposits and prepayments</b>		
	Advance to contract farmer, suppliers & service providers	276,452,875	299,612,968
	Advance against Flat purchased	-	136,412,078
	Advance for Land purchases	-	121,500,000
	Advance taxes	35,365,401	79,658,744
	Advance VAT	11,873,598	17,086,845
	Advance office rent	-	3,752,000
	Right Share Issue Cost	-	121,898
	Other deposit	598,930	2,294,904
	Lease deposits	73,580	2,517,141
		<b>324,364,384</b>	<b>662,956,578</b>

This is unsecured and considered good.

(a) The maximum amount due from the suppliers & service providers.

(b) No amount was due by the directors, managing agent, managers and other officers of the company and any of them severally or jointly with any other person.

<b>13A.</b>	<b>Advances, deposits and prepayments</b>		
	Advance to contract farmer, suppliers & service providers	275,438,257	253,066,256
	Advance taxes	35,365,401	28,392,632
	Advance VAT	11,873,598	11,873,598
	Right Share Issue Cost	-	121,898
	Other Deposit	598,930	598,930
	Lease deposits	73,580	1,177,796
		<b>323,349,766</b>	<b>295,231,110</b>
<b>14.</b>	<b>Trade and other receivables</b>		
	Trade receivables (Note: 14.01)	349,817,536	766,017,905
	Other receivables (Note: 14.02)	686,265,143	292,675,403
		<b>1,036,082,679</b>	<b>1,058,693,308</b>
<b>14.01</b>	<b>Trade receivables</b>		
	Sales receivables	349,817,536	766,017,905
		<b>349,817,536</b>	<b>766,017,905</b>

**Aging Schedule of Trade Receivable**

Account Name	Upto 90 days	Upto 180 days	Over 180 days	2020	2019
Golden Harvest Agro Industries Ltd.	121,745,772	113,792,902	110,830,516	346,369,190	304,687,971
Golden Harvest Dairy Ltd.	3,448,346	-	-	3,448,346	2,896,365

This is unsecured, considered good except for the portion of doubtful debtors and is falling due within one period. Classification schedule as required by schedule XI of Companies Act 1994 are as follows:

Sl. No.	Particulars	Consolidated amount in BDT 2020	Consolidated amount in BDT 2019
I	Accounts receivable considered good in respect of which the company is fully secured	-	-
II	Accounts receivable considered good in respect of which the company holds no security other than the debtor personal security	349,817,536	766,017,905

		Amount in BDT	
		30-Jun-20	30-Jun-19
III	Accounts receivable considered doubtful or bad	-	-
IV	Accounts receivable due by any director or other officer of the company	-	-
V	Accounts receivable due by Common management	-	-
VI	The maximum amount of receivable due by any director or other officer of the company	-	-
<b>Total</b>		<b>349,817,536</b>	<b>766,017,905</b>
<b>14.02</b>	<b>Other receivables</b>		
	Interest receivable	253,885	113,517
	Inter company transaction (Note: 14.02.01)	686,011,258	292,561,886
		<b>686,265,143</b>	<b>292,675,403</b>
	This is unsecured, considered good and is falling due within one period.		
<b>14.02.01</b>	<b>Inter company transaction</b>		
	Samdani Art Foundation	-	27,019,829
	Golden Harvest Foods Ltd.	85,635,279	25,802,809
	Golden Harvest InfoTech Ltd.	189,536,028	84,953,001
	Golden Harvest Developers Ltd.	74,664,379	60,176,708
	Golden Harvest QSR Ltd.	336,175,572	88,820,539
	Cold Chain Bangladesh Ltd	-	5,789,000
		<b>686,011,258</b>	<b>292,561,886</b>
<b>14A.</b>	<b>Trade and other receivables</b>		
	Trade receivable (Note: 14A.01)	346,369,190	304,687,971
	Other receivable (Note: 14A.02)	817,079,393	431,761,310
		<b>1,163,448,583</b>	<b>736,449,281</b>
<b>14A.01</b>	<b>Trade receivables</b>		
	Sales receivables	346,369,190	304,687,971
		<b>346,369,190</b>	<b>304,687,971</b>
<b>14A.02</b>	<b>Other receivables</b>		
	Interest receivable	253,885	-
	Inter company transaction (Note: 14A.02.01)	816,825,508	431,761,310
		<b>817,079,393</b>	<b>431,761,310</b>
<b>14A.02.01</b>	<b>Inter company transaction</b>		
	Golden Harvest Dairy Ltd.	130,814,250	144,988,424
	Golden Harvest InfoTech Ltd.	189,536,028	84,953,001
	Golden Harvest Developers Ltd.	74,664,379	60,176,708
	Samdani Art Foundation	-	27,019,829
	Golden Harvest Foods Ltd.	85,635,279	25,802,809
	Golden Harvest QSR Ltd.	336,175,572	88,820,539
		<b>816,825,508</b>	<b>431,761,310</b>
	This is unsecured and considered good.		
<b>15.</b>	<b>Cash and cash equivalents</b>		
	<b>Cash in hand:</b>	<b>27,727,440</b>	<b>23,317,026</b>
	Cash in hand at head office	1,202,306	984,753
	Cash in hand at factory and depot office	26,525,134	22,332,273
	Cash at bank	133,777,346	309,147,953
	Fixed Deposits with Banks (Maturity within 1 to 3 months)	243,730,000	37,657,945
		<b>405,234,786</b>	<b>370,122,926</b>
	Fixed Deposits are lien against LC margin		
<b>15A.</b>	<b>Cash and cash equivalents</b>		
	<b>Cash in hand:</b>	<b>26,556,838</b>	<b>8,777,206</b>
	Cash in hand at head office	1,052,256	522,654
	Cash in hand at factory and Depot office	25,504,582	8,254,552
	Cash at bank	132,714,063	222,718,317
	Fixed Deposits with Banks (Maturity within 1 to 3 months)	243,730,000	-
		<b>403,000,901</b>	<b>231,495,523</b>
	Details of cash at bank is given at annex-A		

16. Share capital

Authorized share capital

250,000,000 ordinary shares of BDT 10 each

Issued, subscribed and paid up capital

58,750,000 ordinary share @ Tk. 10 each fully paid-up against cash

56,159,790 bonus share @ Tk. 10 each

5,000,000 ordinary share @ Tk. 10 each fully paid-up against acquisition of shares of Golden Harvest Ice Cream Limited

Right share issue 89,932,342 @ 10

Amount in BDT	
30-Jun-20	30-Jun-19
<b>2,500,000,000</b>	<b>2,500,000,000</b>
587,500,000	587,500,000
621,552,790	561,597,900
50,000,000	50,000,000
899,323,420	-
<b>2,158,376,210</b>	<b>1,199,097,900</b>

The above balance has been received from the following :

Name	Designation	% of Shares		No. of Shares	
		30/Jun/20	30/Jun/19	30/Jun/20	30/Jun/19
<b>Directors</b>					
Enamuzzaman Chowdhury	Chairman	2.00	2.00	4,316,750	2,398,195
Mr. Matthew Graham Stock	Director	-	-	-	-
Mr. Ahmed Rajeeb Samdani	Managing Director	21.94	21.94	47,347,464	26,304,147
Mr. Ahmed Mehdi Samdani	Sponsor	0.22	0.38	472,371	449,878
Ms. Nadia Khalil Choudhury	Director	2.00	2.00	4,316,750	2,398,195
Mr. Azizul Huque	Director	2.26	2.26	4,877,261	2,709,590
Mr. Moqsud Ahmed Khan	Director	2.46	2.46	5,312,924	2,951,625
Mr. Mohius Samad Choudhury	Director	2.00	2.00	4,316,750	2,398,195
		<b>32.88</b>	<b>33.03</b>	<b>70,960,270</b>	<b>39,609,825</b>
<b>Others</b>					
Foreign investors		0.62	1.60	1,339,753	1,557,382
Institutions		40.19	39.08	86,748,027	54,596,826
General shareholders		26.31	26.28	56,789,571	24,145,757
		<b>67.12</b>	<b>66.97</b>	<b>144,877,351</b>	<b>80,299,965</b>
		<b>100.00</b>	<b>100.00</b>	<b>215,837,621</b>	<b>119,909,790</b>

Range with shareholding position:

Range of holdings In number of shares	No. of shareholders		% of shareholders		Number of shares	
	30-Jun-20	30/Jun/19	30-Jun-20	30/Jun/19	6/30/2020	30/Jun/19
1 to 499	4,491	5,431	0.406	0.469	543,251	503,479
500 to 5,000	5,013	5,133	0.454	0.444	6,894,233	4,443,882
5,001 to 10,000	612	406	0.055	0.035	4,676,829	2,215,612
10,001 to 20,000	375	260	0.034	0.022	5,659,348	3,083,852
20,001 to 30,000	154	102	0.014	0.009	3,909,141	2,237,697
30,001 to 40,000	80	46	0.007	0.004	2,849,934	1,328,017
40,001 to 50,000	66	36	0.006	0.003	3,022,675	1,465,631
50,001 to 100,000	122	75	0.011	0.006	9,035,921	4,222,929
100,001 to 1,000,000	117	64	0.011	0.006	32,839,002	20,844,599
Over 1,000,000	24	17	0.002	0.001	146,407,287	79,564,092
<b>Total</b>	<b>11,054</b>	<b>11,570</b>	<b>1.00</b>	<b>1.00</b>	<b>215,837,621</b>	<b>119,909,790</b>

Shareholding position of Golden Harvest Ice Cream Ltd:

Name	Designation	% of Shares		Value of shares @ BDT 10	
		30-Jun-20	30-Jun-19	30-Jun-20	30/Jun/19
Mr. Ahmed Rajeeb Samdani	Chairman	3.00%	3.00%	30,000,900	30,000,900
Golden Harvest Agro Industries Ltd.	Parent company	45.00%	45.00%	449,999,100	449,999,100
Others	Shareholders	52.00%	52.00%	520,000,000	520,000,000
		<b>100%</b>	<b>100%</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>

Amount in BDT	
30-Jun-20	30-Jun-19

Shareholding position of Golden Harvest Dairy Ltd:

Name	Designation	% of Shares		Value of shares @ BDT 10	
		30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
Mr. Ahmed Rajeeb Samdani	Chairman	25.00%	25.00%	12,500,000	12,500,000
Golden Harvest Agro Industries Ltd.	Parent company	75.00%	75.00%	37,500,000	37,500,000
		<b>100%</b>	<b>100%</b>	<b>50,000,000</b>	<b>50,000,000</b>

**17. Share premium**

Share premium received	450,000,000	450,000,000
Bonus Share	(408,766,054)	(380,097,900)
<b>IPO expenses:</b>	(41,233,946)	(41,233,946)
Income tax (3% on premium)	(13,500,000)	(13,500,000)
IPO cost	(25,927,742)	(25,927,742)
Exchange gain / (loss)	(1,806,204)	(1,806,204)
	<b>-</b>	<b>28,668,154</b>

**18. Revaluation surplus**

Opening balance	219,946,668	283,316,706
Adjustment for changes of tax rates	-	(1,122,716)
Adjustment for changes of shareholding position on revaluation surplus	-	(57,620,512)
Depreciation on revaluation surplus transferred to retained earnings	(3,550,740)	(4,626,810)
Depreciation of the company	(3,550,740)	(3,668,996)
Depreciation of Golden Harvest Ice Cream Ltd.	-	(957,814)
	<b>216,395,928</b>	<b>219,946,668</b>

The Company revalued its lands, buildings, and plant & machinery as of 30 June 2013 by its Valuer, Ata Khan & Co, Chartered Accountants following "Current cost method", resulting in a revaluation surplus at BDT 128,671,642 for Golden Harvest Agro Industries Ltd. and BDT 51,419,359 for Golden Harvest Ice Cream Ltd. which include non controlling interest part BDT 103.

**18A. Revaluation surplus**

Opening balance	219,946,668	283,316,706
Adjustment for changes of tax rates	-	(1,122,716)
Adjustment for changes of shareholding position on revaluation surplus	-	(57,620,512)
Depreciation on revaluation surplus transferred to retained earnings	(3,550,740)	(4,626,810)
Depreciation of the company	(3,550,740)	(3,668,996)
Depreciation of Golden Harvest Ice Cream Ltd.	-	(957,814)
	<b>216,395,928</b>	<b>219,946,668</b>

**19. Retained earnings**

Opening balance	951,631,139	920,797,701
Deferred tax adjustment on depreciation of revalued amount of PPE	1,183,583	1,455,084
Cash Dividend Paid	(56,209,976)	-
Depreciation on revaluation surplus transferred	3,550,740	4,626,810
Issue Cost of Share Issue	(11,172,568)	(105,732)
Adjustment for changes of shareholding position	-	(217,981,833)
Stock Dividend Issue	(31,286,736)	-
Net profit after tax	6,340,716	256,251,481
Share of non-controlling interest	1,225,147	(13,412,370)
	<b>865,262,041</b>	<b>951,631,139</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>19A. Retained earnings</b>			
	Opening balance	951,631,139	920,797,701
	Deferred tax adjustment on depreciation of revalued amount of PPE	1,183,581	1,455,084
	Cash Dividend Paid	(56,209,976)	-
	Adjustment for changes of shareholding position on retained earnings	-	(217,981,833)
	Issue Cost of Right Share Issue	(11,172,568)	(105,732)
	Depreciation on revaluation surplus transferred	3,550,740	4,626,810
	Stock Dividend Issue	(31,286,736)	-
	Net profit after tax	7,565,863	242,839,110
		<b>865,262,041</b>	<b>951,631,139</b>
<b>20. Non controlling interest</b>			
	Opening balance	844,138,981	6,342,044
	Adjustment for changes of tax rates	-	(1,372,210)
	Share of Net profit after tax for the period (GHICL)	-	13,495,293
	Share of Net profit after tax for the period (GHDL)	(1,225,147)	(82,923)
	Adjustment for changes of shareholding position on retained earnings	-	217,981,833
	Adjustment for changes of shareholding position on revaluation surplus	-	57,620,512
	Share of deferred tax adjustment on revaluation Surplus	-	283,660
	Issue Cos of new Share Issue	-	(129,228)
	Issuance of new share (GHICL)	-	550,000,000
	Disposal for subsidiary company	(837,881,564)	-
		<b>5,032,270</b>	<b>844,138,981</b>
<b>21. Long term loans</b>			
	<b>Golden Harvest Agro Industries Limited</b>	<b>1,057,403,826</b>	<b>915,387,396</b>
	Corporate Bond	392,201,250	371,801,250
	IPDC Finance Ltd	223,141,622	211,442,824
	Mercantile Bank Ltd., Term Loan-Agri	105,561,322	107,304,728
	Mercantile Bank Limited	179,371,908	167,166,304
	Mercantile Bank Limited	9,261,536	10,214,635
	Community Bank Limited	96,535,792	-
	IPDC Finance Ltd	51,330,396	47,457,655
		<b>-</b>	<b>1,508,023,087</b>
	<b>Golden Harvest Ice Cream Limited</b>	<b>-</b>	<b>-</b>
	Syndicated Loan ( UCBL and Standard Bank Limited)	-	470,722,140
	United Commercial Bank Ltd., Term Loan-2	-	588,775,436
	Standard Bank Ltd.	-	344,375,993
	Agrani Bank Limited	-	95,211,538
	CAPM Venture Capital & Finance Ltd	-	8,937,980
		<b>172,229,132</b>	<b>152,246,166</b>
	<b>Golden Harvest Dairy Limited</b>	<b>1,229,632,958</b>	<b>2,575,656,649</b>
	Standard Bank Ltd., Term Loan -1	61,064,350	53,964,582
	Standard Bank Ltd., Term Loan -2	111,164,782	98,281,584
		<b>1,229,632,958</b>	<b>2,575,656,649</b>
	Current maturity of long term loan	(255,887,449)	(633,191,796)
		<b>973,745,509</b>	<b>1,942,464,852</b>

The above term loan is for the dairy project for which two drawdown has been made against one term loan. So two loan has been created.

