



# **A** 2022-2023 **ANNUAL REPORT**



**VFS THREAD DYEING LIMITED**

# TABLE OF CONTENTS

◆ Letter of Transmittal	02
◆ Notice of the 13 <sup>th</sup> Annual General Meeting	03
◆ Corporate Information	04
◆ Brief History of the Company	05
◆ Membership Affiliation and Certification	06
◆ Vision, Mission and Objectives	07
◆ Code of Conduct and Ethics	08
◆ Corporate Annals	09
<b>Board of Directors &amp; Management of the Company</b>	
◆ Board of Directors and Management of the Company	10
◆ Profile of the Board of Directors	11-12
◆ Message From The Chairman	13
◆ Message From The Managing Director	14
◆ Financial Highlights	15-16
◆ Director's Report to the Shareholders	17-26
<b>Human Resources</b>	
◆ Corporate Culture	27
◆ Report on Human Capital Management	28
◆ Report on Human Resources Management	29
<b>Sustainability Reporting</b>	
◆ Corporate Social Responsibility Initiatives	31
◆ Environmental and Social Obligation	32
◆ Sustainability Reporting	33
◆ Occupational Health and Safety	34
◆ Report on Going Concern	35-36
◆ Corporate Organogram	37
◆ Report on Corporate Governance Guidelines	38-40
◆ VFSTDL CG Report 2022-2023	41-54
◆ Compliance Report on BAS & IFRS	55
◆ Audit Committee Report	56-57
◆ Nomination and Remuneration Committee Report	58-59
◆ Principles Of Disclosure Of Material Information (Mi) And Price Sensitive Information (PSI) of VFS Thread Dyeing Limited	61-63
◆ MD & CFO's Declaration	64
◆ Capital Structure of the Company	65
<b>Auditors Report &amp; Financial Statements</b>	
◆ Independent Auditor's Report	65-70
◆ Financial Statements	71-105
◆ Proxy Form	106

## LETTER OF TRANSMITTAL

The Shareholders  
Bangladesh Securities and Exchange Commission (BSEC)  
Registrar of Joint Stock Companies & Firms (RJSC)  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange PLC

**Subject: Annual Report for the year ended 30<sup>th</sup> June 2023.**

Dear Sir(s),

We are pleased to enclosed a copy of the Annual Report together with the Audited Financial Statement including Statement of Financial Position as at 30 June 2023, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity & Statement of Cash Flows for the year ended on 30 June, 2023, along with notes thereon of VFS Thread Dyeing Limited for your kind information and records.

Thanking you

Sincerely Yours,



**Samiran Kumar Biswas**  
Company Secretary



**VFS THREAD DYEING LIMITED**



**Annual Report  
2022-2023**

# Notice Of The 13th Annual General Meeting (Agm)



## VFS THREAD DYEING LIMITED

House # 257, Road # 3, Baridhara DOHS, Dhaka

### NOTICE OF THE 13TH ANNUAL GENERAL MEETING (AGM)

Notice is hereby given to all the Shareholders of **VFS Thread Dyeing Limited** that the 13th Annual General Meeting (AGM) of the Company will be held on **Saturday, 30 December 2023 at 12.30 P.M.** by using Virtual Digital Platform (In pursuance with BSEC order SEC/SRMIC/94-231/25 dated July 08, 2020) to transact the following business.

01. To receive, consider and adopt Audited Financial Statement of the Company for the year ended 30 June 2023 together with the Directors' Report and Auditors' Report thereon.
02. To declare dividend as recommended by the Board of Directors.
03. To elect Directors as per Articles of Association of the Company.
04. To appoint Statutory Auditor of the Company and fix their remuneration.
05. To appoint Compliance Auditor as per Corporate Governance Code
06. To transact any other business with the permission of the Chair.

For and on behalf of the Board

Dated: Dhaka  
7<sup>th</sup> December 2023

  
**Samiran Kumar Biswas**  
Company Secretary

#### Notes:

01. The Record Date is 16 November 2023. The shareholders whose name will be in the share register of the company and in the Depository Register on the Record Date will be eligible to attend at the 13<sup>th</sup> Annual General Meeting (AGM) and qualify for the dividend.
02. The 13<sup>th</sup> AGM of the company would be conducted through Digital Platform in line with the Order No. SEC/SRMIC/94-231/25 dated 08 July, 2020 of Bangladesh Securities and Exchange Commission.
03. Detail login process for the meeting will be available at Company's website [www.vfsthread.com](http://www.vfsthread.com) and the link will be mailed to the respective Member's email address and by SMS available with the Registers.
04. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf (through digital platform). Proxy form must be affixed with requisite revenue stamp and must be sent through email to the Share Department of the Company at [cfo@vfsthread.com](mailto:cfo@vfsthread.com) not more than 48 hours before the time fixed for the meeting.
05. Pursuant to the Bangladesh Securities & Exchange Commission Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018 the Company will send the Annual Report 2023 in soft format to the respective e-mail address of the shareholders available in their BO Account maintained with the Depository Participants (DP). However, interested shareholders may collect hard copy of the Annual Report-2023 from the Company's Share Department, by submitting a written request. The soft copy of the Annual Report-2023 will also be available at Company's website [www.vfsthread.com](http://www.vfsthread.com)
06. Members are requested to update particulars of their Bank Account, Email Address, NID No., Mailing Address, Contact Number and 12-digit Tax payer's Identification Number (E-TIN) in their CDBL account through Depository Participants (DP).

