

Private & Confidential

Auditors' Report and Financial Statements

of

Star Jute Mills Ltd.

Chandanimahal, Khulna.

For the year ended 30th June, 2025.

MASUD ALTAF & CO.

Chartered Accountants

Dom-Inno Apartment, B-1, 23/16, Khilji Road
Block-B, Shyamoli, Mohammadpur, Dhaka-1207.

Telephone No. 88-02-48117178

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Independent Auditors' Report of Star Jute Mills Ltd.

Qualified Opinion

We have audited the Financial Statements of **Star Jute Mills Ltd.** which comprise the Statement of Financial Position as on 30th June, 2025 and related the Statement of Manufacturing, Trading and Profit (Loss) and Other Comprehensive Income, Changes in Equity and 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 of the Entity are not give a true and fair view of the financial position as on 30th June, 2025 and of its Statement of Manufacturing, Trading and Profit (Loss) and Other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note B and other applicable laws and regulations.

Basis for Qualified Opinion

1. There are no any fixed assets register and physical verification was not carried inception with tagging of the same. Therefore, we could not comment on any damage, obsolete items, scrap, over under statement and its impact in annual financial statements.
2. Trade Debtors (Foreign) amounting to **Tk. 1,519,000.00** and Sundry Debtors amounting to **Tk. 30,948,884.93** is being carried forward from previous years without any realization/adjustments. (See Accounts Notes 4.01 & 4.03). The entity provided the party break-up but did not provide the details address and information to confirm the figures through balance confirmation.
3. Due from BJMC Mills amounting to **Tk. 13,265,617.55** from 8 (eight) mills coming from last year without any adjustment. (See Accounts Notes 5.00). This is not reconciling with other Party.
4. Advance against Store Purchases, Advance Showed for Various Taxes and Various Govt. Organization & Advance against Others expenses amounting to respectively **Tk. 996,058.00, Tk. 6,678,474.00 & Tk. 1,411,580** coming from last year without any adjustment. (See Accounts Notes 6.01(d+g+i).
5. Interim Revenue Support Receivable amounting **Tk. 26,110,788.00** that coming from last year without any adjustment.
6. The Entity incurred a series of net losses in the consecutive year to year. Last four year details are given below :

Financial year	Net profit/Loss after Tax.	Profit & Loss account balance (Retained Earnings)
2021-2022	(129,037,213)	(11,191,429,516)
2022-2023	(71,548,437)	(11,174,115,388)
2023-2024	(88,433,697)	(11,357,473,774)
2024-2025	(86,517,869)	(11,282,222,291)

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Chartered Accountants

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As of 30th June, 2025 the entity's current liabilities stood at **Tk. 1,284,202,242.00** and non-current liabilities stood **Tk. 10,103,713,396.00** which exceeded its total assets of **Tk. 1,662,381,981.00** by **Tk. 9,725,533,658.00**

7. Attention is drawn to note no. 21.00 of Financial Statement, regarding Liabilities for Other Finance as on 30th June, 2025. We observed that deduction of VAT from Supplier by the amounting **Tk. 18,425,183.12** & Income Tax deducted at source by the amounting **Tk. 10,902,628.77**. VAT & Tax duly deducted by the company from various suppliers and employees but has not been to deposited to government treasury within stipulated time which is a non-compliance of VAT & SD Act 2012 and Income Tax Act 2024.
8. Due to BJMC Mills amounting to **Tk. 22,123,257.57** to 16 (sixteen) party coming from last year without any adjustment. (See Accounts Notes 22.00). Which is not reconciling with other Party.

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 Entity in accordance with the International Ethics Standards Board for Accountants, Code of Ethics for Professional Accountants (IESBA Code), We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and 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.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Entity and also separate financial statement of the Entity in accordance with IFRSs as explained in note 2 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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.



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As part of an audit in accordance with International Standards on Auditing (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.
- 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 Entity'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 Entity 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 achieves fair presentation.

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 relationship and other matters that may reasonably be thought to 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 or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the rules and regulations issued by regulatory authorities, 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 Entity so far as it appeared from our examination of those books.
- c) The Statement of Financial Position, Manufacturing, Trading and Profit (Loss) and Other Comprehensive Income, Changes in Equity & Cash Flow for the year then ended dealt with by the report are in agreement with the books of account and returns, and
- d) The expenditures incurred were for the purpose of the Entity's business for the year.

Dated, Dhaka.
25th October, 2025




(Md. Altaf Hossain Masud, FCA)

Principal, Enrolment No. 0684
MASUD ALTAF & CO.
Chartered Accountants
DVC: 2510250684AS701573

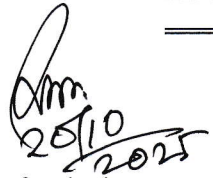
Star Jute Mills Ltd.

