



## Pacific Denims Limited

### **DIRECTORS' REPORT**

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamualaikum

It is our immense pleasure to present Annual Report along with Audited Financial Statements and Auditors Report for the year ended June 30, 2021 of Pacific Denims Limited. The Company's performance and other matters as laid in the report has been dressed in terms of the Companies Act 1994, the guideline issued by Bangladesh Securities and Exchange Commission (BSEC) and the International Financial Reporting Standards (IFRSs)

#### Background

Pacific Denims Limited was incorporated in Bangladesh as a Private Limited Company under the Companies Act, 1994. Vide Registration No. C-48649(633)/2003 dated March 20, 2003 and converted into the Public Limited Company as on January 12, 2011. **The Authorized capital of the company is TK 2,000.00 million and paid up capital 1,652.11 million.** The company raised Tk. 750,000,000 divided into 75,000,000 ordinary shares of Tk. 10 each through IPO on January 10, 2017. The shares of the company were listed on both Dhaka Stock Exchange and Chittagong Stock Exchange on January 25, 2017. The trading of shares of the company was started from 07 February, 2017 on both Stock Exchange.

#### Overview of Business

The main activities of the Company are manufacturing, dyeing, weaving & finishing of 100% export oriented denim fabrics. The company produces a single product '**Denim Fabrics**' of various specifications, compositions, color and qualities. PDL sells its products through Back to Back L/Cs to the local garments manufacturers and exporters who consume the denim fabrics as raw materials of their products. The garment manufacturers export their goods to the overseas markets. Therefore, the final destination of the company's products appears in the overseas market. Pacific Denims Limited ultimately produces denim fabrics for world renowned brand names such as KIK, Tesco, Sears, Gman, NKD, A. F Textile, Primer, C & A, OVS, Target, Takko, Lidl, Wal-Mart, K-Mart, Gordge, Carl Ricker, Carryfour, Lindex and Tema.

PDL has modern machineries and technology that ensures quality products. Quality is main concern while formulating our strategy. We try to produce goods with cheap cost so that we can get competitive advantages over our competitors. We also believe in providing customizing products to our customer as per need basis so that we can get maximum market share of our products. So innovation is always there.

#### Revenue

The company is 100% export oriented and the principal activities of the company are to produce a single product of '**Denim Fabrics**' of various specifications, compositions, color and qualities. **The sale proceeds stood at Tk. 1,667,552,693 during the last financial year.**

The operating financial results of the Company for the year 2020-2021 as compared with previous year are summarized hereunder.

| Particular                     | June-30-2021  | June-30-2020  |
|--------------------------------|---------------|---------------|
| Turnover                       | 1,667,552,693 | 1,941,900,340 |
| Gross Profit                   | 242,430,084   | 285,748,257   |
| Net Profit (Before Tax)        | 57,833,081    | 104,354,362   |
| Provision for Taxation         | 17,742,953    | 15,950,985    |
| Net Profit (After Tax)         | 40,090,128    | 88,403,377    |
| Gross Margin (Turnover)        | 14.53%        | 14.71%        |
| Net Margin (Before Tax)        | 3.46%         | 5.37%         |
| Net Margin (After Tax)         | 2.40%         | 4.55%         |
| Earnings Per Share (EPS) (Tk.) | 0.22          | 0.49          |

## Overview of Industry

Pandemic pressure and shifts in global markets have brought stiff challenges to the garment industry in Bangladesh. The sector will need to innovate, upgrade, and diversify, investing in flexibility, sustainability, worker welfare, and infrastructure. Bangladesh celebrates 50 years of independence; global attention is focused on the remarkable economic and social progress the country has achieved in recent decades. Even with the setbacks of the COVID-19 pandemic, the South Asian nation is on track to become a middle-income country within the next few years. The ready-made garment (RMG) industry is a mainstay of this economic success story: Bangladesh is today one of the world's largest garment exporters, with the RMG sector accounting for 84 percent of Bangladesh's exports. This comes on the back of the sector's rapid growth and modernization over the past decade—as well as the strides it has made in improving conditions for the country's approximately four million garment workers. However, the pandemic has stalled the sector's progress at a crucial moment, just as global shifts in fashion sourcing threaten Bangladesh's position in industry supply chains.