## CORPORATE INFORMATION

<b>Name of the Company:</b>	VFS Thread Dyeing Limited
<b>Legal Status</b>	A Public Company limited by shares registered under companies Act, 1994 and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange PLC.
<b>Date of Incorporation</b>	C-84051/10 dated: 20.04.2010
<b>Commencement of Commercial Operation</b>	2 <sup>nd</sup> July 2012
<b>Production Capacity</b>	7,168,619 lbs per year
<b>Registered Office</b>	House # 257 (3rd Floor), Road # 03 Baridhara DOHS, Dhaka-1206, Bangladesh
<b>Factory</b>	RS-36, Village: Gazipur, P.S: Gazipur Sadar, District- Gazipur, Bangladesh
<b>Nature of Business</b>	Dyeing and finishing of sewing thread of different types for 100% export oriented ready-made garments industries in Bangladesh
<b>Authorized Capital</b>	BDT 2,000 million
<b>Paid Up Capital</b>	BDT 1,055.800 million
<b>Date of Approval for IPO</b>	May 23, 2018
<b>Date of Listing with DSE</b>	August 08, 2018
<b>Date of Listing with CSE</b>	August 05, 2018
<b>Principal Bankers</b>	Sonali bank Limited, Local office Branch, Dhaka. Islami Bank Bangladesh Limited, Mohakhali Branch, Dhaka. Mercantile Bank Limited, Pragati Sarani Branch, Dhaka
<b>External Auditors</b>	M/s. Kazi Zahir Khan & Co. Chartered Accountants, Home Town Apartment (Level-15), 87 new Eskaton Road, Dhaka-1000, Bangladesh
<b>Legal Advisor</b>	SK. Md. Zahid Anwar
<b>Company's Website</b>	<a href="http://www.vfsthread.com">www.vfsthread.com</a>
<b>Email</b>	<a href="mailto:info@vfsthread.com">info@vfsthread.com</a>





## BRIEF HISTORY OF THE COMPANY

VFS Thread Dyeing Limited started its long and prosperous journey with a rather small infrastructural support in 2010, with the goal of becoming the premier of sewing thread solution in Bangladesh. After commercial operation in 2012, it never looked back ever since and grew rather drastically to meet the Company's goal.

The Company was registered as a private Company limited by shared with the Registrar of Joint Stock Companies and Firm under Companies Act, 1994 and subsequently it was converted into a public limited Company and listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited. We started our commercial operation from the Gazipur plant in 2012.

VFS Thread Dyeing Limited is a leading manufacturer & supplier of high quality Sewing Thread products to apparel industries in Bangladesh. The principal activities of the company include dyeing and finishing of different types of sewing thread yarn. The company has earned fames and laurels in respect of proper management and volume export and established itself as an innovative leader of 100% export oriented sewing thread of Spun Polyester, Core Spun and Synthetic Filament of all grades and nylon yarn with continuous advancement in customer service, competitive pricing, quality product, technical support and research & developments.

The production unit of VFS Thread Dyeing Limited is equipped with automatic high temperature and high pressure rapid yarn dyeing machines of different capacity, sophisticated yarn winding machines of both soft & hard cones, high efficiency rapid dryer and vacuum suction hydro-extraction for premium quality thread and through super-efficient quality control & finishing.

## Membership Affiliation and Certification

VFS Thread Dyeing Limited is affiliated with the following Association



Bangladesh Dyed Yarn Exporters Association



Bangladesh Garments Accessories & Packaging Manufacturers & Export Association

## CONFIDENCE IN TEXTILE: OEKO-TEX CERTIFICATE



### Vision Statement

To become the leader of world market by supplying superior quality products, services and value to our Customers of the thread industry through the high productivity, advanced technological innovation and absolute customer satisfaction by leveraging on the strengths of our well experienced professionals and infrastructural advantages within this decade.



### Mission Statement

To strive meeting the requirements of sewing thread for the 100% export oriented readymade Garments Industries of the country through a closer working relationship innovative manufacturing process and maintaining a quality customer service.



### Objectives

- ❖ To give emphasis on continuous development endeavors and value addition to become a leading sewing thread manufacturer and holding its position in the country.
- ❖ To protect shareholders' interest as well as maximize the wealth of the organization.
- ❖ To maintain a congenial working environment and sustainable resources.
- ❖ To practice good governance in every sphere of activities covering full disclosures and reporting to shareholders.