**Terms and conditions of Long Term Loan:**

a) **Golden Harvest Agro Ind. Ltd. In Note 21A**

b) **Golden Harvest Ice Cream Ltd.**

**Syndicated loan,**

United Commercial Bank Ltd. Term loan-1

Standard Bank Ltd

Current maturity of long term loan

-	<b>470,722,140</b>
-	119,805,600
-	350,916,541
-	(164,310,681)
-	<b>306,411,459</b>

Amount in BDT	
30-Jun-20	30-Jun-19

c) Golden Harvest Dairy Ltd.

	172,229,132	152,246,166
Standard Bank Ltd., Term Loan -1	61,064,350	53,964,582
Standard Bank Ltd., Term Loan -2	111,164,782	98,281,584

Particulars	Rate of Interest	Tenure	Repayment Term	Security
Standard Bank Ltd., Term Loan-1	9.00%	5 Years	60 Monthly installment	The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company .
Standard Bank Ltd., Term Loan-2	9.00%	5 Years	60 Monthly installment	

21A. Long term loan

Corporate Bond	392,201,250	371,801,250
IPDC Finance Ltd	223,141,622	211,442,824
Mercantile Bank Ltd., Term Loan- Agri	105,561,322	107,304,728
Mercantile Bank Limited	179,371,908	167,166,304
Mercantile Bank Limited	9,261,536	10,214,635
Community Bank Limited	96,535,792	-
IPDC Finance Ltd	51,330,396	47,457,655
	<b>1,057,403,826</b>	<b>915,387,396</b>
Current maturity of long term loan	(212,289,237)	(234,607,436)
	<b>845,114,589</b>	<b>680,779,960</b>

Amount in BDT	
30-Jun-20	30-Jun-19

**Terms and conditions of term loan:**

The Company is enjoying term loan facility against imported machineries and House building loan has taken for expansion of Factory Building from Mercantile bank, Gulshan Branch. Terms and Conditions of the loan is as below:

Particulars	Rate of Interest	Tenor	Repayment Term	Security
Mercantile Bank Ltd, HP-2	9.00%	5 Years	Monthly (Starting from 22 May 2015)	a. Hypothecation of the capital machineries and stock in trade, b. Personal guarantee of all the directors c. Post dated cheques d. Registered mortgage supported by registered IGPA favouring the bank against all bank facilities on 99.00 decimal land with factory building
Mercantile Bank Ltd, HBL	9.00%	5 Years	Monthly (Starting from 24 October 2014)	
Mercantile Bank Ltd., Term Loan- Agri	9.00%	5 Years	LTR is for 90 Days (RM and PM)	
Mercantile Bank Ltd., Term Loan	9.00%	7 Years	Monthly (Starting from 26 December 2018)	
Mercantile Bank Ltd., Term Loan	9.00%	5 Years	Monthly (Starting from 31 July 2018)	
IPDC Finance Ltd.	14.50%	5 Years	Quarterly	
IPDC Finance Ltd.	14.50%	5 Years	Monthly (Starting from 22 April 2018)	
Fully redeemable Non-convertible, Unsecured Corporate Bond	Floor-10% Ceiling-11.5% Margin-3%	7 Years	At the end of Years 2, 3, 4, 5, 6 & 7 at the rate of 15% for the first 4 years and 20% for the last two years of issue size respectively	

**22. Deferred tax liability**

Opening balance	256,689,455	223,584,535
Adjustment for changes of tax rates	-	2,494,924
Adjustment during the period on fixed assets at cost	(13,910,743)	32,369,041
Less : During the period on revaluation	(1,183,580)	(1,738,745)
During the period on business loss	(937,757)	(20,299)
Disposal of subsidiary company	(151,196,115)	-
	<b>89,461,260</b>	<b>256,689,455</b>

**22A. Deferred tax liability**

Opening balance	107,852,338	100,609,367
Adjustment during the period on fixed assets at cost	(13,910,746)	8,465,970
Less : During the period on revaluation	(1,183,580)	(1,222,999)
	<b>92,758,012</b>	<b>107,852,338</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>23. Lease obligations</b>			
	National Finance Limited	-	6,149,545
	Union Capital Limited	-	3,686,737
	Industrial Promotion and Development Company Ltd. (IPDC)	-	8,729,433
	Hajj Finance Ltd	-	17,082,568
	BD Finance Investment Ltd.	678,791	9,065,358
	United Finance Ltd.	-	6,819,866
		<b>678,791</b>	<b>51,533,507</b>
	Current maturity of lease obligation	(678,791)	(25,677,582)
		<b>-</b>	<b>25,855,925</b>
<b>23A. Lease obligations</b>			
	BD Finance Investment Ltd.	678,791	1,046,841
	United Finance Ltd.	-	6,819,866
		<b>678,791</b>	<b>7,866,707</b>
	Current maturity of lease obligation	(678,791)	(5,751,444)
		<b>-</b>	<b>2,115,263</b>
<b>24. Accounts and other payables</b>			
	Sundry creditors for goods & service	34,515,681	52,152,220
	Undistributed refund warrant	5,278,743	5,278,743
	Security deposits for freezer	3,929,249	16,645,082
	Withholding tax and VAT	9,620,289	7,794,054
	Undistributed dividend	5,903,971	3,229,607
	Bank interest payable	-	217,610
		<b>59,247,932</b>	<b>85,317,316</b>
<b>24A. Accounts and other payables</b>			
	Sundry creditors for goods and service	34,280,463	30,593,200
	Undistributed refund warrant	5,278,743	5,278,743
	Security deposits for freezer	3,929,249	3,832,240
	Withholding tax and VAT	9,531,710	679,367
	Bank interest payable	-	19,054
	Undistributed dividend	5,903,971	3,229,607
		<b>58,924,137</b>	<b>43,632,211</b>
<b>25. Accruals and provisions</b>			
	Salaries and wages	6,219,177	11,824,618
	Utility bills	1,193,617	2,900,239
	Audit fees	517,500	632,500
	Mobile phone bill	3,620	271,557
	TA/DA and incentive	630,003	1,626,884
	Provision for tax (Note: 25.01)	122,705,692	244,075,630
	Provision for WPPF (Note - 25.02)	21,721,729	37,266,961
	Provision for others	5,445,689	11,682,126
		<b>158,437,027</b>	<b>310,280,515</b>
<b>25.01 Provision for income tax</b>			
	Opening balance	244,075,630	223,834,067
	(Over) /Under provision for previous periods	-	448,523
	Tax during the period	16,252,059	40,783,614
	Tax paid during the period	(8,728,623)	(20,990,575)
	Disposal of subsidiary company	(128,893,375)	-
		<b>122,705,692</b>	<b>244,075,630</b>
<b>25.02 Provision for workers profit participation fund</b>			
	Employees welfare fund (Note: 25.02.01)	3,175,464	4,618,556
	Bangladesh workers welfare fund (Note: 25.02.02)	3,290,240	5,384,026
	Workers profit participation fund (Note: 25.02.03)	15,256,025	27,264,379
		<b>21,721,729</b>	<b>37,266,961</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>25.02.01</b>	<b>Employees welfare fund</b>		
	Opening balance	4,618,556	2,761,913
	Addition during the year	117,614	1,649,500
	Interest charged for the year	213,338	207,143
	Disposal of subsidiary company	(1,774,045)	-
	Closing balance	<b>3,175,464</b>	<b>4,618,556</b>
<b>25.02.02</b>	<b>Bangladesh workers welfare fund</b>		
	Opening balance	5,384,026	3,473,977
	Addition during the year	117,614	1,649,500
	Interest charged for the year	221,346	260,549
	Disposal of subsidiary company	(2,432,746)	-
	Closing balance	<b>3,290,240</b>	<b>5,384,026</b>
<b>25.02.03</b>	<b>Workers profit participation fund</b>		
	Opening balance	27,264,379	13,086,864
	Addition during the year	940,915	13,196,001
	Interest charged for the year	998,729	981,515
	Disposal of subsidiary company	(13,947,998)	-
	Closing balance	<b>15,256,025</b>	<b>27,264,379</b>
<b>25A.</b>	<b>Accruals and provisions</b>		
	Salaries and wages	5,756,625	5,985,562
	Utility bills	1,193,617	984,485
	Audit fees	460,000	460,000
	TA/DA and incentive	630,003	602,365
	Provision for income tax (Note: 25A.01)	122,114,621	114,873,382
	Provision for WPPF (Note - 25A.02)	21,721,729	19,112,172
	Provision for others	5,336,389	4,596,469
		<b>157,212,984</b>	<b>146,614,435</b>
<b>25A.01</b>	<b>Provision for income tax</b>		
	Opening balance	114,873,382	105,291,017
	(Over) /Under provision for previous periods	-	428,398
	Provision for the period	15,969,862	21,153,967
	Tax paid during the period	(8,728,623)	(12,000,000)
		<b>122,114,621</b>	<b>114,873,382</b>
<b>25A.02</b>	<b>Provision for workers profit participation fund</b>		
	Employees welfare fund (Note: 25A.02.01)	3,175,464	2,844,511
	Bangladesh workers welfare fund (Note: 25A.02.02)	3,290,240	2,951,279
	Workers profit participation fund (Note: 25A.02.03)	15,256,025	13,316,381
		<b>21,721,729</b>	<b>19,112,172</b>
<b>25A.02.01</b>	<b>Employees welfare fund</b>		
	Opening balance	2,844,511	1,888,606
	Addition during the year	117,614	814,260
	Interest charged for the year	213,338	141,645
	Closing balance	<b>3,175,464</b>	<b>2,844,511</b>
<b>25A.02.02</b>	<b>Bangladesh workers welfare fund</b>		
	Opening balance	2,951,279	1,987,925
	Addition during the year	117,614	814,260
	Interest charged for the year	221,346	149,094
	Closing balance	<b>3,290,240</b>	<b>2,951,279</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>25A.02.03</b>	<b>Workers profit participation fund</b>		
	Opening balance	13,316,381	6,327,723
	Addition during the year	940,915	6,514,079
	Interest charged for the year	998,729	474,579
	Closing balance	<b>15,256,025</b>	<b>13,316,381</b>
<b>26.</b>	<b>Short term loan</b>		
	Golden Harvest Agro Industries Limited (Note: 26.01)	541,894,631	555,045,051
	Golden Harvest Ice Cream Limited (Note - 26.02)	-	618,839,582
	Golden Harvest Dairy Limited (Note - 26.03)	57,746,612	51,601,560
		<b>599,641,243</b>	<b>1,225,486,192</b>
<b>26.01</b>	<b>Golden Harvest Agro Industries Limited</b>		
	Mercantile Bank Limited-CC Hypo	319,153,306	343,734,495
	Mercantile Bank Limited-STL	-	85,299,529
	Standard Bank Ltd.	206,187,297	-
	Union Capital Limited	-	110,985,586
	Mercantile Bank Limited-Block Interest	9,743,367	-
	Mercantile Bank Limited-LATR	6,810,661	15,025,441
		<b>541,894,631</b>	<b>555,045,051</b>
<b>26.02</b>	<b>Golden Harvest Ice Cream Limited</b>		
	United Commercial Bank Ltd.-SOD	-	434,288,082
	Standard Bank Ltd CC	-	40,088,575
	Fareast Finance & Investment Ltd.	-	31,469,843
	United Commercial Bank Ltd.-UPAS LC	-	16,138,824
	Hojj Finance Limited	-	32,500,000
	Standard Bank Ltd LC	-	64,354,258
		-	<b>618,839,582</b>
<b>26.03</b>	<b>Golden Harvest Dairy Limited</b>		
	Standard Bank Limited	57,746,612	51,601,560
		<b>57,746,612</b>	<b>51,601,560</b>

**Terms and conditions of Short Term Loan:**

- a) Golden Harvest Agro Ind. Ltd. In Note 26A  
b) **Golden Harvest Dairy Limited**

Particulars	Rate of Interest	Tenor	Security
Standard Bank Ltd., CC- Hypo	9.00%	Revolving	The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company .

<b>26A.</b>	<b>Short term loan</b>		
	Golden Harvest Agro Industries Limited (Note: 26A.01)	541,894,631	555,045,051
		<b>541,894,631</b>	<b>555,045,051</b>
<b>26A.01</b>	<b>Golden Harvest Agro Industries Limited</b>		
	Mercantile Bank Limited-CC Hypo	319,153,306	343,734,495
	Mercantile Bank Limited-STL	-	85,299,529
	Standard Bank Ltd.	206,187,297	-
	Union Capital Limited	-	110,985,586
	Mercantile Bank Limited-Block Interest	9,743,367	-
	Mercantile Bank Limited-LATR	6,810,661	15,025,441
		<b>541,894,631</b>	<b>555,045,051</b>

				Amount in BDT	
				30-Jun-20	30-Jun-19
Particulars	Rate of Interest	Tenor	Repayment Term		
Mercantile Bank Limited-CC Hypo	9.00%	Working Capital	a. Hypothecation of the capital machineries and stock in trade, b. Personal guarantee of all the directors c. Post dated cheques d. Registered mortgage supported by registered IGPA favouring the bank against all bank facilities on 99.00 decimal land with factory building		
Standard Bank Limited-SOD	9.00%	1 Year	1. Personal Security of directors. 2. Registered mortgage of 214.04 decimal land along with single storied industrial building at sreepur, Gazipur		