Today, Bangladesh's RMG sector is a frontrunner in transparency regarding factory safety and value-chain responsibility, thanks to initiatives launched in the aftermath of the disasters—including the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety, and the RMG Sustainability Council. These measures led to the closure of hundreds of unsafe, bottom-tier factories and the scaling-up of remediation activities in many others.

In the World Bank's Logistics Performance Index, Bangladesh dropped from 79 in 2010 to 100 in 2018 in the overall ranking. By comparison, Vietnam improved its ranking from 53 to 39 over the same period. Several major infrastructure projects that are under development could significantly improve Bangladesh's position. These include the Padma bridge, scheduled to open in 2022; and Bangladesh's first deep-sea port, the Matabari development, which is expected to be functional by 2025, complete with a new container terminal.

## Major challenges for the industry

### Slowdown in export:

The second wave of Covid-19 has already forced us to experience its severity as it crippled the western world. Cities in Europe and the USA, which are the major markets of our clothing, are either under lockdown or state of emergency. Export has been on a falling trend once again during October – December 2020, after a slight recovery in August and September 2020.

RMG export in October 2020 has declined by 7.78% on a year-over-year (y-o-y) basis, while October 2019 had seen 19.79%, meaning that the growth in October 2018 and 2020 is -26.03%. Similarly, the y-o-y growth of export in November 2020 was -2.66%, but growth between November 2018 and 2020 is -14.32%. The recently published data for December makes it more appalling as export plunged by 9.69%. This wrapped the annual export performance with an unprecedented fall of 16.94%.

### **Changing buying behaviour and underutilization of capacity:**

With the detection of the new strain of the virus and retail sales growth in both the USA and EU been on a declining trend (i.e., -16% in November and -13% in October 2020 respectively), the situation has further aggravated at the buying end.

Though we don't have an inclusive picture over the real-time 'cancellation' scenario in the industry and non-payments, but a survey on 50 factories shows that instead of cancellation buyers are following a 'go slow' approach in placing new orders and factories reported 30% less order, which is the picture industry-wide and getting worse day by day.

Though the first wave was more severe and cancellation during the second wave is not that rampant, but buyers are following a different approach to managing their supply chain. Instead of cancellation, we are experiencing a slowdown in order placements. This is as severely adverse as the first wave since factories are not being able to have a forecast and plan their capacity. Such an uncertainty puts the industry in an unpredictable situation and impacts in the area of –

1. Uncertainty over confirmed business, shipment, payment and WIPs
2. Allocation of capacity (utilized and unutilized)
3. Optimum management of supply chain and use of resources
4. Economic impact and business viability

### **Unprecedented decline in price:**

While the price decline has already been a trend in the global market for decades, the COVID-19-led disruption has further escalated the situation. We have lost 2.87%-unit value in 2020, and during September-December the decline was recorded at 4.82%. Given the scenario of underutilization of capacity which already spurred cost and increased cost of compliance especially to maintain health and safety at factories, such a scenario is unsustainable.

### **Financial vulnerability and support needed to reconstruct the industry:**

This is important to note the differences between the impact of the first wave and the second wave of COVID-19. With a slight pause, the recurrence of COVID has appeared as 'decapitating the already dead'. Injured by the first wave the industry was already bleeding and left to such a disrupted and weakest position that severity of a fraction of the magnitude of the first wave may be more intense.