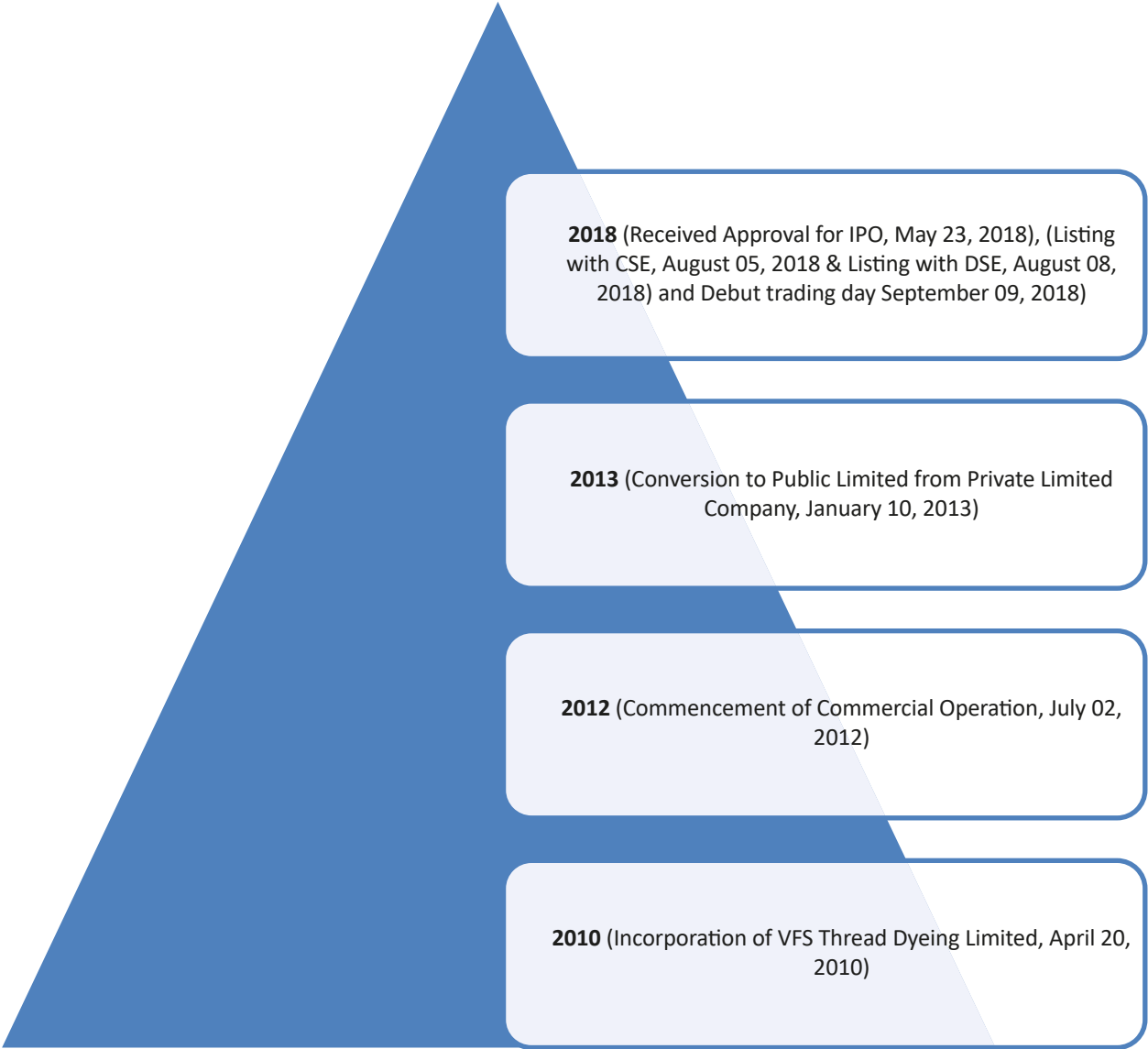
## CODE OF CONDUCT AND ETHICS

Since inception, VFS Thread Dyeing Limited (VFSTDL) has been governed by integrity, honesty, fair dealing and fulfillment with all applicable laws. VFSTDL believes that everyone can be benefited from practicing and promoting ethical behavior. Honesty and integrity foster a positive working environment that strengthens the confidence of all our stakeholders. Our Code of Ethics and Business Conduct addresses moral handling in our working environment, business practices and relationships with external stakeholders. We believe that as a result of consistently practicing our code of business conduct, VFSTDL has registered sustainable growth and continuous development in every year. The Code explains the standards of behavior that VFS Thread Dyeing Limited expects of its employees in their daily activities and dealing with others. It also identifies guiding principles to help them make decisions consistent with VFSTDL's values and reputation.

### The Code of Ethics and Business Conduct of the Company

- ❖ **Compliance with Laws, Rules and Regulations:** VFS Thread Dyeing Limited always respects the relevant laws and regulations associated with its business and others. Compliance with all applicable laws and regulations must never be compromised. Moreover, employees are adhering to internal rules and regulations. All officials of VFSTDL are instructed to abide by all applicable laws and regulation without creating any obstacle.
- ❖ **Confidential Information:** VFSTDL values and protects confidential information and respects the confidential information of others. Confidential information consists of any information that is not or not yet public information. It includes innovations, ideas, trade secrets, business, marketing and service plans, engineering and manufacturing ideas, product recipes, databases, records, salary information and any no published financial or other data. Continued success of VFSTDL depends on the use of its confidential information and its non-disclosure to third parties. VFSTDL may provide all confidential information as per requirement of regulatory authority with permission of the Board.
- ❖ **Accuracy of Records and Reporting:** All of our books, records, accounts and financial statements are being maintained in reasonable details, appropriately reflecting our Company's transactions and conforming to all applicable legal requirements. VFSTDL believes that accurate information and reports helps the management to take accurate decision. To keep and maintain maximum accuracy, VFSTDL introduced effective internal control system. Official of the Company are instructed to report in time to DSE/CSE/BSE Casper their requirement.
- ❖ **Equal Employment Opportunity:** VFS Thread Dyeing Limited creates equal opportunity of the employee in the organization. The Board of VFSTDL ensures safe and secured working environment. The company also provides dormitory facilities for the workers. Health Insurance, WPPF, Production Bonus and other facilities are also provided to the employees of VFS Thread Dyeing Limited. The Company doesn't allow discrimination against any person on the basis of race, religion, color, gender, age, citizenship in recruiting, hiring, placement, promotion or any other condition of employment.
- ❖ **Insider Trading:** We respect and follow the Insider Trading Rules when buying or selling VFSTDL's securities. VFS prohibits the purchase and sale of its shares or securities on the basis of potential share prices and relevant information which is not yet public. VFS aware its employees regarding the insider trading rules.
- ❖ **Conflict of Interest:** A Conflict of Interest occurs when personal interests of an employee or the interests of a third party compete with the interests of the Company. If a conflict of interest situation occurs or if an employee faces a situation that may involve or lead to a Conflict of Interest, then the employee discloses it to his or her reporting Manager and/or the HR or the Legal or Compliance Function to resolve the situation in a fair and transparent manner.

## CORPORATE ANNALS



**2018** (Received Approval for IPO, May 23, 2018), (Listing with CSE, August 05, 2018 & Listing with DSE, August 08, 2018) and Debut trading day September 09, 2018)

**2013** (Conversion to Public Limited from Private Limited Company, January 10, 2013)

**2012** (Commencement of Commercial Operation, July 02, 2012)

**2010** (Incorporation of VFS Thread Dyeing Limited, April 20, 2010)

## BOARD OF DIRECTORS AND MANAGEMENT OF THE COMPANY

### Board of Directors

Sarwat Khaled	Chairman
M.Azhar Rahman	Managing Director
Rumana Hashem	Director
Tariqul Islam	Director
Tanveer Hossain	Independent Director

### Audit Committee

Tanveer Hossain	Chairman
Independent Director	
Tariqul Islam	Member
Director	
Rumana Hashem	Member
Director	
Samiran Kumar Biswas	Member Secretary
Company Secretary	

### Nomination & Remuneration Committee (NRC)

Tanveer Hossain	Chairman
Tariqul Islam	Member
Sarwat Khaled	Member
Somiran Kumar Biswas	Member Secretary

### Management Committee

Md. Rasel	Chief Financial Officer (CFO)
Samiran Kumar Biswas	Company Secretary
Md. Kabir Hossain	Head of Internal Audit
Md. Siddiqur Rahman	General Manager (GM Commercial)
Azizur Rahman	Manager (Marketing & Sales)
Rakib Hasan	Manager (Marketing & Sales)

## PROFILE OF THE BOARD OF DIRECTORS



**Sarwat Khaled**  
Chairman

**Sarwat Khaled**, Chairman of the Company born in a well-known business family in Chittagong in 1974. After completion of her Masters of Commerce from University of Dhaka, she engages herself in business. She is a dynamic and energetic business lady with over 16 years of business experience in different sectors. She started her business carrier in trading of textile and IT products, than expanded it to manufacturing and exporting of different types of garments & agro based items. She became a successful business person in short time of her business career with her sincerity, honesty and conceptual problem solving ability.