<b>27. Sales revenue</b>				
Sales (Local)		885,193,111		2,240,120,323
		<b>885,193,111</b>		<b>2,240,120,323</b>
<b>27A. Sales revenue</b>				
Sales (Local-Frozen Unit)		610,053,082		526,721,103
Sales (Local-Dairy Unit)		228,107,212		345,984,624
		<b>838,160,294</b>		<b>872,705,727</b>
<b>28. Cost of goods sold</b>				
Raw and packing materials:				
Opening stock (Note: 12)		221,426,417		329,861,169
Purchase (Note: 28.01)		559,144,760		1,371,063,131
		<b>780,571,177</b>		<b>1,700,924,300</b>
Closing stock (Note: 12)		(276,612,891)		(499,837,407)
		<b>503,958,286</b>		<b>1,201,086,893</b>
Manufacturing expenses (Note: 28.02)		74,849,608		171,004,979
Total manufacturing cost		<b>578,807,894</b>		<b>1,372,091,872</b>
Add: Beginning work in process inventory (Note: 12)		-		532,552
		<b>578,807,894</b>		<b>1,372,624,424</b>
Less: Ending work in process inventory (Note: 12)		-		(425,667)
		<b>578,807,894</b>		<b>1,372,198,757</b>
Opening stock of finished goods (Note: 12)		173,917,791		252,335,745
		<b>752,725,685</b>		<b>1,624,534,502</b>
Less: Adjustment against Freezer Purchases		(23,700,000)		-
		<b>729,025,685</b>		<b>1,624,534,502</b>
Closing stock of finished goods (Note: 12)		(211,601,192)		(395,451,921)
		<b>517,424,493</b>		<b>1,229,082,581</b>
<b>28.01 Purchase</b>				
Raw materials		477,802,834		1,170,023,848
Packing materials		81,341,926		200,337,504
Foreign currency exchange loss/(gain)		-		701,779
		<b>559,144,760</b>		<b>1,371,063,131</b>
<b>28.02 Manufacturing expenses</b>				
Salary and allowance		32,839,112		64,144,995
Factory maintenance		1,780,894		4,381,258
Traveling, conveyance, tour		282,895		1,023,328
Utilities and generator fuel		16,832,372		30,438,042
Office communication		238,956		733,320
Carriage inward		221,785		221,457
Insurance premium		618,081		2,044,895



**28A.02 Manufacturing expenses**

	Amount in BDT	
	30-Jun-20	30-Jun-19
Salary and allowance	30,079,646	29,465,037
Factory maintenance	1,561,864	1,330,176
Traveling, conveyance, tour	259,260	257,082
Utilities and generator fuel	16,182,583	11,807,126
Office communication	226,009	174,190
Carriage Inward	176,520	117,250
Insurance premium	618,081	961,504
Entertainment	251,403	106,114
Office stationery	162,766	220,756
Health Safety Measure	1,023,331	-
Cleaning and security services	568,748	370,426
Miscellaneous expenses	217,165	202,101
Depreciation of fixed assets (Note: 5A.01)	18,302,956	18,034,586
Intangible Assets Amortizations (Note: 7A.01)	527,945	-
	<b>70,158,277</b>	<b>63,046,346</b>

	Frozen unit	Dairy unit
Salary and allowance	28,419,933	1,659,713
Factory maintenance	1,463,936	97,928
Traveling, conveyance and tour	225,843	33,417
Utilities and generator fuel	15,657,924	524,659
Office communication	206,699	19,310
Carriage Inward	176,520	-
Insurance premium	618,081	-
Entertainment	241,025	10,378
Office stationery	152,195	10,571
Health Safety Measure	1,023,331	-
Cleaning and security services	462,245	106,503
Miscellaneous expenses	207,253	9,912
Depreciation of fixed assets (Note: 5A.01)	16,087,556	2,215,400
Intangible Assets Amortizations (Note: 7A.01)	527,945	-
	<b>65,470,486</b>	<b>4,687,791</b>

**29. Administrative expenses**

Director remuneration	4,900,000	14,407,250
Salary and allowance	24,239,944	30,251,764
Health Safety Measure	789,886	-
Office maintenance	159,334	274,525
Traveling, conveyance, tour	784,291	1,256,587
Utilities and generator fuel	652,721	1,088,576
Office communication	761,525	1,928,673
Insurance premium	207,461	830,764
Entertainment	446,340	583,309
Fees, taxes and renewal	2,970,360	3,432,046
Professional and legal fees	1,419,015	2,285,672
Audit fees	517,500	828,000
Advertisement & publicity	177,654	34,279
Office stationery	930,087	1,114,562
Postage and courier charges	2,220	6,730
Cleanig, Security and sanitation	494,420	-
Training and conference	-	187,640
AGM expenses	1,338,267	732,097
Bank charges	1,441,682	1,132,324
Vehicle fuel	685,124	513,488
Miscellaneous expenses	1,367,141	526,444
Depreciation of fixed assets (Note: 5.01)	1,425,261	3,917,871
Depreciation of right of use assets (Note: 6.01)	262,815	1,811,035

Intangible Assets Amortizations (Note: 7.01)

Amount in BDT	
30-Jun-20	30-Jun-19
527,945	-
<b>46,500,993</b>	<b>67,143,635</b>

(a) Auditors' fees represents audit fee for auditing the accounts for the period ended 30 June 2019. Auditors were not paid any other fees.

(b) The Company did not pay any remuneration to any Director who was not an officer of the Company.

(c) No board meeting attendance fee was paid to the directors of the Company.

**29A. Administrative expenses**

Director remuneration	4,900,000	8,450,000
Salary and allowance	21,859,544	20,852,517
Health Safety Measure	789,886	-
Office maintenance	159,334	152,385
Traveling, conveyance, tour	772,381	354,095
Utilities and generator fuel	652,721	508,533
Office communication	730,010	684,955
Insurance premium	207,461	189,594
Entertainment	446,340	271,845
Fees, taxes and renewal	2,970,360	2,917,080
Professional and legal fees	1,419,015	1,393,315
Audit fees	460,000	575,000
Advertisement and publicity	177,654	-
Office stationery	929,507	644,328
Cleaning, Security and Sanitation	494,420	-
AGM expenses	1,338,267	732,097
Bank charges	1,336,490	333,685
Vehicle fuel	498,338	70,951
Miscellaneous expenses	1,350,641	246,116
Depreciation of fixed assets (Note: 5A.01)	1,398,419	1,512,123
Depreciation of right of use assets (Note: 6A.01)	262,815	292,017
Intangible Assets Amortizations (Note: 7A.01)	527,945	-
	<b>43,681,548</b>	<b>40,180,635</b>

	Frozen unit	Dairy unit
Director remuneration	4,900,000	-
Salary and allowance	20,982,194	877,350
Health Safety Measure	789,886	-
Office maintenance	159,334	-
Traveling, conveyance and tour	736,607	35,774
Utilities and generator fuel	652,721	-
Office communication	730,010	-
Insurance premium	207,461	-
Entertainment	446,340	-
Fees, taxes and renewal	2,970,360	-
Professional and legal fees	1,419,015	-
Audit fees	460,000	-
Advertisement and publicity	177,654	-
Office stationery	929,507	-
Cleaning, Security and Sanitation	494,420	-
AGM expenses	1,338,267	-
Bank charges	1,336,490	-
Vehicle fuel	498,338	-
Miscellaneous expenses	1,350,641	-
Depreciation of fixed assets (Note: 5A.01)	1,398,419	-
Depreciation of right of use assets (Note: 6A.01)	262,815	-
Intangible Assets Amortizations (Note: 7A.01)	527,945	-
	<b>42,768,424</b>	<b>913,124</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>30.</b>	<b>Selling and distribution expenses</b>		
	Salary and allowance	22,828,194	44,265,920
	Office maintenance	201,790	3,850,764
	Traveling, conveyance and tour	647,558	1,688,011
	Utilities and generator fuel	-	8,796,032
	Office communication	1,145,742	3,372,339
	Carriage outward	41,600	280,895
	Insurance premium	151,250	2,507,034
	Entertainment	157,385	883,943
	Office rent	48,235	9,338,612
	Advertisement and publicity	1,038,257	2,167,906
	Office stationery	460,859	1,303,822
	Postage and courier charges	6,220	3,490
	Health Safety Measure	1,054,332	-
	Cleaning and security services	133,201	335,673
	Training and conference	422,333	677,646
	Trade promotion expenses	30,100,519	10,990,648
	Bad Debts	28,734,366	-
	Goods Damage	13,797,622	-
	Trade fair expenses	-	2,083,406
	Vehicle fuel	6,618,952	13,223,191
	Distribution promotion expenses	3,887,631	7,832,291
	Research and development expenses	109,283	220,767
	Miscellaneous expenses	477,112	390,199
	Depreciation of right of use assets (Note: 6.01)	2,841,084	7,838,706
	Depreciation of fixed assets (Note: 5.01)	42,569,534	125,347,272
	Intangible Assets Amortizations (Note: 7.01)	3,929,401	4,921,237
		<b>161,402,460</b>	<b>252,319,805</b>
<b>30A.</b>	<b>Selling and distribution expenses</b>		
	Salary and allowance	21,996,894	17,401,646
	Office maintenance	198,140	72,701
	Traveling, conveyance and tour	643,658	191,311
	Office communication	1,136,998	878,472
	Insurance premium	151,250	190,717
	Entertainment	157,385	81,009
	Office rent	48,235	140,280
	Advertisement and publicity	1,019,957	815,762
	Office stationery	456,319	315,831
	Postage & courier charges	5,785	3,490
	Health Safety Measure	1,054,332	-
	Cleaning, Security and Sanitation	133,201	72,211
	Training and conference	422,333	324,711
	Trade promotion expenses	30,100,519	1,329,280
	Bad Debts	28,734,366	-
	Goods Damage	13,797,622	-
	Trade fair expenses	-	2,083,406
	Vehicle fuel	6,108,113	3,786,992
	Distribution promotion expenses	3,784,536	2,871,475
	Research and development expenses	109,283	115,736
	Miscellaneous expenses	373,055	152,000
	Depreciation of right of use assets (Note: 6A.01)	2,841,084	3,156,759
	Depreciation of fixed assets (Note: 5A.01)	42,543,034	43,223,078
	Intangible Assets Amortization (Note: 7A.01)	3,929,401	2,606,184
		<b>159,745,500</b>	<b>79,813,051</b>

Amount in BDT	
30-Jun-20	30-Jun-19

	Frozen unit	Dairy unit
Salary and allowance	21,013,818	983,076
Office maintenance	198,140	-
Traveling, conveyance and tour	626,111	17,547
Office communication	1,131,821	5,177
Insurance premium	151,250	-
Entertainment	152,997	4,388
Office rent	48,235	-
Advertisement and publicity	989,141	30,816
Office stationery	450,321	5,998
Postage and courier charges	5,785	-
Health Safety Measure	1,054,332	-
Cleaning, Security and Sanitation	133,201	-
Training and conference	422,333	-
Trade promotion expenses	30,100,519	-
Bad Debts	28,734,366	-
Goods Damage	13,797,622	-
Vehicle fuel	5,606,959	501,154
Distribution promotion expenses	3,609,660	174,876
Research and development expenses	109,283	-
Miscellaneous expenses	373,055	-
Depreciation of fixed assets (Note: 5A.01)	42,543,034	-
Depreciation of right of use assets (Note: 6A.01)	2,841,084	-
Intangible Assets Amortization (Note: 7A.01)	3,929,401	-
	<b>158,022,468</b>	<b>1,723,032</b>
<b>31. Other operating income</b>		
Scrap sale	12,241,920	37,932,584
Freeze rent	9,398,060	17,578,000
Factory rent	1,440,000	-
Insurance received	1,861,908	4,211,906
Gain on cow sales	2,088,006	4,000,642
Gain/(Loss) on sale of biological assets	(3,456,355)	-
Gain/(Loss) on disposal of non current assets (Note: 31.01A)	(14,343,186)	-
	<b>9,230,353</b>	<b>63,723,132</b>
<b>31A. Other operating income</b>		
Scrap sale	12,241,920	24,779,715
Freeze rent	9,398,060	17,578,000
Factory rent	1,440,000	1,440,000
Gain on cow sales	2,088,006	4,000,642
Insurance received	1,861,908	1,309,752
Gain/(Loss) on disposal of non current assets	(14,343,186)	-
	<b>12,686,708</b>	<b>49,108,109</b>
<b>32. Finance income</b>		
Interest income from STD	12,836,809	5,920,030
Interest income from FDR	5,052,736	563,176
	<b>17,889,545</b>	<b>6,483,206</b>

**Scrap sale represents:** Sale of various Scrap and Wastage including Chicken wings, skin, head and leg etc., and factory construction Scrap. Here most of Other operating Income is from sale of Chicken wastage.

**Gain/(Loss) on disposal of non-current assets:** The company disposed of 960 retail freezers and incurred loss of tk 14,343,186. The freezers were damaged during the lock down period when the retailers abandon their premises leaving the freezers behind without electricity. The contents inside the freezers were rotten during this period and the freezers were beyond further use and repair. As the business premises were left unattended, flash flood happened during this lock down period also damaged another good number of freezers.

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>32A.</b>	<b>Finance income</b>		
	Interest income from STD	12,836,809	1,865,261
	Interest income from FDR	5,052,736	40,430
		<b>17,889,545</b>	<b>1,905,691</b>
<b>33.</b>	<b>Finance expenses</b>		
	Interest on Short Term Loan	79,624,995	124,134,060
	Interest on Agri Loan	13,966,955	18,789,271
	Interest on Term Loan	85,941,182	246,749,117
	Interest on right of use assets	268,926	8,188,710
	Interest income from sister concern	(31,803,244)	-
	Interest on Corporate Bonds	36,250,000	34,215,000
	Interest against Workers Profit Participation Fund	1,433,413	1,449,206
		<b>185,682,227</b>	<b>433,525,364</b>
<b>33A.</b>	<b>Finance expenses</b>		
	Interest on Short Term Loan	79,624,995	66,612,388
	Interest on Agri Loan	13,966,955	18,789,272
	Interest on Term Loan	57,652,164	59,513,341
	Interest on right of use assets	268,926	1,547,133
	Interest income from sister concern	(31,803,244)	-
	Interest on Corporate Bonds	36,250,000	34,215,000
	Interest against Workers Profit Participation Fund	1,433,413	765,319
		<b>157,393,209</b>	<b>181,442,453</b>
<b>34</b>	<b>Income tax expenses</b>		
	Current tax expense (Note: 34.1)	16,252,059	41,232,135
	Deferred tax	(14,848,503)	32,348,742
		<b>1,403,557</b>	<b>73,580,877</b>
<b>34.01</b>	<b>Reconciliation of accounting profit to income tax expense</b>		
	Profit before tax	17,966,728	329,832,358
	Effective tax rate	0%	0%
	Tax effect on profit before tax	(3,250,977)	64,809,559
	Tax effect on deductible expense for tax purposes	15,677,448	56,630,760
	Tax effect on non deductible expense for tax purposes	(31,238)	(82,345,229)
	Tax effect on capital gain	3,856,826	3,482,146
	<b>Tax effect on total statutory income</b>	<b>16,252,059</b>	<b>42,577,235</b>
	Tax effect on utilization of tax losses	-	-
	<b>Income tax on current period profit</b>	<b>16,252,059</b>	<b>42,577,235</b>
	Tax on Ice Cream Unit on Business income	-	(7,221,388)
	(Over) /Under provision for previous periods	-	448,523
	Minimum tax be paid for Ice Cream Unit	-	5,427,767
	<b>Income tax charge for the period</b>	<b>16,252,059</b>	<b>41,232,137</b>
	Tax is calculated using tax rates enacted for the period of assessment. The profit from Agro Industries are taxed at 25%. and The profit from Dairy Industries are taxed at 15%.		
<b>34.A</b>	<b>Income tax expenses</b>		
	Current tax expenses (Note: 34A.01)	15,969,862	21,582,365
	Deferred tax	(13,910,746)	8,465,970
		<b>2,059,116</b>	<b>30,048,335</b>
<b>34A.01</b>	<b>Reconciliation of accounting profit to income tax expense</b>		
	Profit before tax (Frozen Unit)	(93,161,093)	(12,819,660)
	Effective tax rate	25%	25%
	Profit before tax (Dairy Unit)	86,107,715	124,657,835
	Effective tax rate	14.07%	14.18%
	Tax effect on profit before tax (Frozen Unit)	(23,290,273)	(3,204,915)
	Tax effect on others income (Frozen Unit)	7,644,063	12,753,450
	Tax effect on profit before tax (Dairy Unit)	12,113,036	17,671,821
	Tax effect on deductible expense for tax purposes	(31,238)	(24,548,482)
	Tax effect on non deductible expense for tax purposes	15,677,448	14,999,947
	Minimum tax effect on (Frozen Unit)	3,856,826	3,482,146
	<b>Tax effect on total statutory income</b>	<b>15,969,862</b>	<b>21,153,967</b>
	(Over) /Under provision for previous periods	-	428,398
	<b>Income tax charge for the period</b>	<b>15,969,862</b>	<b>21,582,365</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>35. Share of profit from subsidiary</b>			
	Net profit/Loss after tax during the period (GHICL)	-	123,779,531
	Net profit/Loss after tax during the period (GHDL)	(4,900,588)	(331,691)
	Non Controlling Interest (GHICL)	-	(13,495,293)
	Non Controlling Interest (GHDL)	1,225,147	82,923
		<b>(3,675,441)</b>	<b>110,035,470</b>
<b>36. Share of profit from associate</b>			
	Net profit/Loss after tax during the period (GHICL)	(22,716,564)	-
	Non Controlling Interest (GHICL)	12,494,110	-
		<b>(10,222,454)</b>	<b>-</b>
<b>37. Earning Per Share</b>			
	<b>Basic and diluted earning per share</b>		
	Profit attributable to the ordinary shareholders	7,565,863	242,839,111
	Number of ordinary shareholders in the period end	191,395,001	125,905,280
	<b>Basic and diluted earning per share</b>	<b>0.04</b>	<b>1.93</b>