Chandanimahala, Khulna.

Statements of Financial Position as on 30th June, 2025.

Sl. #	Particulars	Sch. / Notes	Amount (Tk.)	
			30.06.2025	30.06.2024
Assets :				
A. Non Current Assets :				
	At Cost/Revaluation less Accumulated Depreciation	1.00	1,554,438,890	1,565,948,890
	Investment	2.00	141,337	141,337
	Total Non-Current Assets		1,554,580,227	1,566,090,227
B. Current Assets :				
	Stock & Stores (Less : Provision)	3.00	12,930,182	12,946,439
	Debtors (Less : Provision)	4.00	32,467,885	32,471,885
	Due from BJMC Mills	5.00	13,265,618	13,265,618
	Advance, Deposit & Pre-Payments (Less : Prov.)	6.00	15,706,441	16,580,610
	Interim Revenue Support Receivable	7.00	26,110,788	26,110,788
	BJMC Current Account	8.00	-	-
	Cash & Bank Balance	9.00	7,320,841	11,565,228
	Total Current Assets		107,801,754	112,940,567
C. Total Assets			1,662,381,981	1,679,030,794
Capital & Liabilities :				
D. Equity & Retained Earnings :				
	Authorised Capital	10.00	25,000,000	25,000,000
	Issued, Subscribed & Paid-up Capital	11.00	11,500,000	11,500,000
	Govt. Equity Contribution	12.00	85,441,653	85,441,653
	Reserves	13.00	1,459,746,981	1,468,756,981
	Profit & Loss Account Balance	14.00	(11,282,222,291)	(11,357,473,774)
	Total Equity & Retained Earnings :		(9,725,533,657)	(9,791,775,140)
E. Non-Current Liabilities :				
	Long Term Loan	15.00	9,963,696,224	10,103,810,104
	Gratuity Liabilities (Provision)	16.00	140,017,172	121,879,646
	Total Non-Current Liabilities :		10,103,713,396	10,225,689,750
F. Current Liabilities :				
	BJMC Current Account	17.00	1,065,642,132	993,550,078
	Bank Overdraft	18.00	-	29,903,569
	Liabilities for Goods	19.00	930,784	936,613
	Liabilities for Expenses	20.00	10,570,405	12,283,175
	Liabilities for other Finance	21.00	108,500,421	106,175,656
	Due to BJMC Mills	22.00	51,905,038	51,874,160
	Gratuity Payable Account (Current)	23.00	46,653,462	50,392,935
	Total Current Liabilities		1,284,202,242	1,245,116,185
	Total Capital & Liabilities :		1,662,381,981	1,679,030,794


Manager (Accounts & Finance)


Deputy General Manager


This is the statement of Financial Position referred to in our separate report of even date.

নীল রতন সাহা রায়
বারহালক (হিস ও অর্থ)
রায় আইডি নং-৩৩০৭০১৪
রায় জুট মিলস লিমিটেড
চন্দানীমহল, খুলনা।

মাবুল কালাম আজাদ
পঞ্চম প্রবান
রায় জুট মিলস লিমিটেড
চন্দানীমহল, খুলনা।

Dated, Dhaka.
25th October, 2025.




(Md. Altaf Hossain Masud, FCA)
Principal, Enrolment No. 0684
MASUD ALTAF & CO.
Chartered Accountants

Star Jute Mills Ltd.

Chandanimahal, Khulna.

Statement of Manufacturing, Trading and Profit/(Loss) or other Comprehensive Income for the year ended 30th June 2025.