**M. Azhar Rahman**  
Managing Director

Mr. M. Azhar Rahman, Managing Director of the Company is a professional and dynamic business person having above 20 years of business experience in different business. He was born in 1974 in a sophisticated business family in Dhaka. He completed his Master's in Business Administration (MBA) from University of London, UK and then he engages himself into business. His interpersonal skills, leadership behavior, high analytical ability and hardworking nature made him worth as a business leader in a short period. During his tenure of business career, he gained business knowledge in textiles, yarn dyeing, agro based and readymade garment industries.



**Rumana Hashem**  
Director

Rumana Hashem, Director of the Company is a highly qualified person who took her Doctoral Degree (PhD) from University of East London, UK. She completed her Post Masters from Munich University, Germany and Masters from Dhaka University. She is an excellent entrepreneur and a bona fide business person.



**Md. Tariqul Islam**  
Director

Tariqul Islam, Director of the Company born in a well-known business family in 1968 in Dhaka. After completion of his Bachelor Degree in Architecture from Bangladesh University of Engineering and Technology (BUET), He engages himself in business. He also involved in many social activities and similar works. He became a successful business person of his business career with his sincerity, honesty and practical problem solving ability. His interpersonal skills, leadership behavior and hardworking nature made him worth as a successful business leader.



**Tanveer Hossain**  
Independent Director

Tanveer Hossain, independent director of VFS Thread Dyeing Limited born in a well-known business family. He completed his Graduation in Computer Information System under Ryerson University, Toronto, Canada. After completion of his study he engaged himself in business. He started business of garments accessories and IT Product. He also worked with different industrial products and gained experience in internal control system and well experienced in financial statement analysis and issues related to internal audit, external audit and internal control system. He became a successful business person having above 14 years of business experience with his interpersonal skills, honesty and conceptual problem solving ability. His leadership behavior, high analytical ability and hardworking nature made him a leading business person in the society. He is also a member of Narayanganj Chamber of Commerce & Industry bearing membership No. 1497.





## MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmanir Rahim

Respected Members, Shareholders and Other Stakeholders,

Assalamualaikum

It is a great pleasure for me to be here with you at the 13<sup>th</sup> Annual General Meeting of VFS Thread Dyeing Limited. On behalf of the Board of Directors and myself, I express my heartfelt thanks and profound gratitude to you for your support and trust to us. It is my privilege to present to you VFSTD L's Annual Report for the Year ended June 30, 2023.

I am very pleased to announce that this is the 6<sup>th</sup> AGM after issuing capital to the shareholders through IPO. We are trying to deliver the value to the shareholders who have trusted us. VFSTD L, Your Company, trying to perform well during the year. We believe that our endeavors and team work have enabled VFSTD L to achieve new milestones by working with integrity and focusing sustainable business development.

The Russian invasion of Ukraine has happened at a time when the world just started to recover from the fallout caused

by more than two years of Covid-19 pandemic. But the recovery is facing inflationary pressure due to supply shortages in the face of higher demands as countries are beginning to expand economic activities. The ongoing war has created a new shock for the world. Supply disruptions and financial sanctions pose serious economic challenges. With no signs of reconciliation between Russia and Ukraine, the global economic implications will be much more severe. Due to war and worldwide recession our export/sales has been decrease during the year compare to previous year. In this situation we have achieved Tk. 55.09 Crore Turnover and Tk. 7.39 Crore net Profit in 2022-23. The board of directors of VFSTD L has recommended 2% Cash (Excluding Directors) dividend for the year 2022-23.

VFSTD L recognizes that its people are most valuable asset, the prudent development, deployment and management of its human resources have been a key contributor to the Company's success. We value the contributions of our employees to the organization and we adopted policy to reward them accordingly.

At VFS we are working for a better future for our stakeholders, buyers, employees and society at large. I would like to thank also the employees of our company without who's their effort and commitment we would not be able to hold such a strong position. I would also like to extend my gratitude to Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Registrar of Joint Stock Companies and Firms, national Board of Revenue, Central Depositor Bangladesh Limited and our shareholders for their valuable guidance, support and cooperation in response to our need. Our commitment is to attain our mission through execution of prudent business strategies and policies while ensuring contribution towards national economy.

Yours sincerely

SARWAT KHALED

**Sarwat Khaled**

Chairman



## MESSAGE FROM THE MANAGING DIRECTOR

### **Bismillahir Rahmanir Rahim**

I am very much pleased and feel privileged to attend with you at the 13th Annual General Meeting of VFS Thread Dyeing Limited (VFSTDL). VFSTDL is one of the leading manufacturers and deem exporter of Sewing Thread in Bangladesh. The company incorporated as a private limited company on April 20, 2010 and started its commercial operation in 2012. Subsequently the company converted into Public Limited Company from private Limited Company and listed with Dhaka Stock Exchange Limited (DSE) & Chittagong Stock Exchange PLC (CSE).

Although sewing thread is a very small portion of the retail selling price of a garment, it is an integral component of the product. Since the vast majority of seams in garments are held together by sewing thread, we can surly recognized that the major responsibility of a garments performance depends of its sewing thread.

The main objective of our company is to maximize shareholder's wealth by making profit. From the beginning our management committee has been committed to maintain sustainable growth and profit of

the company. The management committee also committed to deliver a sustainable return to shareholders and to contribute in the national exchequer. From the financial year 2022-2023 our company has obtained 7.39 Crore net profit. Management of VFSTDL has considered the current situation and declared 2% Cash dividend (Excluding Directors) to the existing Shareholders.

I will conclude by expressing my personal gratitude and appreciation to our Board of Directors, the management and all employees of VFS Thread Dyeing Limited for their hard work and dedication to achieve our objectives and ambitions. The dedication and commitment of all our employees towards our customers are the main driving force in our performance and i believe that team VFS will contribute their best for a much better output in future.