During Pandemic COVID - 19 crisis and General Holiday declared by Government, production and sales became totally frustrated. Rested EPS up to 3rd Quarter of 2019-2020 was Taka 0.60 in respect of the restated EPS of the 3rd quarter of 2018-2019 was Taka 0.86. Sales were increased by Taka 76,702,500 against the same period of the previous period though sale of Taka 740,775,468. But due to pandemic Corona Virus (COVIS - 19) digester which is unavoidable and beyond our control, the company is unable to continue consistency in sales and production process. As a result, net income after deduction of tax decreased which causes the significant deviation in EPS.

<b>37A Earning per share</b>			
	<b>Basic and diluted earning per share</b>		
	Profit attributable to the ordinary shareholders	7,565,863	242,839,110
	Number of ordinary shareholders in the period end	191,395,001	125,905,280
	<b>Basic and diluted earning per share</b>	<b>0.04</b>	<b>1.93</b>

Date	Particulars	No of Share	Time	Bonus Factor	Adjusting Factor for right issue	Outstanding share 2020	Outstanding share 2019
01-Jul-19	Opening Balance	119,909,790	0.55	1.05	1.36	93,233,233	119,909,790
16-Jan-20	Right Shares	89,932,342					
		209,842,132	-		1.36	-	
16-Jan-20	Bonus Share	5,995,490					5,995,490
30-Jun-20	Closing Balance	<b>215,837,622</b>	0.45			98,161,768	
			<b>1.00</b>	<b>1.05</b>		<b>191,395,001</b>	<b>125,905,280</b>

**Calculation of Adjusting Factor:**

Fair/Market value before right share	1	26	26
Exercise Price	0.75	10	7.5
	<u>1.75</u>		<u>33.5</u>

Theoretical Ex-right fair value per share		19.14
Adjusting factor for right issue		<u>1.36</u>

<b>38. Net Assets Value Per Share (NAV)</b>			
	Total Assets	5,382,165,660	7,748,446,475
	Less: Total Liabilities	2,137,099,211	4,504,963,633
	Less: Non controllable interest	5,032,270	844,138,981
	Net Assets Value	<b>3,240,034,179</b>	<b>2,399,343,861</b>
	Number of ordinary shares outstanding during the period	215,837,621	119,909,790
	Net Assets Value Per Share (NAV)	<b>15.01</b>	<b>20.01</b>

<b>38A Net Assets Value Per Share (NAV)</b>			
	Total Assets	5,148,906,560	4,175,741,999
	Less: Total Liabilities	1,908,872,381	1,776,398,138
	Net Assets Value	3,240,034,179	2,399,343,861
	Number of ordinary shares outstanding during the period	215,837,621	119,909,790
	Net Assets Value Per Share (NAV)	<b>15.01</b>	<b>20.01</b>

		Amount in BDT	
		30-Jun-20	30-Jun-19
<b>39.</b>	<b>Net operation cash flow per share</b>		
	Net operation cash flow from statement of cash flow	121,709,250	418,548,229
	Number of ordinary shares outstanding during the period	191,395,001	125,905,280
	<b>Net operation cash flow per share</b>	<b>0.64</b>	<b>3.32</b>
<b>39A</b>	<b>Net operation cash flow per share</b>		
	Net operation cash flow from statement of cash flow	112,486,970	160,328,631
	Number of ordinary shares outstanding during the period	191,395,001	125,905,280
	<b>Net operation cash flow per share</b>	<b>0.59</b>	<b>1.27</b>
<b>40.</b>	<b>Reconciliation of operating cash flows with net profit</b>		
	Profit before tax	7,744,273	329,832,358
	<b>Adjustment for non cash items</b>		
	Depreciation	66,109,352	203,868,815
	Amortization	4,985,292	4,921,237
	Contribution to WPPF	1,176,144	16,495,001
	Share of profit/loss from associates	10,222,454	-
	<b>Adjustment for separate consideration</b>		
	Finance cost	185,701,281	433,525,364
	Gain/(Loss) on disposal of non current assets	17,799,541	-
	Fair value adjustments of biological assets	(17,840,039)	(18,072,083)
	<b>Changes in current assets and liabilities</b>		
	Inventories	(101,429,299)	(313,953,092)
	Advances, deposits and prepayments	1,226,114	(9,739,354)
	Trade and other receivables	(42,487,085)	(155,183,221)
	Accounts and other payables	14,136,172	(34,882,276)
	Accruals and provisions	(9,933,559)	11,424,904
	Payment against WPPF fund	-	-
	Tax paid	(15,701,392)	(49,689,424)
	<b>Net cash flows from operating activities</b>	<b>121,709,250</b>	<b>418,548,229</b>
<b>40A</b>	<b>Reconciliation of operating cash flows with net profit</b>		
	Profit before tax	9,624,980	272,887,445
	<b>Adjustment for non cash items</b>		
	Depreciation	65,348,308	66,218,565
	Amortization	4,985,292	2,606,184
	Contribution to WPPF	1,176,144	8,142,599
	Share of profit/loss from subsidiary	3,675,441	(110,035,470)
	Share of profit/loss from associates	10,222,454	-
	<b>Adjustment for separate consideration</b>		
	Finance cost	157,412,263	181,423,399
	Gain/(Loss) on disposal of non current assets:	14,343,186	-
	Fair value gain from biological assets	(2,174,970)	(2,622,681)
	<b>Changes in current assets and liabilities</b>		
	Inventories	(101,039,590)	(168,190,826)
	Advances, deposits and prepayments	1,226,114	(6,265,894)
	Trade and other receivables	(41,935,104)	(62,330,121)
	Accounts and other payables	15,291,926	(140,613)
	Accruals and provisions	(9,968,082)	5,056,850
	Tax paid	(15,701,392)	(26,420,806)
	<b>Net cash flows from operating activities</b>	<b>112,486,970</b>	<b>160,328,631</b>

#### 41 Segmental information:

The Groups operational segments are frozen snacks, dairy and ice cream. The operational segments results are as follows:

Particulars	Frozen Snacks and Dairy Product	Dairy	Total
Revenue from sales	838,160,294	47,032,817	885,193,111
Expenses	688,819,289	36,508,660	725,327,949
<b>Segment result</b>	<b>149,341,005</b>	<b>10,524,157</b>	<b>159,865,162</b>
<b>Capital expenditure</b>			
Additions to property, plant and equipment	256,320,686	114,870	256,435,556
Additions to right of use (ROU) asset	-	-	-
Additions to intangible asset	14,924,493	-	14,924,493
<b>Other segment information</b>			
Other operating income	12,686,708	-	12,686,708
Fair value adjustments of biological assets	2,174,970	15,665,069	17,840,039
Finance income	17,889,545	-	17,889,545
Finance expenses	157,393,209	28,289,019	185,682,227
Provision for income tax	2,059,116	(655,560)	1,403,556
Share of profit from subsidiaries	(3,675,441)	-	(3,675,441)
Depreciation expenses	62,244,409	761,044	63,005,453
<b>Segment assets</b>	<b>5,148,906,560</b>	<b>382,466,918</b>	<b>5,531,373,478</b>
Non-current assets	2,759,163,476	373,515,354	3,132,678,830
Current assets	2,389,743,084	8,951,564	2,398,694,648
<b>Segment liabilities</b>	<b>1,908,872,381</b>	<b>362,337,837</b>	<b>2,271,210,218</b>
Non-current liabilities	937,872,601	128,630,921	1,066,503,522
Current liabilities	970,999,780	233,706,916	1,204,706,696

Amount in BDT	
30-Jun-20	30-Jun-19

#### 42 Other information

##### 42.1 Contingent liabilities and commitments

###### Contingent liabilities

The Group confirms that there are no case filed against the Group which is not disclosed which would have been a material impact on the financial position of the Group. There was no Contingent Liabilities as on 30 June 2020.

###### Capital expenditure commitment

Capital expenditure commitment for machineries and raw material at 30 June 2020 were as under:

###### Term loan commitment

At 30 June 2020 the company had annual commitment under Term Loan as set out below:

	Consolidated	The Company	Dairy
Term loan principal due within 1 year	255,887,448	212,289,237	43,598,211
Term loan principal due within 2 to 5 years	973,745,510	845,114,589	128,630,921
Term loan principal due above 5 years	-	-	-

###### Finance lease commitment

At 30 June 2020 the company had annual commitment under right of use assets as set out below:

	Consolidated	The Company	Dairy
Lease assets expires within 1 year	678,791	678,791	-
Lease assets expires within 2 to 5 years	-	-	-

#### 42.2 Related party transactions

The company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". Total transactions of the significant related party as of 30 June 2020 are as follows:

Name of Company	Relationship	Nature of Transaction	Opening Balance	Addition/ (Adjustment)	Closing Balance
Golden Harvest Dairy Ltd.	Subsidiary company	Current account with sister concern	144,988,424	(14,174,174)	130,814,250
Golden Harvest Foods Ltd.	Common Director	Current account with sister concern	25,802,809	59,832,470	85,635,279
Golden Harvest InfoTech Ltd.	Common Director	Current account with sister concern	84,953,001	104,583,027	189,536,028
Golden Harvest Developers Ltd.	Common Director	Current account with sister concern	60,176,708	14,487,671	74,664,379
Golden Harvest QSR Ltd.	Associate company	Current account with sister concern	88,820,539	247,355,033	336,175,572
Samadhi Art Foundation	Common Director	Current account with sister concern	27,019,829	(27,019,829)	-
<b>Total</b>			<b>431,761,310</b>	<b>385,064,198</b>	<b>816,825,508</b>

#### Transaction for capital expenditure

Braintrain Studio Ltd	Common Director	Capital Expenditure for land developments and factory construction.	-	89,122,663	-
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#### Transaction with key management personals

No.	Particulars	30-Jun-20	30-Jun-19
(a)	Managerial remuneration paid or payable during the year to the directors, including managing directors.		
	Golden Harvest Agro Industries Limited	4,900,000	8,450,000
(b)	Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	-	-
(c)	Other allowances and commission including guarantee commission	-	-
(d)	Pensions etc.	-	-
	(i) Pensions	-	-
	(ii) Gratuities	-	-
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	-	-
(e)	Share Based payments	-	-

42.3 Quantitative details of opening stock, purchases/ production, consumption/sales and closing stock of raw materials and finished goods:

Golden Harvest Agro Industries Ltd.

Item	Opening stock		Purchases/ Production	Consumption / Sales	Closing Stock
	Unit	Kg	Kg	Kg	Kg
<b>Raw materials:</b>	Kg				
For the year 30 June 2020		1,682,145	7,381,739	7,155,050	1,908,834
For the year 30 June 2019		875,544	8,997,304	8,190,704	1,682,145
<b>Finished goods:</b>					
Snacks	Kg				
For the year 30 June 2020		1,047,721	2,547,563	2,324,244	1,271,040
For the year 30 June 2019		588,806	3,012,251	2,553,336	1,047,721

Golden Harvest Dairy Ltd.

Item	Opening stock		Purchases/ Production	Consumption/ Sales	Closing Stock
	Unit	Kg	Kg	Kg	Kg
<b>Raw Materials:</b>					
For the year 30 June 2020	Kg	68,063	953,263	950,925	70,401
For the year 30 June 2019		22,240	864,516	818,693	68,063
<b>Finished Goods:</b>					
For the year 30 June 2020	Kg	-	797,166	797,166	-
For the year 30 June 2019		-	746,344	746,344	-

42.4 Capacity utilization

Golden Harvest Agro Industries Ltd.

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Frozen Production	2,489,000	2,187,204	87.87%
Dairy production	668,000	360,359	53.95%

Golden Harvest Dairy Ltd.

Item	Capacity in KG Per Year	Utilization in KG Average Per year	%
Milk Production(Quarterly)	1,512,000	797,166	52.72%

#### **42.5 Impact of COVID-19**

As the COVID-19 pandemic is complex and rapidly growing, the Company's plans as described below may change. At this point, the company cannot reasonably estimate the duration and severity of this pandemic, which have or could have a material adverse impact on the company's business, results of operations, financial position and cash flow.

##### **Risk Factors**

The company's business had been financially affected by the ongoing COVID-19 pandemic. In December 2019, COVID-19 emerged and had subsequently spread worldwide. The World Health Organization declared COVID-19 a pandemic resulting government of Bangladesh and private entities in the country assigning various restrictions. Following measures were commonly applied: travel restrictions, restrictions on public gatherings, stay at home orders and directions, isolating people who might have been exposed to the virus. In an effort to mitigate the spread of COVID-19, and taking into consideration the guidelines from the government of Bangladesh, effective March 19, 2020, the Company closed its Head Office for at least 2.5 Months and operated its factory activities at a minimum level.

Golden Harvest Agro Industries and its subsidiary companies and business segments has been affected adversely due the spread of COVID-19. Sales declined by 8% during 3rd quarter and 42% during 4th quarter, as a result EPS also reduced by 97.80% in the year compared to corresponding previous year.

From the very beginning of the lockdown condition, demand of certain products have been decreasing. On the top of this, because schools are closed from middle of March, majority of products do not have any demand as they are largely used as school tiffin. Hotel, Restaurant, Café/Catering (HORECA) channel were our major consumers. All hotels, restaurants, café and catering across the country were closed from the day of lock down and sales from that channel-category reduced zero. Even though, retail shops, which sold our products, used to remain open for limited time of the day. Again, due to Govt. decision these shops could allow only limited number of customers at a time as health safety measure.