### Important to note that –

1. The industry has lost 6 billion dollars in export in FY2019-20, meaning that the capacity was seriously under-utilized.
2. Acceptation of high discounts and delayed payments to clear the cancelled goods which have its impact on the financial stability of this industry (we lost 4.85% of unit value since September on a year-over-year basis)
3. The forced loan has been created against factories mostly working for bankrupted buyers
4. The industry had to pay wages and all the regular payments (essential overhead). The repayment of the wage support loan is scheduled to start from January 2021 which has a significant financial bearing on factories. An example might be helpful to understand the scenario. If a factories' wage bill is 1 crore taka per month, then it has drawn (1X4 =) 4 crore takas as wage loan incentive for April-July, and an equal installment over 18 months would cost 22 lacs Taka per month, which is one-fifth of the usual wages of a regular month. During this crisis moment, when factories are still in a troubling situation and difficult to stay in business with regular expenses when the price is slashed up to 5% which is around 30% of the monthly wage, so the payment of 20% additional wages while operating in less capacity-efficiency thus assuming increased overhead costs per unit of product, and getting less paid of an amount equivalent to 30% of monthly wages, it is logically and mathematically not supporting the business model.
5. Moreover, since the export markets are deeply shocked by the second wave and the impact on export is apparent, to allow the factories to survive and to protect the livelihoods of millions a second stimulus package, particularly wage assistance loan would be critical for the industry for at least 4 months.

Reconstruction of the industry from the damages done by COVID-19 and protecting the livelihoods of our workers is of topmost priority for us in 2021. While we need legal protection to save our factories from forced loans caused by buyers' bankruptcies, special measures are needed to allow factories turnaround from the damages, particularly relieving them from bad loans and outstanding liabilities for a considerable tenure so that the factories don't suffer from suffocating borrowing limits from banks.

We are ever grateful for the supports from the government which saved the industry and the livelihood of our 4.1 million workers from a possible catastrophic consequence of the first wave. We hope that through the continued support from the government we will be able to stay in the course throughout the second wave, though it's very difficult to foresee the severity of the impact on the global economy and the recovery process.

Besides innovation and efficiency has been one of the priority agenda for us to ensure business sustainability, and we are working on that front to enable our members easily access technologies, in terms of building capacity through skills development as well as creating access to finance. The increasing share of online sales vis-à-vis brick and mortars has gained further momentum due to COVID-led germ phobia which may significantly change the buying behaviour of the consumers. So, it is high time Bangladesh revisited its strategy regarding online marketing and sales.



## **Market access in post LDC era and sustainable graduation:**

LDC graduation is a matter of pride for us and it is important for us to also understand the challenges that Bangladesh has 73% of Bangladesh's RMG exports enjoy duty-free access as an LDC (\$25 billion out of \$34 billion), which will be completely waived and the margin of preference will diminish for Bangladeshi products compared to our competitor countries, especially for Vietnam since Vietnam has signed FTA with EU which will come in to force next month or in August this year.

Furthermore, in the EU, we enjoy single transformation rules of origin under EBA at this moment, and with the graduation, Bangladesh will have 2 options – GSP Plus or Standard GSP, and both of them require double transformation rules of origin which is difficult for us and will make it difficult to fully utilize the EU GSP as we are currently enjoying. Besides, there are few criteria that a country should meet to qualify for GSP Plus, especially the ratification and compliance to 27 international conventions and the condition to comply with the 7.4% threshold will come on our way to retain preferential access to the EU market. With everything set and done, with Vietnams EUFTA coming into play, the extension of EBA (through bilateral or multilateral initiatives), and exploring FTA possibilities with preference-giving countries are important. Therefore, charting our path to sustainable graduation, effectively pursuing the matter of insolvency resolution would be on our cards.

Diversification:

Diversification of products within RMG as well as diversifying the export sectors will be key to Bangladesh's sustained industrial development.

## **The Segment wise or Product wise Performance**

The Company operates its business in single segment i.e. produced only "Denim" fabrics.

## **Risk and Concerns**

Changes in the existing global or national policies can have either positive or negative impacts for the company. Any scarcity or price hike of raw materials due to change in policy in the international market might hamper the production and profitability. Changes in forex rates might also affect the pricing and thereby the profitability of the Company.

The performance of the company may also be affected negatively by the political and economic instability both in Bangladesh and worldwide.