Thanking You

M. Azhar Rahman  
Managing Director

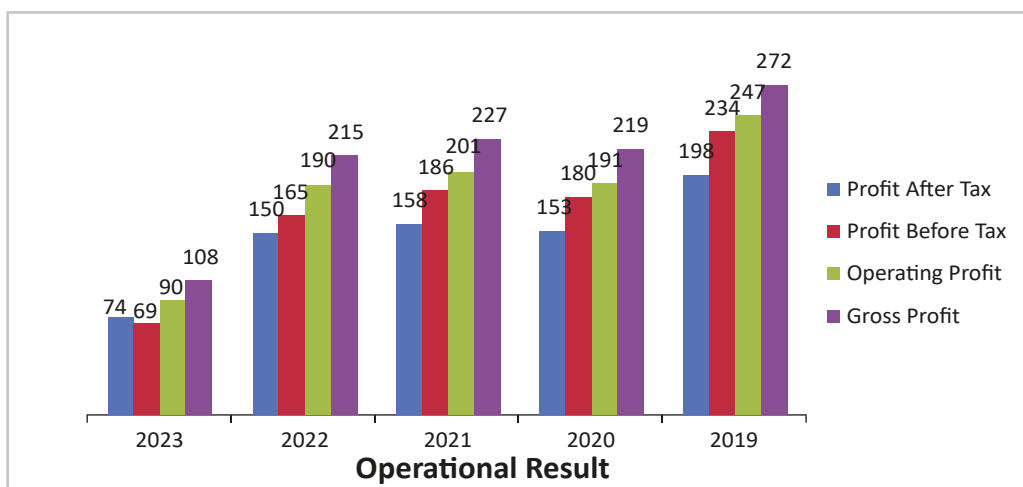
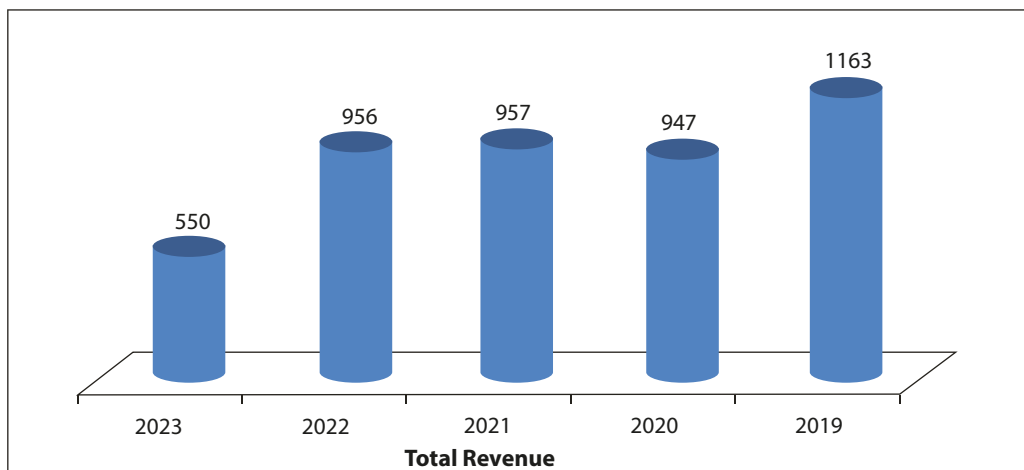
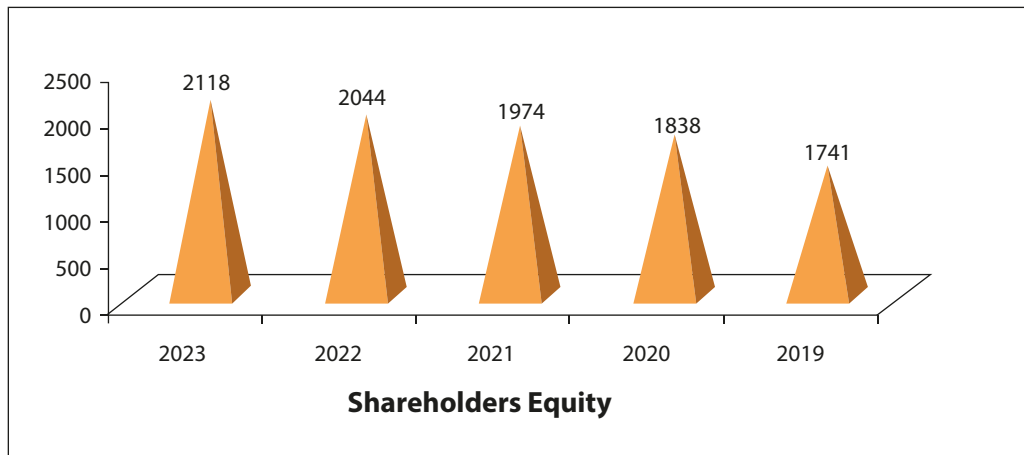
# FINANCIAL HIGHLIGHTS

## KEY OPERATING AND FINANCIAL DATA:

Particulars	Amount in Taka				
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
<b>Operational</b>					
Turnover	550,935,960	956,234,575	957,302,752	947,737,752	1,163,177,420
Gross Profit	107,643,020	215,072,463	227,095,240	219,433,437	272,396,162
Operating Profit	89,811,128	189,857,463	200,886,655	191,279,385	247,239,030
Net Profit Before Tax	69,411,086	165,205,621	185,810,358	179,737,205	233,874,893
Net Profit After Tax	73,945,863	150,313,847	157,891,766	152,772,062	198,415,685
<b>Statements of Financial position data</b>					
Authorized Capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	1,000,000,000
Paid up Capital	1,055,800,552	1,055,800,552	1,055,800,552	1,025,049,080	931,862,800
Retained Earnings	1,062,534,018	988,588,155	918,681,135	812,831,263	809,258,397
Shareholders' Equity	2,118,334,570	2,044,388,707	1,974,481,687	1,837,880,343	1,741,121,197
Fixed Assets	869,979,118	933,753,501	941,972,776	919,681,270	973,670,159
Other Non-current Assets	9,524,848	10,547,104	6,666,593	5,521,252	3,856,950
Total Non-current Assets	879,503,966	944,300,605	1,008,642,369	925,202,522	977,527,109
Current Assets	1,723,233,032	1,693,579,263	1,546,513,870	1,159,957,799	980,683,561
Total Assets	2,602,736,998	2,637,879,869	2,555,156,239	2,085,160,321	1,958,210,669
Non-current Liabilities	126,230,914	146,973,220	155,023,425	56,028,135	49,242,216
Current Liabilities	358,171,515	446,517,941	425,651,127	191,251,842	167,847,257
Total Liabilities	484,402,429	593,491,161	580,674,552	247,279,978	217,089,473
<b>Financial Ratios</b>					
Gross Profit Ratio %	19.54%	22.50%	23.72%	23.15%	23.41%
Operating Income Ratio %	16.30%	19.85%	20.98%	20.18%	21.25%
Net Income Ratio %	13.42%	15.72%	16.49%	16.12%	17.05%
Debt Equity Ratio (Time)	0.13	0.18	0.17	0.13	0.12
Return on Equity Ratio %	3.49%	7.35%	8.00%	8.31%	11.39%
Current Ratio %	4.81	3.79	3.63	6.07	5.84
<b>Other Data</b>					
Net Asset (NAV) Per Share	20.06	19.36	18.70	17.93	18.68
Earnings per Share	0.70	1.42	1.50	1.45	2.15
Dividend per Share	C-2% (Excluding Director)	Stock-5% (Subject to BSEC Approval)	C-11% (Excluding Director)	S-3% & C-3% (Excluding Director)	S-10% & C-6%
Number of Shares	105,580,055	105,580,055	105,580,055	102,504,908	93,186,280
Face Value per Share	10	10	10	10	10