Sl. #	Particulars	Sch.	Amount (Tk.)	
			2024-2025	2023-2024
Income :				
1	Local Sales	24.00	-	-
2	Foreign Sales		-	-
3	Other Sales		-	-
4	Total Sales : (1+2+3)		-	-
5	Subsidy	24.00	-	-
6	Total Income : (4+5)		-	-
Material Cost :				
7	Opening Work-in-Process		-	-
8	Raw Jute Consumption	25.00	-	-
9	Charges on Raw Jute	25.00	-	-
10	Other Direct Materials Consumed	26.00	-	-
11	Sub-Total : (7to 10)		-	-
12	Closing Work-in-Process	27.00	-	-
13	Total Material Cost : (12-11)		-	-
Conversion Cost :				
14	Opening Work-in-Process		-	-
15	Wages	28.00	-	-
16	Salaries	29.00	66,460,036	63,918,456
17	Power/Electricity	30.00	1,925,456	2,471,773
18	Fuel	31.00	-	-
19	Repair & Maintenance	32.00	164,741	173,966
20	Depreciation	33.00	2,500,000	2,500,000
21	Insurance	34.00	14,543	14,543
22	Other Factory Overhead	35.00	569,644	926,888
23	Sub-Total : (14 to 22)		71,634,420	70,005,627
24	Closing Work-in-Process	27.00	-	-
25	Total Conversion Cost : (23-24)		71,634,420	70,005,627
26	Cost of Production : (13+25)		71,634,420	70,005,627
27	Opening Stock of Finished Goods		105,000	105,000
28	Cost of Goods Available for Sale : (26+27)		71,739,420	70,110,627
29	Closing Stock of Finished Goods	36.00	105,000	105,000
30	Total Cost of Sales : (28- 29)		71,634,420	70,005,627
31	Administrative Expenses	37.00	15,052,976	18,611,632
32	Selling Expenses	38.00	18,862	743,625
33	Total Operating Expenses : (30 to 32)		86,706,258	89,360,884
34	Operating Profit/(Loss) : (6-33)		(86,706,258)	(89,360,884)
Financial Expenses :				
35	Interest	39.00	(188,389)	(406,237)
36	Total Profit/(Loss) : (34-35)		(86,517,869)	(88,954,646)
37	Non-Operating Income	40.00	-	520,949
38	Profit/(Loss) Before Tax : (36+37)		(86,517,869)	(88,433,697)
39	Less : Current Tax Expenses	41.00	-	-
40	Profit/(Loss) after Tax		(86,517,869)	(88,433,697)

Manager (Accounts & Finance)

Deputy General Manager

This is the statement of Manufacturing, Trading and Profit/(Loss) or other Comprehensive Income referred to in our separate report of even date.

Dated, Dhaka.

25th October, 2025.

নীল রক্তন সাহা রায়
প্রকল্প প্রধান
স্টার জুট মিলস্ লিমিটেড
চন্দ্রনীরমহল, খুলনা।

শ্রী আবুল কালাম আজাদ
প্রকল্প প্রধান
স্টার জুট মিলস্ লিমিটেড
চন্দ্রনীরমহল, খুলনা।

(Md. Altaf Hossain Masud, FCA)

Principal, Enrolment No. 0684

MASUD ALTAF & CO.

Chartered Accountants



Star Jute Mills Ltd.

Chandanimahal, Khulna.

Statement of Changes in Equity for the year ended 30th June, 2025.

Particulars	Issued, Subscribed & Paid-Up Capital	Govt. Equity Contribution	Reserves & Surplus	Accumulated Profit & Loss (Retained Earning)	Total
Opening Balance as on 01 July, 2024	11,500,000	85,441,653	1,468,756,981	(11,357,473,774)	(9,791,775,140)
Less : Depreciation on Revaluation of Fixed Assets	-	-	(9,010,000)	-	(9,010,000)
Less : Profit & Loss for the year	-	-	-	(86,517,869)	(86,517,869)
Add : Prior year Adjustments for the year	-	-	-	(161,769,352)	(161,769,352)
Closing Balance as on 30th June, 2025.	11,500,000	85,441,653	1,459,746,981	(11,282,222,291)	(9,725,533,657)

Statement of Changes in Equity for the year ended 30th June, 2024.

Particulars	Issued, Subscribed & Paid-Up Capital	Govt. Equity Contribution	Reserves & Surplus	Accumulated Profit & Loss (Retained Earning)	Total
Opening Balance as on 01 July, 2023	11,500,000	85,441,653	1,477,766,981	(11,174,115,387)	(9,599,406,753)
Less : Depreciation on Revaluation of Fixed Assets	-	-	(9,010,000)	-	(9,010,000)
Less : Profit & Loss for the year	-	-	-	(88,433,698)	(88,433,698)
Add : Prior year Adjustments for the year	-	-	-	94,924,689	94,924,689
Closing Balance as on 30th June, 2024	11,500,000	85,441,653	1,468,756,981	(11,357,473,774)	(9,791,775,140)

Manager (Accounts & Finance)

Deputy General Manager

This is the statement of Changes in Equity referred to in our separate report of even date.

Dated, Dhaka.
25th October, 2025.



(Md. Altaf Hossain Masud, FCA)
Principal, Enrolment No. 0684
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DVC: 2510250684AS701573

Star Jute Mills Ltd.

Chandanimahal, Khulna.

Statement of Cash Flows for the year ended 30th June, 2025.