Similarly, risks and concern of the industry depends on the Government polices as well. However, Denims industry being the potential industry have always enjoyed special consideration from all the successive Governments and expectation is that it will continue to enjoy similar care and consideration from policy makers in the future. In the same way sewing thread industry also will enjoy this benefit. Unless any policy change that may negatively and materially affect the industry as a whole, the business of the company is expected not to be affected in the short run.

**Discussion on cost of goods sold, gross profit margin and net profit margin is as follows**

| Particulars             | 30-June-2021  |        | 30-June-2020  |        |
|-------------------------|---------------|--------|---------------|--------|
|                         | Amount        | %      | Amount        | %      |
| Sales                   | 1,667,552,693 | 100.00 | 1,941,900,340 | 100.00 |
| Cost of Goods Sold      | 1,425,122,609 | 85.47  | 1,656,152,082 | 85.28  |
| Gross Profit            | 242,430,084   | 14.53  | 285,748,258   | 14.71  |
| Net Profit for the year | 40,090,128    | 2.40   | 88,403,377    | 4.55   |

**Discussion on continuity of extra-ordinary gain or loss**

Extraordinary gain or loss refers to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. During the year no extraordinary gain/ (loss) incurred.

**Related Party Transaction**

The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in IAS 24 Related Party Disclosures. Details of related party disclosures are showing as follows:

| SL. | Related Parties               | Relationship                              | Nature of Transaction |                    |
|-----|-------------------------------|---|-----------------------|--------------------|
|     |                               |   | Remuneration          | Board Meeting Fees |
| 1   | Md. Shadequl Alam (Yeasin)    | Chairman                                  | -                     | 25,000             |
| 2   | Md. Shafiul Azam (Mohsin)     | Managing Director                         | 1,200,000             | 30,000             |
| 3   | Md. Sohel Khan                | Director                                  | -                     | 20,000             |
| 4   | Md. Belayet Hossain, Advocate | Independent Director                      | -                     | 20,000             |
| 5   | M.A. Kamal Bhuiyan            | Nominee Director (Disney Properties Ltd.) | -                     | 20,000             |

**Significant variance of financial statements**

No significant variations have occurred between quarterly and financial results of the company during the year under report.

**Compliance of Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018.**

**Board Size**

The number of members of the Board of Directors stands at 05 (including One Independent Director) which are within the limits given by the BSEC Notification.



### **Independent Director**

Md. Belayet Hossain, Advocate

Mr. Md. Belayet Hossain, Advocate, Supreme Court, serve as the Independent Director of Pacific Denims Ltd. Mr. Hossain has completed his LL.B.(Hon's) & LL.M. from the University of Rajshahi. He is well experienced in Civil, Criminal, Writ, Customs and Company matters. He was enrolled as an advocate under the 'Bangladesh Bar Council' in 1998. He is a member of 'Dhaka Bar Association' and 'Bangladesh Supreme Court Bar Association' since 1998 and 2003 respectively. Mr. Hossain is a regular practitioner of both the Divisions (High Court Division and Appellate Division) of the Hon'ble Supreme Court of Bangladesh. He is the head of the Law Chamber namely "Belayet & Associates" having its address-Room No. 4 (4th floor), Eastern Trade Center, 56, Purana Paltan Lane, VIP Road, Dhaka-1000. He is also maintaining another Chamber at the Court premises having its address-Room No. 5018 (4th floor), Old Annex Bhaban, Supreme Court Bar Association Building, Shahbagh, Dhaka-1000.

### **Qualification of Independence Director**

Mr. Md. Belayet Hossain is well experienced in Civil, Criminal, Writ, Customs and Company matters. He was enrolled as an advocate under the 'Bangladesh Bar Council' in 1998. He is a member of 'Dhaka Bar Association' and 'Bangladesh Supreme Court Bar Association' since 1998 and 2003 respectively.