## FINANCIAL HIGHLIGHTS IN THE FORM OF GRAPHICAL REPRESENTATION

Amount in Million



# DIRECTORS' REPORT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Dear Shareholders

Assalamualaikum

On behalf of the Board of Directors of VFS Thread Dyeing Limited (VFSTDL) I welcome you all in the 13th Annual General Meeting. The Board of Directors is pleased to take the opportunity to present you the Audited Financial Statements of the Company for the year ended June 30, 2023, Auditors' report and the Directors' Report thereon along with Company's performance and other matters in terms of Companies Act 1994, Listing regulation of DSE & CSE, the guidelines issued by Bangladesh Securities and Exchange Commission and International Accounting Standards and other applicable rules and regulations.

## Background

VFS Thread Dyeing Limited was incorporated with the Registrar of Joint Stock Companies and Firms (RJSCF) on April 20, 2010 and has been converted into a Public Limited Company on January 10, 2013 under the Companies Act, 1994. The Company went for Initial Public Offering of shares in May 2018 which was fully subscribed and issued. The Company was listed with Dhaka Stock Exchange Limited (DSE) on August 08, 2018 and Chittagong Stock Exchanges (CSE) on 05 August 2018. The Authorized capital of the company is Tk. 2,000.00 million and paid up capital Tk. 1,055.800 million.

## Revenue

As you are aware that the Company is 100% deemed exporter, mainly engaged in the business of Dyeing & finishing of Sewing Thread for use in the export oriented garments Industry. The turnover of the Company stood at Taka 55.09 Crore in 2022-23. During the last few years the textile sectors had to face many barriers both domestically and internationally with the ongoing world recession. Still the discreet management of process control system has enabled the company to avoid financial devastation and earn substantial profit instead.

**The operating financial results of the Company for the year 2022-23 as compared to previous year are summarized hereunder:**

Particular	2022-2023	2021-2022
Turnover	550,935,960	956,234,575
Gross Profit	107,643,020	215,072,463
Financial Expenses	17,368,169	16,737,173
Other Income	438,681	345,612
Net Profit (BT)	69,411,086	165,205,621
Provision for Taxation	(4,534,777)	14,891,774
Net Profit (AT)	73,945,863	150,313,847
Gross Margin (Turnover)	19.54%	22.50%
Net Margin (BT)	12.60%	17.28%
Net Margin (AT)	13.42%	15.72%
Earnings per Share	0.70	1.42
Weighted Average Number of Share	105,580,055	105,580,055
Number of Share Outstanding	105,580,055	105,580,055



### Industry outlook and possible future developments in the industry

The company is 100% deemed exporter, mainly engaged in the business of Dyeing & finishing of Sewing Thread for use in the export oriented garments Industry. Competitive wage rate together with easily trainable workforce, entrepreneurial skill, expanding supply side capacity, and government policy support helped to translate the comparative advantages into competitive advantages of this industry. As one of the premier sewing thread manufacturer in Bangladesh, we will make full use of our business potential and dynamics to benefit over-proportionally from the accelerating economic growth while always keeping in mind the interests of our shareholders.

As the company has been operated in the market for a long time with reputation and commitment, we are confident that we can hold our reputation as a quality supplier of sewing thread products in Bangladesh.

### Segment Reporting

The company operates in one segment, which is the business of Dyeing & finishing of Sewing Thread.

### 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.

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

Similarly, risks and concern of the industry depends on the upcoming Government policy as well. However, garments being the major foreign currency earner have always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future. In the same way sewing thread industry also be enjoyed 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.

### A discussion on cost of goods sold, gross margin and net profit margin

Profit from Operation	30-June-2023		30-June-2022	
	Amount	Percentage	Amount	Percentage
Sales	550,935,960	100%	956,234,575	100%
Cost of Goods Sold	443,292,940	80.46%	741,162,112	77.50%
Gross Profit	107,643,020	19.54%	215,072,463	22.50%
Net Profit	73,945,863	13.42%	150,313,847	15.72%

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

Extraordinary gains or losses refer to infrequent and unusual gain or loss and which is not part of the Company's ordinary/day to day operations. There is no such gain or loss during the year under reporting.

### Related party transactions

Related party transactions are depicted in note no. 36 of the notes to the financial statements.

### Statements of utilization of proceeds raised through public issue

We have raised Tk. 22.00 Crore through IPO in the year 2018 and have been starting utilization of IPO proceeds and completed in 2018. The break-up of total IPO proceeds are as follows:

Particulars	Amount in Taka
Acquisition of Plant & Machinery	177,345,613
Partial Payment of Term Loan	25,092,728
IPO Expenses	17,561,659
<b>Total</b>	<b>220,000,000</b>

**Deteriorate of Financial results after (IPO), (RPO), Rights Share Offer, Direct Listing, etc.**

There is no deterioration of financial results during the financial year ended 30 June, 2023.

**Significant variance of that occurs between Quarterly and Annual financial statements**

There is no significant variance between Quarterly and Annual financial statements during the year ended June 30, 2023.

**A statement of remuneration paid to the directors including independent directors.**

The company has no remuneration paid to Independent Director excluding other directors and managing director. (Details are shown in Financial Statements Note. 36)

**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 following:

- a) The financial statements prepared by the management of the company present fairly 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 the accounting estimates are based on reasonable and prudent judgment.
- d) The financial statements were prepared in accordance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRSs).
- e) The CEO & CFO certified the board that they have reviewed the financial statements and belief these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- f) The CEO & CFO certified the board that they have reviewed the financial statements and belief these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws;
- g) The CEO & CFO certified the board that they have reviewed the financial statements and belief these statements no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct.