Effect of COVID-19 on ice cream industry in Bangladesh, is not comparable with any other industry, nor with any other country. Golden Harvest Ice Cream Limited, an associate company of Golden Harvest Agro Industries Ltd. also suffered immensely. A vested interest group in Bangladesh raised false alarm against consumption of ice cream, circulating that ice cream consumption triggers the risk of COVID-19. The group had been using loudspeakers, social-media, hand-leaflets and word of mouth to spread these unfounded rumors. Our cold distribution vans also faced resistance from the rumor mongers and even delivery men were assaulted in some places by them. As a result, in the current state of confusion and uncertainty, general public started believing in those rumors and ice cream consumption fell drastically. Parents, out of fear, literally not buying ice creams for their children, the main consumers being school going children.

Supply chain broke down, rendering our product distribution difficult and expensive. On the other hand, sourcing of raw material became very hard. Because of shortage of raw material for certain items, we were bound to stop production of such items. We fell short of packaging materials since March 2020 and stopped production of some SKUs.

Also, in April & May 2020 country was fully locked down. As a result huge amount of raw materials, packing materials and finished goods lost their shelf life. Due to restricted movement of international maritime vessels it was not possible to import prime raw materials for Ice cream.

Despite very low sales, the company has been paying salaries, utilities, rentals and other operational expenses from the scanty reserve. Receivables remained uncollectable as well.

Operation of our business very largely depends on consistent cash flow. During the COVID-19 period cash flow had been erratic and unreliable. As a result general operating activities were hampered.

Mention should be made here that sustainability in frozen food processing business is ensured through regular manufacturing activities. During the lockdown period manufacturing activities were hampered. This resulted in reduced cash flow and lack of capital investment. Due to these factors company's debt servicing also became irregular. Overall financial result was unsatisfactory and the dividend payment was also not possible. Earnings per share also reduced to nothing.

As a prudential move and in order to augment growth and profitability the company has been reviewing its future financial position in perspective. The company is reducing the expenses and applying financial austerity. It is expected that these corrective measures would ensure growth and profitability and the company will regain its position to resume dividend payment.

#### **42.6 Employee details:**

At the end of the period there were 580 employees in the group and 552 employees in the Company at a remuneration of BDT 3,000 per month and above.

#### **42.7 Rounding off**

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

**42.8 Event after reporting period**

1. Due to the COVID-19 pandemic the business has been affected adversely. There was no substantial disposable income during the current year for declaration of dividend. Therefore, the board of directors in its 139th board meeting held on 28 October 2020, had declared no dividend. Besides this, the board of directors also considered it appropriate to hold some amount of retained earnings as reserve fund for this uncertain period and also consider expanding into new market opportunities including export resulting out of COVID 19 situation.

2. The company has collected intercompany receivables of TK 351,776,623 and utilized the fund for repayment of some loans and meeting operational working capital requirements during COVID-19 pandemic.



**Director**



**Director**



**Managing Director**



**Chief Financial Officer**



**Company Secretary**

**Golden Harvest Agro Industries Limited**  
**Statement of Cash at Bank**  
**As on 30 June 2020**

[Annexure-A]

Sl. No.	Name of Bank	Account No.	30-Jun-20	30-Jun-19
1	First Security Islami Bank Ltd.	SND-11213100000610	5,310,024	1,894,766
2	First Security Islami Bank Ltd.	SND-11213100000562	7,129	7,613
3	First Security Islami Bank Ltd	SND-010113100009403	43,799	217,344,323
4	Agrani Bank Limited	0200014492314	9,310	
5	Mercantile Bank Limited	112913125970557	3,575,290	1,334,601
6	Dhaka Bank Ltd	2151000012069	3,850.00	
7	Shahjalal Islami Bank Ltd	4057 11100000068	37,964	-
8	Meghna Bank	CD-110111100000138	1,660	-
9	AL-ARAFAH ISLAMI BANK LTD	SND-1641220000129	4,540	
10	Mercantile Bank Ltd.	CD-112911107033338	6,338	16,632
11	Bank Asia Ltd.	CD-05633000010	3,048	4,110
12	Community Bank Ltd	CD-0010302741101	747,330	
13	NRB Global Bank Limited	0113000290658	592,582	1,243,585
14	Standard Bank Limited	01736000297	2,100,105	325,827
15	United Commercial Bank Ltd.	CD-0951101000003351	315	660
16	United Commercial Bank Ltd.	SND-0951301000000356	3,826,348	137,052
17	United Commercial Bank Ltd	0951301000001348	183,887	378,855
18	Habib Bank Ltd.	CA-2627070000228	-	975
19	Standard Bank Limited	SBL-01736000303	116,231,709	
20	The Premier Bank Ltd	0178 13100000063	28,836	29,318
<b>Sub-Total</b>			<b>132,714,063</b>	<b>222,718,317</b>
1	Standard Bank Ltd	FDR	152,337,500	-
2	Standard Bank Ltd	FDR	91,392,500	
<b>Sub-Total</b>			<b>243,730,000</b>	<b>-</b>
<b>Total</b>			<b>376,444,063</b>	<b>222,718,317</b>

**Golden Harvest Dairy Ltd.**  
**Statement of Cash at Bank**  
**As on 30 June 2020**

Sl. No.	Name of Bank	Account No.	30-Jun-20	30-Jun-19
1	Mutual Trust Bank Limited	Current Account	812,608	59,784
2	Standard Bank Limited	Current Account	187,008	954,846
3	The Premier Bank Ltd	Current Account	63,668	63,367
<b>Total</b>			<b>1,063,284</b>	<b>1,077,996</b>

**Auditor's Report and Financial Statements  
of  
Golden Harvest Dairy Ltd.**

**For the year ended 30 June 2020**

Shanta Western Tower, Level-5  
186, Gulshan-Tejgaon Link Road, Tejgaon I/A,  
Dhaka-1208, Bangladesh

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## Independent Auditor's Report To the Shareholders of Golden Harvest Dairy Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Golden Harvest Dairy Limited (the Company), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

#### Basis for Opinion

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

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

Management is responsible for the preparation of financial statements in accordance with IFRSs, the Companies Act 1994, the Security and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

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

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

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

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

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

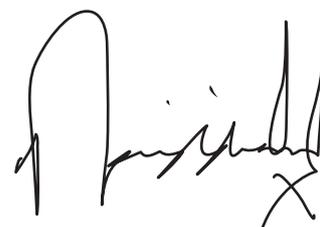
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulation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

**Report on Other Legal and Regulatory Requirements**

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

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

**Dated: Dhaka, 28 October 2020**



**Nasir Uddin Ahmed FCA**

**Senior Partner**

**MABS & J Partners**

Chartered Accountants

**Golden Harvest Dairy Ltd.**  
**Statement of Financial Position**  
**As at 30 June 2020**

Particulars	Notes	Amount in BDT	
		30-Jun-20	30-Jun-19
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>373,515,354</b>	<b>368,768,831</b>
Property, plant and equipment	5.00	239,907,358	240,553,531
Biological assets	6.00	93,015,304	88,560,364
Deffered tax assets	7.00	3,296,755	2,358,999
Capital work in progress	8.00	37,295,937	37,295,937
<b>Current Assets</b>		<b>8,951,564</b>	<b>7,483,864</b>
Inventories	9.00	2,254,714	1,865,005
Advances, deposits and prepayments	10.00	1,014,618	798,082
Trade and other receivables	11.00	3,448,346	2,896,365
Cash and cash equivalents	12.00	2,233,886	1,924,412
<b>TOTAL ASSETS</b>		<b>382,466,918</b>	<b>376,252,695</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>		<b>20,129,081</b>	<b>25,029,669</b>
Issued, subscribed and paid up capital	13.00	50,000,000	50,000,000
Retained earnings	14.00	(29,870,919)	(24,970,331)
<b>Non-current liabilities</b>		<b>128,630,921</b>	<b>113,936,001</b>
Long term loan	15.00	128,630,921	113,936,001
<b>Current liabilities</b>		<b>233,706,916</b>	<b>237,287,026</b>
Accounts and other payables	16.00	131,138,052	146,467,981
Accruals and provisions	17.00	1,224,041	907,321
Short term loan	18.00	57,746,612	51,601,560
Current portion of long term loan	15.00	43,598,211	38,310,164
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>382,466,918</b>	<b>376,252,695</b>
<b>Number of share used to calculate NAV</b>		<b>5,000,000</b>	<b>5,000,000</b>
<b>Net asset value per share</b>	27.00	<b>4.03</b>	<b>5.01</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Director



Managing Director



Chairman



Chief Financial Officer

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



Company Secretary



Nasir Uddin Ahmed FCA

Senior Partner

MABS & J Partners

Chartered Accountants

Dated, Dhaka;  
28 October 2020

Golden Harvest Dairy Ltd.  
Statement of Profit or Loss and other Comprehensive Income  
For the year ended 30 June 2020

Particulars	Notes	Amount in BDT	
		2019-2020	2018-2019
Revenue	19.00	47,032,817	44,034,280
Cost of goods sold	20.00	(32,032,255)	(29,036,862)
<b>Gross profit</b>		<b>15,000,562</b>	<b>14,997,418</b>
<b>Operating expenses</b>		<b>(4,476,405)</b>	<b>(2,898,356)</b>
Administrative expenses	21.00	(2,819,445)	(1,355,759)
Selling and distribution expenses	22.00	(1,656,960)	(1,542,597)
Fair value adjustments of biological assets	6.01.01	15,665,069	15,449,402
Gain/(Loss) on Sales from Biological Assets:	23.00	(3,456,355)	-
<b>Profit from operation</b>		<b>22,732,871</b>	<b>27,548,464</b>
Financial income			
Finance expenses	24.00	(28,289,019)	(27,616,122)
<b>Net profit from operation</b>		<b>(5,556,148)</b>	<b>(67,658)</b>
Workers profit participation fund		-	-
<b>Net profit before tax</b>		<b>(5,556,148)</b>	<b>(67,658)</b>
Income tax expenses	25.00	655,560	(264,033)
<b>Net profit after tax attributable to ordinary shareholders of the company</b>		<b>(4,900,588)</b>	<b>(331,691)</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive income</b>		<b>(4,900,588)</b>	<b>(331,691)</b>
<b>Number of share used to calculate EPS</b>		<b>5,000,000</b>	<b>5,000,000</b>
<b>Earnings per share (EPS)</b>	26.00	<b>(0.98)</b>	<b>(0.07)</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Director



Managing Director



Chairman



Chief Financial Officer



Company Secretary

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



Nasir Uddin Ahmed FCA  
Senior Partner  
MABS & J Partners  
Chartered Accountants

Dated, Dhaka;  
28 October 2020

**Golden Harvest Dairy Ltd.**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

Particulars	Amount in BDT		
	Share capital	Retained earnings	Total
Balance as on 01 July 19	50,000,000	(24,970,331)	25,029,669
Net loss after tax	-	(4,900,588)	(4,900,588)
<b>Balance as at 30 June 2020</b>	<b>50,000,000</b>	<b>(29,870,919)</b>	<b>20,129,081</b>
Balance as on 01 July 18	50,000,000	(24,638,640)	25,361,360
Net loss after tax	-	(331,691)	(331,691)
<b>Balance as at 30 June 2019</b>	<b>50,000,000</b>	<b>(24,970,331)</b>	<b>25,029,669</b>

  
**Director**

  
**Managing Director**

  
**Chairman**

  
**Chief Financial Officer**

  
**Company Secretary**

**Dated, Dhaka;**  
**28 October 2020**

Golden Harvest Dairy Ltd.  
Statement of Cash Flows  
For the year ended 30 June 2020

Particulars	Note	Amount in BDT	
		2019-2020	2018-2019
<b>Cash flows from operating activities</b>			
Collections from customers and others	30.00	46,480,836	41,511,232
Payments for operating costs & other expenses	31.00	(37,258,556)	(32,314,384)
<b>Net cash generated from operating activities</b>	29.00	<b>9,222,280</b>	<b>9,196,848</b>
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment		(114,870)	(413,840)
Acquisitions / proceed from Biological assets		7,753,774	7,362,544
Advance finance to contract farmers and others		(216,536)	(118,582)
<b>Net cash provided from investing activities</b>		<b>7,422,368</b>	<b>6,830,122</b>
<b>Cash flows from financing activities</b>			
Long term borrowings from / (repayments to) banks/sister concern		11,953,846	12,392,217
Financial expenses		(28,289,019)	(27,616,122)
<b>Net cash used in financing activities</b>		<b>(16,335,174)</b>	<b>(15,223,905)</b>
Net changes in cash and cash equivalents		309,474	803,065
Cash and cash equivalents at the beginning of the year		1,924,412	1,121,347
<b>Cash and cash equivalents at the end of the year</b>		<b>2,233,886</b>	<b>1,924,412</b>
<b>Number of share used to calculate NOCFPS</b>		<b>5,000,000</b>	<b>5,000,000</b>
<b>Operating cash flow per share</b>	28.00	<b>1.84</b>	<b>1.84</b>

The accompanying notes form an integral part of this financial statements and are to be read in conjunction therewith.



Director



Managing Director



Chairman



Chief Financial Officer



Company Secretary

Dated, Dhaka;  
28 October 2020

# Golden Harvest Dairy Limited

## Notes to the Financial Statements

### For the year ended 30 June 2020

#### 1. Reporting entity

##### 1.1 Company profile

###### Legal status of the company

Golden Harvest Dairy Limited (GHDL) has incorporated on 18 February 2015; vide Reg. No.-C-121268/15 under the Companies Act, 1994 as a Private Limited Company.

###### Address of registered office and principal place of business:

The principal place of business and the registered office of the Company is at SPL Western Tower, Level # 5, Space Code # 501 & 502, 186, Gulshan-Tejgaon Link Road, Tejgaon Industrial Area, Dhaka-1208. The factory is located at Golden Harvest Industrial Park, Goainghat, Sylhet.

Nature of business activities

The objectives of the company will process Liquid Milk and milk based product like butter, cream, cheese, yogurt, etc. The project will not be for milk collection only it will support in meat processing and calf selling.

##### 1.2 Date of authorization for issue

The financial statements of Golden Harvest Dairy Ltd. for the year ended 30 June 2020 were authorized for issue in accordance with a resolution of the Board of Directors on 27 October 2020.

##### 1.3 Reporting period

The reporting period of the Company covers one year from 1st July 2019 to 30th June 2020.

#### 2. Basis of preparation of financial statements

##### 2.1 Statement on compliance with local laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

##### 2.2 Statement on compliance of financial reporting standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

##### 2.3 Basis of measurement of elements of financial statements

Measurement is the process of determining the monetary amounts at which the elements of the financial statements are to be recognized and carried in the statement of financial position and profit or loss and other comprehensive income. The measurement basis adopted by historical cost except for land, building and plant and machinery which are stated at revalued amount, inventories are at the lower of cost and net realizable value and marketable securities are at market value. Under the historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

##### 2.4 Going concern

At each year end management of the Company makes assessment of going concern as required by IAS-1. The company has adequate resources to continue in operation for the foreseeable future

and has wide coverage of its liabilities. For this reason, the directors continue to adopt going concern assumption while preparing the financial statements.