### **Company Secretary, Chief Financial Officer, Head of Internal Audit**

As per corporate governance code of BSEC, the company has allocated the responsibilities of the officials as follows:

|                         |                        |
|-------------------------|------------------------|
| Company Secretary       | : Md. Sorhab Ali       |
| Chief Financial Officer | : Md. Main Uddin Rubel |
| Head of Internal Audit  | : Abdul Jalil Majumder |

### **Audit Committee**

The Audit Committee, as a sub-committee of the Board has been constituted with the Independent Director as Chairman and two other Directors as members. The Company Secretary acts as Secretary to the Audit Committee. This committee assists the Board of the company in ensuring that the financial statements reflect true and fair view of the state of affairs of the Company. Audit Committee is responsible to the Board of Directors and its roles and responsibilities are clearly set forth. The roles and functions of the Audit Committee have been stated in the annual audit committee report and it is annexed herewith.

### **External Statutory Auditors**

The BSEC guidelines are being strictly followed in engaging statutory Auditors.



## Maintaining a website

The company has been maintaining an official website [www.pgbd.org](http://www.pgbd.org) which is linked with the website of the stock exchange.

## Subsidiary Company

The company has no subsidiary company.

## Duties of Managing Director and CFO

The provision of BSEC regulations has been compiled in the annual report.

## Reporting and Compliance of Corporate Governance Code

Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD /2006-158/207/Admin/80 dated 03June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969.

## Directors' Appointment and Re-Appointment

With regard to the appointment, retirement and re appointment of directors the company is governed by its Articles of Association, the Companies Act, 1994 and other related legislations. Accordingly the following directors of the board will retire at the Annual General Meeting.

### Mr. Md. Shadequl Alam (Yeasin)

Mr. Md. Shadequl Alam (Yeasin) is the Chairman of Pacific Denims Limited. He has introduced innovative production management, incentive system and marketing approach to the company. He has 15 year of valuable business experience in the existing space of garments sector. He obtained Textile Engineering graduation from Adword University, Dhaka campus. Mr. Shadequl Alam (Yeasin) also serves as the Chairman of Pacific Co. (BD) Limited, Disney Properties Limited and Pacific Beverage & Food Limited.

### Mr. Md. Shafiul Azam (Mohsin)

Mr. Md. Shafiul Azam (Mohsin) is the Managing Director of Pacific Denims Ltd. He was born in 1967 in an illustrious family of B. Baria. His father was late Abdur Rashid.

Mr. Mohsin obtained his B.Sc. from Tejgaon College under Dhaka University. He also serves as the Managing Director of Pacific Co. (BD) Limited, Disney Properties Limited. Mr. Mohsin is widely experienced personnel in industrial management. He is the Chief Executive Officer of **Pacific Group**, engaged in diversified business including number of Export Oriented Readymade Garments and Textile Industry, Land Development, Export Oriented RMG Accessories Industry, Food service, etc. He is young energetic business leader. He achieved **NAWAB SIR SALIMULLAH GOLD MADEL AWARD** as the best Industrial Entrepreneurship for the year of 2006. He also achieved **BANGLADESH BUSINESS AWARD 2010-2011** presented by Mr. H. T. Imam, Adviser to the Honorable Prime Minister & also got Business Asia Award 2010-2011 presented by the Honorable Commerce Minister Mr. Faruk Khan as the best Denim Fabrics Exporter.



## Shareholding pattern

The shareholding of directors at the end of 30 June, 2021 is shown as bellow:

