

Delta Spinners Limited
Selected Explanatory Notes on the Accounts as on 31st March, 2024

- 1) **Statement of Compliance:** These Condensed Consolidated Financial Statements do not include all the information as required for full annual financial statements, and have been prepared in accordance with International Financial Reporting Standards.
- 2) **Accounting Policies:** The Company has applied the same accounting policies and methods of computation for the interim financial statements as in the un-audited annual financial statements as of and for the year ended 30th June, 2023.
- 3) The Interim financial statements have been prepared based on un-audited financial statements for the year ended 30th June, 2023. As per IAS-34, only "Selected Explanatory Notes" are provided. Detailed break-up of the amounts are not presented in the Financial Statements.
- 4) **Subsidiary Company:** There has not been any trading operation of the subsidiary company during the period under review.
- 5) **Reasons for Low Operational Performance:**
 - a) Due to heavy fluctuation in the US Dollar to Taka rate as well as Ukraine–Russia war, the price of our basic raw materials, i.e., raw cotton still continues to increase.
 - b) There has been an increase in tariff of Titas Gas from Tk. 16.00 per Cubic Meter to Tk. 30.00 per Cubic Meter i.e., more than 87% since February, 2023. As a result, cost of gas bill during the period of July, 2023 to March, 2024 was Tk. 12.38 crores as against Tk. 8.01 crores during the corresponding period of last year, i.e., an increased amount of Tk. 4.37 crores was paid as gas bill which affected the profitability of the Company adversely. Even at that price, the supply is irregular and gas pressure is low.
 - c) Due to inflow of foreign Cotton Yarn in the market, the demand of our products was very low. Besides, due to higher cost of power, raw materials, etc. as stated above the cost of our products are relatively high with the result that we had to sell the items without any profit margin to keep the factory in operation. Consequently, during the nine months from July, 2023 to March, 2024 our factory has experienced a huge operational loss leading to a negative EPS of Tk. (0.29).
- 6) **Issued, Subscribed & Paid-up Capital:** The present number of Ordinary Shares stands at 16,64,81,964 of Tk. 10 each fully paid up. The paid-up capital is Tk. 166,48,19,640 only.
- 7) **Related Party Transaction:** During the period under review, the Company paid a compensation to its 5 (five) key management personnel namely, Mr. Mostafa Jamal Haider, Managing Director, Mr. Masudur Rahman, Executive Director and Company Secretary, Ms. Rabeya Sultana, CFO, Mr. Mostafa Zakaria Haider, Head of Internal Audit & Compliance and Mr. Abu Ahammad Sharif, General Manager as "Short Term Employee Benefit" amounting to Tk. 33,91,335 only. No long term or any other benefits has been paid to these key management personnel.

The accounts have been posted in the Web Site of the Company at: www.delta-spinners.com