## **2.5 Accrual basis of accounting**

GHDL prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, GHDL 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.

## **2.6 Functional and presentation currency**

The financial statements are prepared and presented in Bangladesh Taka/BDT, which is the Company's functional currency. The Company earns its major revenues in BDT and all other incomes/expenses and transactions are in BDT and the competitive forces and regulations of Bangladesh determine the sale prices of its goods and services. Further, the entire funds from financing activities are generated in BDT.

### **Foreign currency translation**

Foreign currency transactions are booked in the functional currency of the Company at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange at the balance sheet date. Exchange differences are included in the income statement.

## **2.7 Materiality and aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

## **2.8 Offsetting**

GHDL does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

## **2.9 Comparative information and rearrangement thereof**

Comparative information has where necessary been reclassified to conform to the current year's presentation. Comparative figures are restated as per requirement of IAS-8.

## **2.10 Use of estimates and judgments**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and for contingent assets and liabilities that require disclosure, during and at the date of the 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 IAS 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 on the amounts recognized in the financial statements include depreciation, amortization, impairment, net realizable value of inventories, accruals, taxation and provision.

## **2.11 Changes in accounting policies, estimate and errors**

The effect of a change in an accounting estimate shall be recognised prospectively by including it in profit or loss in:

- (a) the period of the change, if the change affects that period only; or
- (b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it shall be recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

Changes in accounting policies and material prior period errors shall be retrospectively corrected in the first financial statements authorised for issue after their discovery by:

(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

## **2.12 Structure, content and presentation of financial statements**

Being the general-purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- i) Statement of financial position as at 30 June 2020;
- ii) Statement of profit or loss and other comprehensive Income for the year ended 30 June 2020;
- iii) Statement of changes in equity for the year ended 30 June 2020;
- iv) Statement of cash flows for the year ended 30 June 2020; and
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the accounts for the year ended 30 June 2020.

## **3. Summary of significant accounting policies**

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Golden Harvest Dairy Limited.

### **3.1 Property, plant and equipment**

#### **Initial recognition and measurement**

An item shall be recognized as property, plant and equipment if, and only if it is probable that future economic benefits associated with the item will flow to the entity, and the cost of the item can be measured reliably IAS 16.

Property, plant and equipment are initially recognized at cost and subsequently land, buildings & civil constructions and plant & machineries are stated at fair value. The property, plant and equipment are presented at cost/fair value, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. The cost also includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term debt availed for the construction/ Implementation of the PPE, if the recognition criteria are met.

#### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit and loss account as 'Repair & Maintenance' when it is incurred.

#### **Depreciation on property, plant and equipment**

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of IAS 16: Property Plant

and Equipment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is charged on all Property, Plant and Equipment except land and land developments on reducing balance method at the following rates:

Particular of Assets	Rate of Depreciation
Buildings and other constructions	2.5%
Plant & Machinery	5.0%
Office Equipment	10%
Furniture and Fixtures	10%
Vehicle	10%

### 3.2 Capital work-in-progress:

Capital work in progress represents the cost incurred for acquisition and construction of items of property, plant and equipment that were not ready for use at the end of 30 June 2020 and these were stated at cost. In case of import components, capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company, i.e. at the time of shipment is confirmed by the supplier.

### 3.3 Biological asset

#### Recognition and measurement

Biological asset is a living plant or animal. Biological asset is measured at fair value less costs to sell, both on initial recognition and each reporting date. Cost to sell includes sale commission and regulatory levies but exclude transport to market. Transport costs are in fact deducted from market value in order to reach fair value. The gain on initial recognition and from a change in this value is recognized in profit or loss. The interest on the loan taken out to finance the acquisition is not a cost to sell. The milk is agriculture product and is recognized initially under IAS-41 at fair value less cost to sell. (at this point it is taken into inventories and dealt with under IAS-2). The gain on initial recognition should be recognised in profit or loss.

### 3.4 Impairment of assets

#### Recognizing and measuring impairment loss

If the recoverable amount of an asset is less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.

GHDL assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, GHDL estimate the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, GHDL tests:

- an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually

### 3.5 Accounting for lease

#### Finance lease

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

#### Initial recognition

At the commencement of the lease term, GHDL recognises finance leases as assets and liabilities in

their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset.

#### **Subsequent measurement**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

A finance lease gives rise to depreciation expense for depreciable assets as well as finance expense for each accounting period. The depreciation policy for depreciable leased assets is consistent with that for depreciable assets that are owned, and the depreciation recognised is calculated in accordance with IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **Operating leases**

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Applying the requirement of International Financial Reporting Interpretation Committee (IFRIC) 4: Determining whether an Arrangement contains a Lease, the Power Purchase Agreement (PPA) between the Company /Group units and BPDB/BREB can be said to contain a lease arrangement. This could be interpreted as resulting in the transfer of substantially the entire risks and rewards incidental to the ownership to the underlying assets (power plant) to the off taker (BPDB/BREB) who would effectively be the lessee. However, management concluded that the PPA does not transfer substantially all risks incidental to ownership as per the requirement of para 17 of IAS 17. As such, all these lease arrangements are considered as an operating lease.

### **3.6 Capitalization of borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur in accordance with IAS 23: "Borrowing cost". Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **Recognition**

GHDL capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. GHDL recognises other borrowing costs as an expense in the period in which it incurs them.

#### **Borrowing costs eligible for capitalization**

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are those borrowing costs that would have been avoided if the expenditure on the qualifying asset had not been made.

To the extent that GHDL borrows funds specifically for the purpose of obtaining a qualifying asset, GHDL determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings

#### **Commencement of capitalization**

GHDL begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the GHDL first meets all of the following conditions:

- it incurs expenditures for the asset;
- it incurs borrowing costs; and
- it undertakes activities that are necessary to prepare the asset for its intended use or sale.

#### **Cessation of capitalization**

GHDL ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### **3.7 Financial instruments**

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

#### **Classification**

The Company classifies its financial instruments as financial assets, financial liabilities and equity instruments.

#### **Financial assets**

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for sale financial assets.

#### **Financial assets at fair value through profit or loss**

A financial asset is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

#### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that entity has the positive intent and ability to hold to maturity.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in the active market other than held to maturity investments, available for sale financial assets and loans and receivables.

#### **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

#### **Financial liabilities**

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

#### **Financial liabilities at fair value through profit or loss**

A financial liability is classified as fair value through profit or loss if it is classified as held-for-trading or upon initial recognition it is designated by the entity as at fair value through profit or loss.

#### **Other financial liabilities**

Other financial liabilities include bank overdrafts, short-term and long-term loans.

#### **Recognition of financial asset and liability**

A financial asset or a financial liability is recognised by GHDL in its statement of financial position when GHDL becomes a party to the contractual provisions of the financial asset or financial liability.

#### **Derecognition of financial asset and liability**

A financial asset or financial liability is derecognised; that is, removed, from GHDL's statement of financial position, when GHDL ceases to be a party to the financial instruments' contractual provisions.

### **Initial measurement**

Financial instruments are measured at the fair value of the consideration given or received (ie cost) plus (in most cases) transaction costs that are directly attributable to the acquisition or issue of the financial instrument. The exception to this rule is where a financial instrument is at fair value through profit or loss. In this case transaction costs are immediately recognised in profit or loss.

### **Transaction costs**

Transaction costs are defined as the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability. Transaction costs should be added to the initial fair value except for financial assets and financial liabilities classified as at fair value through profit or loss where they should be recognised in profit or loss. For financial liabilities, directly related costs of issuing debt is deducted from the amount of debt initially recognised.

### **Subsequent measurement of financial assets**

After initial recognition loans and receivables and held-to-maturity (HTM) investments should be remeasured at amortised cost using the effective interest method. Certain investments in equity instruments should be measured at cost. These are equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. All other financial assets should be remeasured to fair value, without any deduction for transaction costs that may be incurred on sale or other disposal. Gains and losses on remeasurement should be recognised as follows:

- Changes in the carrying amount of financial assets at fair value through profit or loss should be recognised in profit or loss.
- Changes in the carrying amount of loans and receivables and HTM investments should be recognised in profit or loss. Changes arise when these financial assets are derecognised or impaired and through the amortisation process.
- In respect of available for sale financial assets:
  - Impairment losses and foreign exchange differences should be recognised in profit or loss.
  - Interest on an interest-bearing asset should be calculated using the effective interest method and recognised in profit or loss.
  - All other gains and losses should be recognised in other comprehensive income and held in a separate component in equity. On derecognition, either through sale or impairment, gains and losses previously recognised in other comprehensive income should be reclassified to profit or loss, becoming part of the gain or loss on derecognition.

### **Subsequent measurement of financial liabilities**

Financial liabilities at fair value through profit or loss should be remeasured at fair value, excluding disposal costs, and any change in fair value should be recognised in profit or loss. All other financial liabilities should be remeasured at amortised cost using the effective interest method. Where a liability is carried at amortised cost, a gain or loss is recognised in profit or loss when the financial liability is derecognised or through the amortisation process.

### **Impairment**

At each year end, an entity should assess whether there is any objective evidence that a financial asset or group of assets is impaired. Where there is objective evidence of impairment, the entity should determine the amount of any impairment loss.

### **Financial assets at fair value through profit or loss**

No special impairment tests need to be carried out for such assets, because they are measured at fair value and all changes in fair value are recognised in profit or loss.

### **Financial assets carried at amortised cost**

The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses which have not been incurred)

discounted at the financial instrument's original effective interest rate. Note that it is the original rate of interest which is used. Using market rates current at the time of the impairment would result in a fair value approach being adopted for the measurement of financial assets carried at amortized cost. The amount of the loss should be recognised in profit or loss.

#### **Financial assets carried at cost**

The impairment loss on unquoted equity instruments carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial instrument. Such impairment losses should not be reversed.

#### Available-for-sale financial assets

Because available-for-sale financial assets are carried at fair value with gains and losses recognised in other comprehensive income, short-term falls in fair value will result in debits to other comprehensive income and potentially a debit balance held in equity in respect of an individual asset. If the asset is subsequently determined to be impaired, the loss previously recognised in other comprehensive income should be reclassified to profit or loss, even though the asset has not been derecognised. The impairment loss to be reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss. Impairment losses relating to such equity instruments should not be reversed. Impairment losses relating to such debt instruments should be reversed through profit or loss if, in a later period, the fair value of the instrument increases and the increase can be objectively related to an event occurring after the loss was recognised.

### **3.8 Inventories**

#### **Measurement**

Inventories are measured at the lower of cost and net realizable value.

#### Cost of inventories

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### Cost formulas

The cost of inventories is assigned by using the first-in, first-out (FIFO) cost formula. GHAIL shall use the same cost formula for all inventories having a similar nature and use to the entity.

The FIFO formula assumes that the items of inventory that were purchased or produced first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced.

#### Recognition as an expense

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **3.9 Trade and Other Receivables**

Trade and other receivables are stated at their estimated realisable amounts inclusive of provisions for bad and doubtful debts

### **3.10 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in hand and with banks on current deposit accounts and short-term investments (FDR for the period of 1 to 3 months) which are held and available for use by the Group without any restriction. There is insignificant risk of change in value of the same.

### **3.11 Calculation of Recoverable Amount**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value, less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

### **3.12 Provisions, accruals and contingencies**

#### **Recognition**

##### **Provisions**

A provision is recognized when:

- GHDL has a present obligation (legal or constructive) as a result of a past event;
- 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.

If these conditions are not met, no provision is recognized.

##### **Accruals**

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amount due to employees.

##### **Contingent Liabilities**

GHDL does not recognize a contingent liability. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

##### **Contingent Asset**

GHDL does not recognize a contingent asset. Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to GHDL.

##### **Measurement**

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

##### **Changes in provisions**

Provisions is reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

##### **Use of provisions**

A provision is used only for expenditures for which the provision was originally recognised. Only expenditures that relate to the original provision are set against it. Setting expenditures against a provision that was originally recognized for another purpose would conceal the impact of two different events.

##### **Future operating losses**

Provisions are not recognized for future operating losses. Future operating losses do not meet the definition of a liability and the general recognition criteria set out for provisions.

### **3.13 Events occurring after the reporting period**

All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the note no. 28.11 of Financial Statements.

### 3.14 Earnings per Share (EPS)

#### Measurement

##### Basic EPS

GHDL calculates basic earnings per share amounts for profit or loss attributable to ordinary equity holders of the parent entity.

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

### 3.15 Income statements

For the purpose of presentation of Income Statement, the function of expenses method is adopted, as it represents fairly the elements of the Company's performance

### 3.16 Revenue

The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework as follows;

- i. Identify the contract(s) with a customer;
- ii. Identify the performance obligations in the contract;
- iii. Determine the transaction price;
- iv. Allocate the transaction price to the performance obligations in the contract; and
- v. Recognize revenue when (or as) the entity satisfies a performance obligation. However, the entity must have complied with the applicable requirements of IFRS 15 in recognizing revenue.

Moreover, the entity assesses whether it transfers control over time by following prescribed criteria for satisfying performance obligation. If none of the criteria is met then the entity recognizes revenue at point of time at which it transfers control of the goods to the customer.

Revenue is measured net of value added tax, trade discount, returns and allowances (if any). In case of cash delivery, revenue is recognized when delivery is made and cash is received by the Company

### 3.17 Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

### 3.18 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### 3.19 Workers' Profit Participation Fund (WPPF)

The Company provides applicable rate of its profit before Tax after charging contribution to WPPF in accordance with the Bangladesh Labour Act, 2006.

### 3.20 Taxation

The tax expense for the period comprises current tax and deferred tax. Tax is recognized in the income statement, except in the case it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

#### **Current tax**

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### **Deferred tax**

##### **Principle of recognition**

Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period.

##### **Exceptions to recognition in profit or loss**

Deferred tax relating to items dealt with as other comprehensive income (such as a revaluation) is recognized as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income.

Deferred tax relating to items dealt with directly in equity (such as the correction of an error or retrospective application of a change in accounting policy) is recognized directly in equity.

Deferred tax resulting from a business combination is included in the initial cost of goodwill.

##### **Taxable temporary difference**

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Revaluations to fair value – property, plant and equipment

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore given rise to a deferred tax liability.

##### **Non-depreciated revalued assets**

If a deferred tax liability or deferred tax asset arises from a non-depreciable asset measured using the revaluation model in IAS 16, the measurement of the deferred tax liability or deferred tax asset shall reflect the tax consequences of recovering the carrying amount of the non-depreciable asset through sale, regardless of the basis of measuring the carrying amount of that asset. Accordingly, if the tax law specifies a tax rate applicable to the taxable amount derived from the sale of an asset that differs from the tax rate applicable to the taxable amount derived from using an asset, the former rate is applied in measuring the deferred tax liability or asset related to a non-depreciable asset.