| Sl/No   | Name of Shareholder           | Description                                | Number of Shares | Amount (Taka) | %      |
|---|-------------------------------|--|------------------|---------------|--------|
| a) Parent or Subsidiary or Associated Companies and other related parties;  |                               |  | Nil              | Nil           | Nil    |
| b) Director, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children; |                               |  |                  |               |        |
| 1   | Md. Shadequl Alam (Yeasin)    | Chairman                                   | 15,272,309       | 152,723,090   | 8.40%  |
| 2   | Md. Shafiul Azam (Mohsin)     | Managing Director                          | 26,280,412       | 262,804,120   | 14.46% |
| 3   | Md. Sohel Khan                | Director                                   | 10,453,657       | 104,536,570   | 5.75%  |
| 4   | M.A. Kamal Bhuiyan            | Nominee Director of Disney Properties Ltd. | 4,277,958        | 42,779,580    | 2.35%  |
| 5   | Md. Belayet Hossain, Advocate | Independent Director                       | -                | -             | -      |
| 6   | Md. Abdul Majid               | Executive Director                         | -                | -             | -      |
| 7   | Md. Sorhab Ali                | Company Secretary                          | -                | -             | -      |
| 8   | Md. Main Uddin Rubel          | Chief Financial Officer                    | -                | -             | -      |
| 9   | Abdul Jalil Majumder          | Head of Internal Audit                     | -                | -             | -      |
| c) Executive (Top five salaried employees)  |                               |  |                  |               |        |
| 10  | Md. Abdul Halim               | GM HR & Admin                              | -                | -             | -      |
| 11  | Md. Nazrul Islam              | GM (Commercial)                            | -                | -             | -      |
| 12  | Md. Hassan Askari             | DGM (Operation)                            | -                | -             | -      |
| 13  | Md. Shafiqul Islam (Bablu)    | AGM (Mkt.)                                 | -                | -             | -      |
| 14  | Md. Rezaul Karim              | AGM (Commercial)                           | -                | -             | -      |
| d) Shareholders holding 10% or more voting interest in the company  |                               |  | -                | -             | -      |

## Directors involved in other Companies

| SL | Name                                | Designation in PDL   | Directorship/Sponsorship/Ownership with other companies | Position          |
|----|-------------------------------------|----------------------|---|-------------------|
| 1  | Md. Shadequl Alam (Yeasin)          | Chairman             | Pacific Co. (BD) Ltd.                                   | Director          |
|    |                                     |                      | Disney Properties Ltd.                                  |                   |
|    |                                     |                      | Pacific Beverage & Food Ltd.                            |                   |
|    |                                     |                      | Pacific Automobiles Ltd.                                |                   |
| 2  | Md. Shafiul Azam (Mohsin)           | Managing Director    | Pacific Co. (BD) Ltd.                                   | Managing Director |
|    |                                     |                      | Disney Properties Ltd.                                  |                   |
|    |                                     |                      | Pacific Beverage & Food Ltd.                            |                   |
|    |                                     |                      | Pacific Automobiles Ltd.                                |                   |
| 3  | Md. Sohel Khan                      | Director             | -   | -                 |
| 4  | Disney Properties Ltd. Represent By | Director             | -   | -                 |
| 5  | Md. Ashfak Ahmed Khan               | Independent Director | -   | -                 |

## Board Meeting and Attendance

| Sl/No | Name of Directors             | Position                                  | Meeting Held | Attendance |
|-------|-------------------------------|---|--------------|------------|
| 1     | Md. Shadequl Alam (Yeasin)    | Chairman                                  | 5            | 5          |
| 2     | Md. ShafiulAzam (Mohsin)      | Managing Director                         | 5            | 5          |
| 3     | Md. Sohel Khan                | Director                                  | 5            | 5          |
| 4     | Md. Belayet Hossain, Advocate | Independent Director                      | 5            | 5          |
| 5     | M.A. Kamal Bhuiyan            | Nominee Director (Disney Properties Ltd.) | 5            | 5          |

## Directors Remuneration

| SL. | Related Parties               | Relationship                              | Transacted Amount |           |
|-----|-------------------------------|---|-------------------|-----------|
|     |                               |   | 2020-2021         | 2019-2020 |
| 1   | Md. Shadequl Alam (Yeasin)    | Chairman                                  | -                 | 702,000   |
| 2   | Md. Shafiul Azam (Mohsin)     | Managing Director                         | 1,200,000         | 1,200,000 |
| 3   | Md. Sohel Khan                | Director                                  | -                 | -         |
| 4   | Md. Belayet Hossain, Advocate | Independent Director                      | -                 | -         |
| 5   | M.A. Kamal Bhuiyan            | Nominee Director (Disney Properties Ltd.) | -                 | -         |