**Internal Control:**

The system of internal control is sound in design and has been effectively implemented and monitored.

**Interest of Minority Shareholder:**

Since the company follows corporate governance guidelines in prescribed by the Bangladesh Securities and Exchange Commission (BSEC), so the minority shareholders have been protected from abusive action by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress.

**Going Concern:**

While providing the financial statements, the directors have analyzed the financial statements, business operation, and other major indicators for enabling them to understand the ability of the company to continue its operation for the foreseeable period. Directors are convinced and have a reasonable expectation that the company has adequate resource to continue its operation consistently for the foreseeable future.

**Significant deviation from last year financial operation:**

The company has no significant deviation from last year financial result during the financial year ended 30 June, 2023 except the following:

- a) Gross Margin and EPS: Gross margin and earning per share has been decreased from 22.50% to 19.54% and from 1.42 to 0.70 subsequently due to decrease sales during the year from previous year.
- b) Net Profit before Tax: Net profit before tax has been decreased from 17.28% to 12.60% due to decrease sales during the year.
- c) Net Operating Cash flows per Share: NOCFPS has been increased from Tk. 0.58 to Tk. 1.23 during the year, since the supplier's payment was decrease during the year from previous year.

**KEY OPERATING AND FINANCIAL DATA:**

The summarized key operating and financial data of five years are given below:

**Five Years Operational result:**

Particulars	Amount in Taka				
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
<b>Operational</b>					
Turnover	550,935,960	956,234,575	957,302,752	947,737,752	1,163,177,420
Gross Profit	107,643,020	215,072,463	227,095,240	219,433,437	272,396,162
Operating Profit	89,811,128	189,857,463	200,886,655	191,279,385	247,239,030
Net Profit Before Tax	69,411,086	165,205,621	185,810,358	179,737,205	233,874,893
Net Profit After Tax	73,945,863	150,313,847	157,891,766	152,772,062	198,415,685
<b>Statements of Financial position data</b>					
Authorized Capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	1,000,000,000
Paid up Capital	1,055,800,552	1,055,800,552	1,055,800,552	1,025,049,080	931,862,800
Retained Earnings	1,062,534,018	988,588,155	918,681,135	812,831,263	809,258,397
Shareholders' Equity	2,118,334,570	2,044,388,707	1,974,481,687	1,837,880,343	1,741,121,197
Fixed Assets	869,979,118	933,753,501	941,972,776	919,681,270	973,670,159
Other Non-current Assets	9,524,848	10,547,104	6,6669,593	5,521,252	3,856,950
Total Non-current Assets	879,503,966	944,300,605	1,008,642,369	925,202,522	977,527,109
Current Assets	1,723,233,032	1,693,579,263	1,546,513,870	1,159,957,799	980,683,561
Total Assets	2,602,736,998	2,637,879,869	2,555,156,239	2,085,160,321	1,958,210,669
Non-current Liabilities	126,230,914	146,973,220	155,023,425	56,028,135	49,242,216
Current Liabilities	358,171,515	446,517,941	425,651,127	191,251,842	167,847,257
Total Liabilities	484,402,429	593,491,161	580,674,552	247,279,978	217,089,473
<b>Financial Ratios</b>					
Gross Profit Ratio %	19.54%	22.50%	23.72%	23.15%	23.41%
Operating Income Ratio %	16.30%	19.85%	20.98%	20.18%	21.25%
Net Income Ratio %	13.42%	15.72%	16.49%	16.12%	17.05%
Debt Equity Ratio (Time)	0.13	0.18	0.17	0.13	0.12
Return on Equity Ratio %	3.49%	7.35%	8.00%	8.31%	11.39%
Current Ratio %	4.81	3.79	3.63	6.07	5.84
<b>Other Data</b>					
Net Asset (NAV) Per Share	20.06	19.36	18.70	17.93	18.68
Earnings per Share	0.70	1.42	1.50	1.45	2.15
Dividend per Share	C-2% (Excluding Director)	Stock-5% (Subject to BSEC Approval, and subsequently cancel by BSEC )	C-11% (Excluding Director)	S-3% & C-3% (Excluding Director)	S-10% & C-6%
Number of Shares	105,580,055	105,580,055	105,580,055	102,504,908	93,186,280
Face Value per Share	10	10	10	10	10

**Dividend Policy:** The Board of Directors of VFS Thread Dyeing Limited has established a dividend policy, which forms the basis for the proposals on dividend payments that it makes to the Shareholders taking into consideration the business performance of the Company and its strategic initiatives. The Board believes that it is in the best interest of Company to draw up a long-term and predictable dividend policy. The Board has approved the following dividend policy:

**Important highlights of the Dividend Distribution Policy are as follows:**

#### **Procedure for payment of dividends**

Dividend would be recommended by the Board of Directors based on the Annual Audited Financial Statements of the company. All requisite pre-approvals and clearance were obtained before the declaration of dividend. Dividend shall be approved by the Shareholders at an Annual General Meeting (AGM) on the basis of recommendation of the Board of Directors but no dividend shall exceed the amount recommended by the Directors. No dividend shall be paid other than out of profits of the year or any other undistributed profits. No dividend shall be declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the company, if any, or through reducing paid-up capital or through doing anything so that the post-dividend retained earnings become negative or a debit balance.

#### **Final Dividend**

The Board of Directors of the company shall recommend final dividend for the shareholders on the basis of annual audited financial statements and declare the shareholders who shall be entitled to such dividend. The decision about recommending or not recommending final dividend entitlement for such dividend, if recommended, shall be taken after considering the interim dividend already distributed and cannot be changed prior to holding of the AGM. In case of declaration of stock dividend for the year, the company shall explain the reason for declaring stock dividend and utilization such retained amount as capital (stock dividend) shall be disclosed in the annual report.

#### **Entitlement to Dividend**

The Shareholders whose names would appear in the Register of the company and/or in the Depository on the 'Record Date' would be entitled to receive the dividend and would be eligible to join the AGM and entitled to receive the annual/final dividend. Payment of dividend VFSTD L shall pay off the final dividend to the entitled shareholders, within 30 (thirty) days from the date of approval by shareholders in AGM.