##### **Revaluations to fair value – other assets**

IFRS permit or require certain other assets to be revalued to fair value, such as certain financial instruments and investment properties. If the revaluation is recognised in profit or loss (e.g. fair value through profit or loss instruments, investment properties) and the amount is taxable / allowable for tax, then no deferred tax arises as both the carrying value and the tax base are adjusted. However, if the revaluation is recognised as other comprehensive income (e.g. available-for-sale instruments)

and does not therefore impact taxable profits, then the tax base of the asset is not adjusted and deferred tax arises. This deferred tax is also recognized as other comprehensive income.

#### **Deductible temporary difference**

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

#### **Unused tax losses and unused tax credits**

A deferred tax asset is recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

### **3.21 Statement of Cash Flows**

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

### **3.22 Related party disclosures**

The Company carried out a number of transactions with related parties. The information as required by IAS 24: "Related party Disclosure" has been disclosed in a separate note to the accounts (Note-28.03).

## **4. Risk exposure**

### **4.1 Financial risk management**

GHDL's activities are exposed to a variety of financial risks. The Company's financial risk management centered upon using various tools and to manage exposure to risk, particularly credit risk, liquidity risk, market risk, currency risk and interest rate risk. Similar to general risk management, financial risk management requires identifying its sources, measuring it, and plans to address them. Taking risk is in the core of the financial business, and operational risk is an inevitable consequence of being in business. GHDL's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on GHDL's financial performance.

GHDL's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of prudent risk management policies and application of reliable and up-to-date information systems. GHDL regularly reviews its risk management policies and systems to reflect changes in products, markets, and emerging best practices.

### **4.2 Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The senior management of GHDL carefully manages its exposure to credit risk. Credit exposures arise principally in receivables from customers' existing in GHDL's asset portfolio. The credit risk management and control are controlled through the credit policies of GHDL's which are updated regularly. The company is also exposed to other credit risks arising from balances with banks which are controlled through board approved counterparty limits.

### **4.3 Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash balances or liquid and marketable assets to meet its liabilities when fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

#### **4.4 Market risk**

GHDL's exposure to market risk, or, the potential for losses arising from the movement of market prices, is limited. Most of its revenues are coming in form of dividend income from various investment projects, whose revenues are completely contractual with no price or quantity risk. Market risks which can also arise from open positions in interest rate and currency also have minimal bearing on GHDL because interest rate risks are hedged at project level and project revenues are fully indexed without limitation with respect to changes in currency and inflation.

##### **Currency risk**

The company is exposed to currency risk on revenues and certain purchase such as machineries, parts and equipment. However, the fuel price is a pass through and project companies' revenues are fully currency hedged by way of having revenues fully indexed without limitation with respect to change in currency parity.

##### **Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GHDL again has limited exposure to interest rate since it borrows primarily in fixed interest rate, and further, interest rate is fully hedged at project levels too.

#### **4.5 Reporting foreign currency transactions**

##### **Initial recognition**

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

##### **Subsequent measurement**

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into GHDL's functional currency at each reporting date. However, translation depends on whether the assets or liabilities are monetary or non-monetary items:

##### **Monetary items**

Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognised in profit or loss in the period in which they arise.

##### **Non-monetary items**

Non-monetary items carried at historic cost are translated using the exchange rate at the date of the transaction when the asset arose (historical rate). They are not subsequently retranslated in the individual financial statements of GHDL. Non-monetary items carried at fair value are translated using the exchange rate at the date when the fair value was determined. The foreign currency fair value of a non-monetary asset is determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### **Measurement of financial assets**

Financial assets can be monetary or non-monetary and may be carried at fair value or amortised cost. Where a financial instrument is denominated in a foreign currency, it is initially recognised at fair value in the foreign currency and translated into the functional currency at spot rate. The fair value of the financial instrument is usually the same fair value of the consideration given in the case of an asset or received in the case of a liability.

At each year end, the foreign currency amount of financial instruments carried at amortised cost is translated into the functional currency using either the closing rate (if it is a monetary item) or the historical rate (if it is a non-monetary item). Financial instruments carried at fair value are translated to the functional currency using the closing spot rate.

#### **Exchange differences**

The entire change in the carrying amount of a non-monetary available-for-sale financial asset, including the effect of changes in foreign currency rates, is reported as other comprehensive income at the reporting date.

A change in the carrying amount of monetary available-for-sale financial assets on subsequent measurements is analysed between the foreign exchange component and the fair value movement. The foreign exchange component is recognised in profit or loss and the fair value movement is recognised as other comprehensive income.

The entire change in the carrying amount of financial instruments measured at fair value through profit or loss, including the effect of changes in foreign currency rates, is recognised in profit or loss.

5. Property, Plant and Equipment

Particulars	Cost/Valuation				Rate of Dep.	Depreciation				Written Down Value as of 30-Jun-20
	Balance as on 01-Jul-19		Disposal for the year			Balance as on 30-Jun-20		Disposal for the year		
	Balance as on 01-Jul-19	Addition for the year	Disposal for the year	Balance as on 30-Jun-20		Balance as on 01-Jul-19	Charged for the year	Disposal for the year	Balance as on 30-Jun-20	
<b>At Historical Cost:</b>										
Land and Land Development	214,484,061	-	-	214,484,061	0%	-	-	-	-	214,484,061
Building and Other Structure	25,247,351	84,220	-	25,331,571	2.5%	1,874,092	586,437	-	2,460,529	22,871,042
Plant and machinery	2,212,745	-	-	2,212,745	5%	251,157	98,079	-	349,236	1,863,509
Office Equipment	515,275	1,650	-	516,925	10%	128,580	38,835	-	167,415	349,510
Vehicle	434,530	29,000	-	463,530	10%	86,601	37,693	-	124,294	339,236
<b>Total of 30 June 2020</b>	<b>242,893,962</b>	<b>114,870</b>	<b>-</b>	<b>243,008,832</b>		<b>2,340,430</b>	<b>761,044</b>	<b>-</b>	<b>3,101,474</b>	<b>239,907,358</b>
<b>Total of 30 June 2019</b>	<b>242,480,122</b>	<b>413,840</b>	<b>-</b>	<b>242,893,962</b>		<b>1,577,211</b>	<b>763,219</b>	<b>-</b>	<b>2,340,430</b>	<b>240,553,531</b>

5.01 Depreciation has been charged on different cost centers as under :

Particulars	Factory	Rate of Dep. (%)	General and Admn.	Rate of Dep. (%)	Selling & Distribution	Rate of Dep. (%)	Total
<b>At Historical Cost</b>							
Land and Land Development	-	-	-	-	-	0%	-
Building and Other Structure	586,437	100%	-	-	-	0%	586,437
Plant and machinery	98,079	100%	-	-	-	0%	98,079
Office Equipment	19,418	50%	15,534	40%	3,884	10%	38,835
Vehicles	3,769	10%	11,308	30%	22,616	60%	37,693
<b>Sub Total</b>	<b>707,703</b>		<b>26,842</b>		<b>26,500</b>		<b>761,044</b>

		Amount in BDT					
		30-Jun-20	30-Jun-19				
<b>6.00 Biological Assets:</b>							
	Dryer	1,098,001	1,787,350				
	Milkable Cows	70,850,557	59,973,286				
	Heifers	14,519,182	15,928,907				
	Calves	2,308,981	4,867,238				
	Bull	4,238,583	6,003,583				
		<b>93,015,304</b>	<b>88,560,364</b>				
<b>6.01 Details are as follows:</b>							
		<b>Calves</b>	<b>Heifers</b>	<b>Milkable Cows</b>	<b>Dryer</b>	<b>Bull</b>	<b>Total</b>
	Carrying amount	4,867,238	15,928,907	59,973,286	1,787,350	6,003,583	88,560,364
	Add: Purchase Costs					13,455,665	13,455,665
	Less: Transfer/ Sales	(4,865,240)	(4,025,420)	3,765,872	(1,498,575)	(18,042,431)	(24,665,794)
	Add / (Less): Fair value adjustments	2,306,983	2,615,695	7,111,399	809,226	2,821,766	15,665,069
		<b>2,308,981</b>	<b>14,519,182</b>	<b>70,850,557</b>	<b>1,098,001</b>	<b>4,238,583</b>	<b>93,015,304</b>
<b>6.01.01 Fair value adjustments</b>							
		<b>Calves</b>	<b>Heifers</b>	<b>Milkable Cows</b>	<b>Dryer</b>	<b>Bull</b>	<b>Total</b>
	Changes in Fair Value	3,612,405	3,185,552	11,552,229	1,198,752	3,905,520	23,454,458
	Less: Cost to sell	(1,305,422)	(569,857)	(4,440,830)	(389,526)	(1,083,754)	(7,789,389)
		<b>2,306,983</b>	<b>2,615,695</b>	<b>7,111,399</b>	<b>809,226</b>	<b>2,821,766</b>	<b>15,665,069</b>
<b>7.00 Deferred tax asset</b>							
	Opening balance					2,358,999	2,338,701
	Add: During the year on business loss					719,266	10,149
	Add: During the year on cost of fixed Assets					218,491	10,149
						<b>3,296,755</b>	<b>2,358,999</b>
<b>8.00 Capital work in progress</b>							
	Opening balance					37,295,937	37,295,937
	Add: Addition during the year					-	-
						<b>37,295,937</b>	<b>37,295,937</b>
<b>9.00 Inventories</b>							
	Raw Material					1,825,952	1,765,197
	Packing Materials					247,855	-
	Medicine					165,245	89,554
	Store in Transit					15,662	10,254
						<b>2,254,714</b>	<b>1,865,005</b>
<b>10.00 Advances, deposits and prepayments</b>							
	Advances to suppliers & service providers					1,014,618	798,082
						<b>1,014,618</b>	<b>798,082</b>
<b>11.00 Trade and other receivables</b>							
	Trade receivable (Note: 11.01)					3,448,346	2,896,365
						<b>3,448,346</b>	<b>2,896,365</b>
<b>11.01 Trade receivable</b>							
	Local sales receivables					3,448,346	2,896,365
						<b>3,448,346</b>	<b>2,896,365</b>

				Amount in BDT	
				30-Jun-20	30-Jun-19
<b>Aging Schedule of Trade Receivable</b>					
<b>Account Name</b>	<b>Upto 90 days</b>	<b>Upto 180 days</b>	<b>Over 180 days</b>	<b>2020</b>	<b>2019</b>
Local sales receivables	3,448,346			3,448,346	2,896,365
<b>12.00 Cash at cash equivalents</b>					
<b>Cash in hand:</b>				<b>1,170,602</b>	<b>846,416</b>
Head office				150,050	96,854
Factory & depot				1,020,552	749,562
Cash at bank				1,063,284	1,077,996
				<b>2,233,886</b>	<b>1,924,412</b>
<b>13.00 Share capital</b>					
<b>Authorized share capital</b>					
10,000,000 ordinary Shares of BDT 10 each				<b>100,000,000</b>	<b>100,000,000</b>
<b>Issued, subscribed and paid up capital</b>					
Name	Designation	% of Shares		Value of shares in BDT	
		2020	2019	2020	2019
Mr. Ahmed Rajeeb Samdani	Managing Director	25.00%	25.00%	12,500,000	12,500,000
Golden Harvest Agro Industries Ltd.	Parent company	75.00%	75.00%	37,500,000	37,500,000
		<b>100%</b>	<b>100%</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>14.00 Retained earnings</b>					
Opening balance				(24,970,331)	(24,638,640)
Net profit or loss after tax				(4,900,588)	(331,691)
				<b>(29,870,919)</b>	<b>(24,970,331)</b>
<b>15.00 Long term loans</b>					
Standard Bank Ltd., Term Loan-1				61,064,350	53,964,582
Standard Bank Ltd., Term Loan-2				111,164,782	98,281,584
Current maturity of long term loan				172,229,132	152,246,166
				(43,598,211)	(38,310,164)
				<b>128,630,921</b>	<b>113,936,001</b>
<b>Terms and Conditions:</b>					
<b>Rate of interest :</b>				14.00%	
<b>Tenor :</b>				5 years ( Excluding Moratorium Period)	
<b>Moratorium period :</b>				1 year	
<b>Repayment term:</b>				60 Monthly installment.	
<b>Security :</b>				The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company .	
<b>16.00 Accounts and other payables</b>					
Sundry creditors for goods & service				235,223	1,422,512
Withholding tax and VAT				88,579	57,045
Inter company transaction (Note: 16.01)				130,814,250	144,988,424
				<b>131,138,052</b>	<b>146,467,981</b>
<b>16.01 Inter company transaction</b>					
Golden Harvest Agro Industries Ltd.				130,814,250	144,988,424
				<b>130,814,250</b>	<b>144,988,424</b>
<b>17.00 Accruals and provisions</b>					
Salary and allowances				462,552	429,634
Audit fees				57,500	57,500
Mobile Phone Bill				3,620	2,015
Provision for tax (Note: 17.01)				591,069	308,872

		Amount in BDT	
		30-Jun-20	30-Jun-19
	Provision for others	109,300	109,300
		<b>1,224,041</b>	<b>907,321</b>
<b>17.01</b>	<b>Provision for tax</b>		
	Opening balance	308,872	24,541
	Under tax provision in respect of previous years	-	20,125
	Tax for the year	282,197	264,206
		<b>591,069</b>	<b>308,872</b>
<b>18.00</b>	<b>Short term loan</b>		
	Standard Bank Ltd	57,746,612	51,601,560
		<b>57,746,612</b>	<b>51,601,560</b>
	<b>Terms and Conditions:</b>		
	<b>Rate of interest :</b>		14.00%
	<b>Tenor :</b>		Revolving
	<b>Security :</b>		The loans from banks are secured by Registered mortgaged 300 decimal land and Building & machineries situated within Fatehpur, Goainghat, Sylhet. The loans are also secured by personal guarantee of all directors of the Company .
<b>19.00</b>	<b>Revenue</b>		
	Sales (Local)	47,032,817	44,034,280
		<b>47,032,817</b>	<b>44,034,280</b>
<b>20.00</b>	<b>Cost of goods sold</b>		
	Raw materials:		
	Opening stock (Note: 9)	1,854,751	697,429
	Purchases (Note: 20.01)	27,725,225	24,167,431
		<b>29,579,976</b>	<b>24,864,860</b>
	Closing stock (Note: 9)	(2,239,052)	(1,854,751)
	<b>Consumption</b>	<b>27,340,924</b>	<b>23,010,109</b>
	Add: Manufacturing expenses (Note: 20.02)	4,691,331	6,026,753
	Total manufacturing cost	<b>32,032,255</b>	<b>29,036,862</b>
	<b>Finished Goods:</b>		
	Opening stock (Note: 9)	-	-
		<b>32,032,255</b>	<b>29,036,862</b>
	Closing stock (Note: 9)	-	-
		<b>32,032,255</b>	<b>29,036,862</b>
<b>20.01</b>	<b>Purchases</b>		
	Raw materials	24,724,933	22,423,509
	Packing materials	3,000,292	1,743,922
	Processing materials	-	-
		<b>27,725,225</b>	<b>24,167,431</b>
<b>20.02</b>	<b>Manufacturing expenses</b>		
	Salary and allowance	2,759,466	3,437,592
	Repair and maintenance	219,030	559,115
	Traveling, conveyance and tour	23,635	45,539
	Utility and generator fuel	649,789	505,768
	Office communication	12,947	1,956
	Carriage inward	45,265	36,072