## Statement of Directors on Financial Reports

In accordance with the Bangladesh Securities and Exchange Commission Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018, the Directors are pleased to confirm the followings:

- The financial statements together with notes thereon have been drawn up in conformity with the Companies Act, 1994 and Bangladesh Securities and Exchange Commission Rules, 1987. These statements present fairly the company's state of affairs, the result of its operations, statement of cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards (IASs) or International Financial Reporting Standards (IFRSs) as applicable in Bangladesh, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- f) 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.
- g) No bonus share or stock dividend has been or shall be declared as interim dividend.

### **Going Concern**

While approving the financial statements, the directors have made appropriate inquiries and analysed the significant financial, operating as well as other indicators for enabling them to understand the ability of the company to continue its operation for a foreseeable year. Directors are convinced and have a reasonable expectation that the company has adequate resources to continue its operation consistently for the foreseeable future. Therefore, the company adopted the going concern basis in preparing the financial statements.

### **Significant deviation of Operating Result**

During the year Sales, Net profit after Tax, Earning per Share (EPS) and Net Asset Value (NAV) are decreased in comparison with previous year ended on 30 June 2020 due to overall company business impacted by Covid-19 pandemics. As effect of Covid-19 pandemics raw material costing and others overhead increase as a result profit decrease from comparative year.

### **Dividend**

The Board of Directors has declared 1% stock and 1% Cash (Except Director and Sponsor Shareholders) dividend for the year ended June 30, 2021.

### **Statutory Auditors**

The Auditors of the Company, M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6<sup>th</sup> & 4<sup>th</sup> Floor), 292, Inner Circular Road, Fakira Pool, Motijheel, Dhaka, Bangladesh has carried out the audit of the company for the year ended 30 June 2021. They were appointed as Statutory Auditor in 17<sup>th</sup> AGM as per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015. The Board of directors has recommended & appointed of M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6<sup>th</sup> & 4<sup>th</sup> Floor), 292, Inner Circular Road, Fakira Pool, Motijheel, Dhaka, Bangladesh as auditor for the year 2021-2022 of the company as per Corporate Governance Code. M/S. Shafiq Basak & Co., Chartered Accountants, expressing their desire to work with the Company. In this regard the Board of Directors will be proposing the appointment of M/S. Shafiq Basak & Co., Chartered Accountants, Shatabdi Centre (6<sup>th</sup> & 4<sup>th</sup> Floor), 292, Inner Circular Road, Fakira Pool, Motijheel, Dhaka, Bangladesh as the statutory Auditor to the Shareholders in the 18<sup>th</sup> AGM for approval and fix their fees of Tk.4,00,000/=(Taka Four Lac Only) including AIT.

### **Professionals for Compliance of Corporate Governance Code**

The Board has appointed M/s. Mujibur Rahman & Co., Cost & Management Accountants, 17/19, Tajmahal Road (3<sup>rd</sup> Floor), Mohammadpur, Dhaka-1207 as professional for Report on Compliance Governance Code for the year 2021-2022 of the Company will be placed in the forthcoming 18<sup>th</sup> AGM for shareholder's approval and fixation of their fees.



## Acknowledgment

The Company express its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and aboard for their wholehearted co-operation and active support.

We are thankful to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd (DSE), Chittagong Stock Exchange Ltd (CSE), Registrar of Joint Stock Companies & Firms (RJSCF), Government and private sector Organization and many others for extending their co-operation to our company.

I, on behalf of the Board, also put on record my deep appreciation for the services and loyalty of the executives, officers and employees of the company at all levels without which we could not have achieved this result.

Thanks are also due to all directors, all executives, officers, staff and workers of the company for their excellent, sincere, dedicated efforts in achieving company's target during the year under review.

To ensure financial security we always welcome your suggestions and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Accounts 2020-2021 and Directors' Report placed before you.

Thanking you.

On behalf of the Board of Directors

Sd/-

**Md. Shadequul Alam (Yeasin)**

Chairman