Sl. #	Particulars	Amount (Tk.)	
		2024-2025	2023-2024
A. <u>Cash Flow From Operating Activities :</u>			
	Net Profit/ (Loss)	(86,517,869)	(88,433,698)
	Depreciation	2,500,000	2,500,000
	Add : Prior year Adjustment	161,769,352	(94,924,689)
	Total	77,751,484	(180,858,387)
(Increase)/(Decrease) in Current Assets			
	Stock & Stores	16,257	41,065
	Debtors	4,000	131,453,205
	Advance, Deposit & Pre-Payments	874,169	2,018,198
	Due from BJMC Mills Accounts	0	(2,770)
	Total	894,426	133,509,697
(Increase)/(Decrease) in Current Liabilities			
	BJMC Current Account	72,092,054	8,856,078
	Bank Overdraft	(29,903,569)	(3,591,681)
	Due to BJMC Mills	30,879	94,587
	Creditors for Goods	(5,829)	(3,173)
	Creditors for Expenses	(1,712,770)	(16,551,920)
	Creditors for Other Finance	2,324,765	(4,001,400)
	Gratuity Payable Account (Current)	(3,739,473)	(87,508,466)
	Provision for Income Tax	-	(576,328)
	Total	39,086,057	(103,282,304)
	Total Net Cash Used in Operating Activities	117,731,967	(150,630,994)
B. <u>Cash Flow from Investing Activities :</u>			
	Addition of Non Current Assets	-	-
	Total Net Cash used in Investing Activities	-	-
C. <u>Cash Flow from Financing Activities :</u>			
	Long Term Loan	(140,113,880)	115,131,400
	Gratuity Liabilities (Provision)	18,137,526	1,634,757
	Total Net Cash Generated from Financing Activities	(121,976,354)	116,766,157
	Net Cash Inflow / (Outflow) (A+B+C)	(4,244,387)	(33,864,837)
	Opening Cash & Bank Balances	11,565,228	45,430,064
	Closing Cash & Bank Balances	7,320,841	11,565,228

Manager (Accounts & Finance)

Deputy General Manager

This is the statement of Cash Flows referred to in our separate report of even date.

Dated, Dhaka.
25th October, 2025.



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Principal, Enrolment No. 0684
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Star Jute Mills Ltd.

Chandanimahal, Khulna.

Notes to the Financial Statements for the year ended 30th June, 2025.

A. Legal form of the Enterprise :

Star Jute Mills Ltd. incorporated in then the East Pakistan under the Company Act 1913 subsequently amended in 1994. The mill was placed under the control and management of Bangladesh Jute Mills Corporation (BJMC) under P.O. 27 of 1972 Subsequently Industrial Nationalization Act No. 25 of 2018.

B. Nature of Business :

The principal activities of the company is manufacturing, local sale and export of jute Hessian and Sacking.

C. Significant Accounting Policies :

The Mill follows an integrated accounting system. These accounts have been prepared on a going concern basis under historical cost conversion based on the generally accepted accounting principles consistently applied.

D. Basis of Presentation :

Financial Statement presentation follows the formats recommended in the International Financial Reporting Standards.

E. Cash and Cash Equivalents :

Cash in hand and cash at bank have been considered as cash and cash equivalents for the preparation of these financial statements, which were held and are available for use by the factory without any restriction. There was no significant risk of changes in value of these current assets.

F. Fixed Assets :

The Fixed Assets are shown at cost & Revaluation less accumulated depreciation. 1st time Revaluation was made in the year 1992-93 and 2nd time Revaluation was made in the year 2016-2017 and increased value transferred to Capital Reserve Account as per BJMC Guide Line.

G. Depreciation :

Fixed Assets were depreciated at straight line method @ 2.5% to 25% according the type of assets.

H. Foreign Currency Transaction:

Revenue transactions of foreign currency are converted in Bangladeshi taka at the exchange rate prevailing on the date of transaction.

I. Service Benefits :

(a) The factory is maintaining a contributory Provident Fund for its every permanent employee. The factory is providing contribution to the Fund is 8.33% and every permanent employee contribute 10% of basic salary.

(b) The factory also provides Gratuity benefit to its every permanent employee equivalent to two months last basic salary for each completed year of service.

J. Taxation :

The factory is incurring loss since long. This year the factory also incurred loss. On the other hand source tax deducted on export proceeds have adjusted against company tax.

K. Liabilities for Expenses :

Provision for certain expenses and known liabilities were made in the accounts during the year under audit.

L. Reporting period :

The financial statements of the factory cover the period of 1st July, 2024 to 30th June, 2025 consistently.

M. Present Section :

The company closed their Production in 1 July, 2020 by Government Order.