	Amount in BDT	
	30-Jun-20	30-Jun-19
Entertainment	14,127	42,821
Printing and stationery	143,389	215,406
Cleaning and security services	59,315	216,906
Vehicle fuel and maintenance	3,621	42,455
Miscellaneous expenses	53,044	206,212
Depreciation of fixed assets (Note: 5.01)	707,703	716,912
	<b>4,691,331</b>	<b>6,026,753</b>
<b>21.00 Administrative expenses</b>		
Salary and allowance	2,380,400	840,000
Traveling, conveyance and tour	11,910	188,538
Office communication	31,515	16,268
Fees, taxes and renewal	-	26,875
Professional and legal fees	-	52,500
Audit fees	57,500	80,500
Printing and stationery	580	12,527
Postage and courier charges	2,220	6,730
Bank charges	105,192	107,047
Miscellaneous expenses	16,500	-
Depreciation of fixed assets (Note: 5.01)	26,842	24,774
	<b>2,819,445</b>	<b>1,355,759</b>
<b>22.00 Selling expenses</b>		
Salary and allowance	831,300	641,560.00
Traveling, conveyance and tour	3,900	10,510
Office communication	8,744	18,021
Carriage outward	41,600	38,145
Printing and stationery	4,540	15,304
Vehicle fuel and maintenance	510,839	582,431
Distribution promotion expenses	103,095	137,325
R & D expenses	-	5,120
Miscellaneous expenses	104,057	57,098
Depreciation of fixed assets (Note: 5.01)	26,500	21,533
	<b>1,656,960</b>	<b>1,542,597</b>
<b>23.00 Gain/(Loss) on Sales from Biological Assets:</b>		
Loss on Sales from Biological Assets	3,456,355	-
	<b>3,456,355</b>	<b>-</b>
<b>24.00 Finance expenses</b>		
Interest on Term Loan	28,289,019	27,616,122
	<b>28,289,019</b>	<b>27,616,122</b>
<b>25.00 Income tax expenses</b>		
Current tax	282,197	264,206
Under tax provision in year of 2014-2015	-	20,125
Deferred tax	(937,757)	(20,298)
	<b>(655,560)</b>	<b>264,033</b>
<b>26.00 Earning Per Share</b>		
Profit attributable to the ordinary shareholders	(4,900,588)	(331,691)
Number of ordinary shareholders in the year end	5,000,000	5,000,000
<b>Basic earning per share (EPS)</b>	<b>(0.98)</b>	<b>(0.07)</b>
<b>27.00 Net Assets Value Per Share (NAV)</b>		
Total Assets	382,466,918	376,252,695
Less: Total Liabilities	362,337,837	351,223,027

	Amount in BDT	
	30-Jun-20	30-Jun-19
Net Assets Value	20,129,081	25,029,669
Number of ordinary shares outstanding during the period	5,000,000	5,000,000
<b>Net Assets Value Per Share (NAV)</b>	<b>4.03</b>	<b>5.01</b>
<b>28.00 Net operation cash flow per share</b>		
Net operation cash flow from statement of cash flow	9,222,280	9,196,848
Number of ordinary shares outstanding during the period	5,000,000	5,000,000
<b>Net operation cash flow per share</b>	<b>1.84</b>	<b>1.84</b>
<b>29.00 Reconciliation of operating cash flows with net profit</b>		
Profit before tax	(5,556,148)	(67,658)
<b>Adjustment for non cash items</b>		
Depreciation	761,044	763,219
<b>Adjustment for separate consideration</b>		
Finance cost	28,289,019	27,616,122
Loss on disposal of non current assets	3,456,355	-
Fair value adjustments of biological assets	(15,665,069)	(15,449,402)
<b>Changes in current assets and liabilities</b>		
Inventories	(389,709)	(1,126,322)
Trade & other receivables	(551,981)	(2,523,048)
Accounts and other payables	(1,155,754)	(301,922)
Accruals and provisions	34,523	285,859
<b>Net cash flows from operating activities</b>	<b>9,222,280</b>	<b>9,196,848</b>
<b>30.00 Collections from customers and others</b>		
Sales revenue	47,032,817	44,034,280
Increase in accounts receivable	(551,981)	(2,523,048)
	<b>46,480,836</b>	<b>41,511,232</b>
<b>31.00 Payments for operating costs &amp; other expenses</b>		
Cost of goods sold	(32,032,255)	(29,036,862)
Administrative expenses	(2,819,445)	(1,355,759)
Selling and distribution expenses	(1,656,960)	(1,542,597)
Depreciation	761,044	763,219
Increase in stock	(389,709)	(1,126,322)
Increase in accounts payable	(1,155,754)	(301,922)
Increase in accruals & provision	34,523	285,859
	<b>(37,258,556)</b>	<b>(32,314,384)</b>

30-Jun-20

30-Jun-19

**32.00 Other information****32.01 Capital expenditure commitment****Contingent liabilities**

The Company confirms that there are no case filed against the Group which is not disclosed which would have been a material impact on the financial position of the Group. There was no Contingent Liabilities as on 30 June 2020.

**Capital expenditure commitment**

Capital expenditure commitment for machineries and raw material at 30 June 2020 were as under:

Machineries and vehicle	-	-
Raw material	-	-
	<u>-</u>	<u>-</u>

**Term loan commitment**

At 30 June 2020 the company had annual commitment under Term Loan as set out below:

Term loan principal due within 1 year	43,598,211	38,310,164
Term loan principal due within 2 to 5 years	128,630,921	113,936,001
Term loan principal due above 5 years	-	-

**Finance lease commitment**

At 30 June 2020 the company had annual commitment under finance lease as set out below:

Right of use assets expires within 1 year	-	-
Right of use assets expires within 2 to 5 years	-	-

**32.02 Related party transaction :**

The company has entered into transactions with other entities that fall within the definition of related party as contained in IAS-24 "Related Party Disclosures". Total transactions of the significant related party as at 30 June 2020 are as follows:

Name of Company	Relation ship	Opening Balance	Addition/ Adjustment	Closing Balance
Golden Harvest Agro Industries Ltd.	Holding Company	144,988,424	(14,174,174)	130,814,250
<b>Total</b>		<b>144,988,424</b>	<b>(14,174,174)</b>	<b>130,814,250</b>

**32.03 Transaction with key management personnel's**

Particulars	30-Jun-20	30-Jun-19
Managerial remuneration paid or payable during the period to the directors, including managing directors.	-	-
Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	-	-
Other allowances and commission including guarantee commission	-	-
Pensions etc.	-	-
(i) Pensions	-	-
(ii) Gratuities	-	-
(iii) Payments from a provident funds, in excess of own subscription and interest thereon	-	-
Share based payments	-	-

32.04

Quantitative details of opening stock, purchases/ production, consumption/sales and closing stock of raw materials and finished goods:

Item	Opening	Purchases/ Production	Consumption/ Sales	Closing Stock
	Kg	Kg	Kg	Kg
<b>Raw materials:</b>				
For the year ended 30 June 2020	68,063	953,263	950,925	70,401
For the year ended 30 June 2019	22,240	864,516	818,693	68,063
<b>Finished goods:</b>				
For the year ended 30 June 2020	-	797,166	797,166	-
For the year ended 30 June 2019	-	746,344	746,344	-

32.05 Capacity utilization

Item	Capacity in KG	Utilization in KG	%
	Per Year	Average Per year	
Milk Production(Quarterly)	1,134,000	797,166	70.30%

32.06 Claim not acknowledged as debt

There was no claim against the company not acknowledged as debt as on 30 June 2020

32.07 Un-availed credit facilities

Un-availed credit facilities to the company as on 30 June 2020 are as under:

Bank	Branch	Nature of loan	Credit Limit	Outstanding	Unavailed limit
Standard Bank Ltd.	Panthapath	CC(Hypo)	50,000,000	57,746,612	(7,746,612)
	Panthapath	Term Loan	240,000,000	172,229,132	67,770,868
					<b>60,024,256</b>

32.08 Employee details:

i) During the year, there were 26 employees employed for the full period at a remuneration of BDT 3,000 per month and above.

ii) At the end of the period, there were 28 employees in the Company.

32.09 Rounding off

Amounts appearing in these financial statements have been rounded off to the nearest BDT and, wherever considered necessary.

32.10 Post-balance sheet events

There is no material events after the reporting date that are not adjusting events came to management attention which may be needful for the stakeholders.



Director



Managing Director



Chairman



Chief Financial Officer



Company Secretary

**Golden Harvest Dairy Ltd.**  
**Statement of Cash at Bank**  
**As on 30 June 2020**

[Annexure-A]

<b>Sl. No.</b>	<b>Name of Bank</b>	<b>Account No.</b>	<b>30-Jun-20</b>	<b>30-Jun-19</b>
1	Mutual Trust Bank Limited	Current Account	812,608	59,784
2	Standard Bank Limited	Current Account	187,008	954,846
3	The Premier Bank Ltd	Current Account	63,668	63,367
<b>Total</b>			<b>1,063,284</b>	<b>1,077,996</b>

# Glossary

## Accounting Policies

The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statements.

## Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

## Cost of Goods Sold -COGS

The Cost of Goods Sold Productions. This generally refers to the cost of producing of produce.

## Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## EBITDA

Earnings before interest, tax, depreciation and amortisation.

## Value Additions

The quantum of wealth generated by the activities of the company and its application.

## Economic Value Addition-EVA

EVA is an internal management performance measure that compares net operating profit to total cost of capital.

## EarningsPer Share - EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

## Price Earnings Ratio - PE

Market Price of a share divided by earnings per share.

## Market Capitalization

Number of Shares issues multiplied by the market value of each share at the year end.

## Shareholders Funds

Stated Capital, Capital Reserves and Revenue Reserves.

## Net Assets

Sum of fixed Assets and Current Assets less total liabilities.

## Net Assets Per Share

Net Assets at the end of the year divided by the number of Ordinary Shares issued.

## Return on Equity

Attributable profits divided by average shareholders' funds.

## Related Parties

Parties who could control or significantly influence the financial and operating policies of the Company

## Contingent Liabilities

Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

## Working Capital

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

## Cash Equivalents

Liquid investments with original maturities of three months or less.

## Current Ratio

Current Assets divided by current liabilities.

## Debt to Equity Ratio

Borrowing divided by equity.

## ISO

International Standards Organization.

## HACCP

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

## FMCG

Fast Moving Consumer Goods.

## BU

Business Unit.

## ERM

Enterprise Risk Management.

## RCSA

Risk Control Self-Assessment.

## MC

Management Committee.

## GHAIL

Golden Harvest Agro Industries Limited.

## GHIL

Golden Harvest Ice-Cream Limited.

## GHDL

Golden Harvest Dairy Limited

## ICAB

The Institute of Chartered Accountants of Bangladesh.

ICSB  
Institute of Chartered Secretaries of Bangladesh.

Tk.  
Bangladesh Taka

#### **Consolidated Financial Statements**

Consolidated financial statements are the "Financial statements of a group in which the assets, liabilities, equity, income, expenses and cash flows of the parent (company) and its subsidiaries are presented as those of a single economic entity".

#### **Deferred Taxation**

A deferred tax liability is an account on a company's balance sheet that is a result of temporary differences between the company's accounting and tax carrying values, the anticipated and enacted income tax rate, and estimated taxes payable for the current year.

#### **Fair Value**

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

#### **Finance Lease**

A lease that transfers substantially all the risk and rewards incident to ownership of the asset to the lessee. Title may or may not eventually be transferred.

#### **Intangible Asset**

An intangible asset is an identifiable non-monetary asset without physical substance.

#### **Non-controlling interest (Minority Interest)**

Non-controlling interest is the portion of equity ownership in a subsidiary not attributable to the parent company, who has a controlling interest and consolidates the subsidiary's financial results with its own.

#### **Capital Employed**

Shareholders' funds plus non controlling interest and debt.

#### **Operational segment**

A distinguishable component of the group, based on the product on which each business area focuses, that is subject to risks and returns that are different from those of other operating segments.

#### **Subsidiary**

An enterprise that is controlled by another enterprise (known as Parent).

#### **Depreciation**

The systematic allocation of the depreciable amount of an asset over its useful life.

#### **Dividends**

Distribution of profits to holders of equity investments in proportion to their holdings.

#### **Share Premium**

The amount by which the amount received by a company for a stock issue exceeds its face value.

#### **Record date**

The date fixed by the Board at least 14 days before the date of Annual General Meeting to determine the eligibility of shareholders to attend and vote at the meeting and the right to current dividend.

#### **Proxy**

A proxy is a written document authorizing the person named therein to attend and vote at a meeting for and in place of the Original Shareholder.



**The Company Secretary**  
 Sena Kalyan Business Mart  
 Level-8, Plot : 218/C,  
 Gulshan-Tejgaon Link Road,  
 Tejgaon I/A, Dhaka-1208  
 Tel No. +88-02-9840181  
 E-mail: share@goldenharvestbd.com

Postage

**PROXY FORM**

I/We..... of .....  
 ..... being a shareholder of GOLDEN HARVEST AGRO  
 INDUSTRIES LTD. do hereby appoint Mr./Ms .....  
 Of ..... (or Failing his/her Mr./Ms .....  
 of..... to attend and vote on my/our behalf at  
 the 16th Annual General Meeting (AGM) of Golden Harvest Agro Industries Limited will be held on 24th December  
 at 4.00 P.M. The AGM will be held virtually by using digital platform through the link <https://ghail.bdvirtualagm.com>

Signed this ..... day of December 2020

Revenue  
 Stamp of  
 Tk. 10.00

Signature of the proxy  
 BO ID No No .....  
 of shares being held .....

Signature of the Shareholder (s)

**Notes:**

1. This form of Proxy, duly completed must be deposited at least 48 hours before the meeting of the Company Share Department office. Proxy is invalid if not signed and stamped as indicated above.



**ATTENDANCE SLIP**

I/We hereby record my/our attendance at the 16th Annual General Meeting (AGM) of Golden Harvest Agro Industries Limited will be held on 24th December at 4.00 P.M. The AGM will be held virtually by using digital platform.

Name of the Shareholder (s) / Proxy Block Letters) .....

BO ID NO .....

Signature of the Shareholder (s)/Proxy

N.B. Shareholders attending the meeting in person or by proxy are requested to complete the attendance Slip and deposit the same at the entrance of the meeting hall.



## Golden Harvest Agro Industries Ltd.

### Corporate Head Office

Shanta Western Tower, Level 5, #501 & 502  
186 Tejgaon - Gulshan Link Road  
Tejgaon, Dhaka- 1208, Bangladesh  
Tel: +8802 8878784 - 7, Fax: +8802 8878204

### Share Department

Sena Kalyan Business Mart  
Level-8, Plot : 218/C,  
Gulshan-Tejgaon Link Road,  
Tejgaon I/A, Dhaka-1208  
Tel No. +88-02-9840181  
E-mail: share@goldenharvestbd.com

### Factory

Bokran, Monipur  
Bobanipur, Gazipur Sadar  
Gazipur, Bangladesh

Web: [www.goldenharvestbd.com](http://www.goldenharvestbd.com)