#### **Cash Dividend**

**Cash dividend shall be distributed in the following manner and procedures:**

- VFSTD L shall pay off cash dividend directly to the bank account of the entitled shareholders as available in the BO account maintained with the depository participant (DP), or the bank account as provided by the shareholders in paper form, through Bangladesh Electronic Funds Transfer Network (BEFTN).
- VFSTD L may pay off such cash dividend through bank transfer or any electronic payment system as recognized by the Bangladesh Bank, if not possible to pay off through BEFTN.
- Upon receiving the claim on cash dividend from a stock broker or a merchant banker or a portfolio manager for the margin client or customer who has debit balance or margin loan, or as per intention of the client of stock broker or merchant banker or portfolio manager, VFSTD L shall pay off such cash dividend to the Consolidated Customers' Bank Account (CCBA) of the stock broker or to the separate bank account of the merchant banker or portfolio manager through BEFTN.
- In case of non-availability of bank account information or if not possible to distribute cash dividend through BEFTN or electronic payment system, VFSTD L shall issue cash dividend warrant and shall send it by post to the shareholders. VFSTD L shall maintain detailed information of unpaid or unclaimed cash dividend and rationale thereof, as per BO account (number-wise or name-wise or folio number-wise) of the shareholders, and shall also disclose the summary of aforesaid information in the annual report and shall also report in the statements of financial position (Quarterly/annually) as a separate line item 'Unclaimed Dividend Account'. VFSTD L shall publish the year-wise summary of its unpaid or unclaimed cash dividend in the website.

**Stock Dividend**

VFSTDL shall credit stock dividend directly to the BO account or issue the bonus share certificate of the entitled shareholders, as applicable, within 30 (thirty) days of declaration or approval or record date, as the case may be, subject to clearance of the exchange(s) and the Central Depository Bangladesh Limited (CDBL). VFSTDL shall follow the provisions of Regulation 46 of the Depository Regulation, 2003 for issuance of bonus shares. VFSTDL shall maintain a Suspense BO Account for undistributed or unclaimed stock dividend or bonus shares and shall also follow the under mentioned procedures for ensuring the rightful ownership:

- VFSTDL shall send at least 3 (three) reminders to the entitled shareholders.
- The Suspense BO Account shall be held under Block Module and such undistributed or unclaimed stock dividend or bonus shares shall not be transferred in any manner except for the purpose of allotting the bonus shares as and when the allottee approaches to the issuer.
- Any corporate benefit in terms of shares accrued on such undistributed or unclaimed stock dividend or bonus shares shall be credited to the Suspense BO Account.
- VFSTDL shall, upon receiving application from the allottee and after proper verification of identity and his entitlement, credit the bonus shares lying with the Suspense BO Account to the BO account of the allottee, or issue bonus shares to the allottee, as applicable, within 15 (fifteen) days of receiving application with an information to the Bangladesh Securities and Exchange Commission (BSEC) and Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE).
- Any voting rights on such undistributed or unclaimed stock dividend or bonus shares shall remain suspended till the rightful ownership claim of the shareholders is established.

**Payment of unclaimed or unpaid cash dividend and stock dividend:**

VFSTDL shall not forfeit any unclaimed cash dividend or stock dividend till the claim becomes barred by the law of land inforce. VFSTDL shall follow the rules & regulations of the regulators issued from time to time regarding payment of unclaimed or unpaid cash dividend and stock dividend to the entitled shareholders.

**Submission of dividend distribution compliance report:**

VFSTDL shall submit a dividend distribution compliance report to BSEC, DSE & CSE in a specified format issued by the regulator(s) within stipulated time of completion of dividend distribution to the entitled shareholders.

**Dividend:**

Subsequent to the statements of financial position date, the board of director in their meeting held on October 26, 2023 recommended 2% Cash (Excluding Directors) dividend to the existing share held at record date for the year ended 30 June 2023.

Particulars	2023	2022
Profit available for appropriation		
Profit/Loss after Tax	73,945,863	150,313,847
Un-appropriated profit brought forward from previous year	1,068,994,982	918,681,135
Total amount available for appropriation	1,142,940,845	1,068,994,982
<b>Appropriation</b>		
Closing Retained Earnings at year end (Before Proposed final dividend)	1,142,940,845	1,068,994,982
Proposed Dividend for the Year 2023 (2% Cash Excluding Directors)	14,619,423	52,790,028
<b>Retained earnings after Proposed dividend</b>	<b>1,128,321,422</b>	<b>1,016,204,954</b>

**Interim Dividend:** The Board of Director was not declared any bonus share or Stock dividend as interim dividend during the year.



### Emphasis of Matter

As discussed in note no. 8.00 the volume of inventories is high in comparison to purchase, production capacity, cost of goods sold and turnover as a whole. However, technical status report as on 30 June, 2023 on the quantity, quality and value of inventories has been provided to us done by the management. The company provided us a written explanation regarding the increase in volume of inventories and slow movement of stock. There is some slow moving inventory.

As disclosed in note no. 10.00 of the financial statements related to trade receivable, the balance of the trade receivables has been increasing years to years significantly. Revenue decreased by amount of TK. 405,298,615 around 42.5% but Trade receivable increased by Tk. 15,705,025. The ageing period is unlikely in comparison to other companies of the same industry. Hence, recovery of trade receivable and also existence of the balances as on date is doubtful and there is expected credit loss as per IFRS 7, but no provision for bad debts has been accounted for. Confirmations/certificate of lying balances as on 30 June, 2023 with the concerned parties were requested but not received.

### Board Meeting and Attendance

During the year 5 (Five) nos. of Board Meetings were held. The attendance record of the directors is as given below:

Name of Directors	Attendance
Sarwat Khaled	5
M Azhar Rahman	5
Rumana Hashem	5
Tariqul Islam	5
Tanveer Hossain	5

### Shareholding pattern

The shareholding of directors at the end of 30 June, 2023 is shown as bellow:

Name of the shareholders	Position	Shares held	%
<b>a. Parent/Subsidiary/Associated companies and other related parties</b>	-	-	-
<b>b. Directors, Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and compliance their Spouse and Minor Children:</b>			
Sarwat Khaled	Chairman	8,088,487	7.66%
M.Azhar Rahman	Managing Director	17,149,088	16.24%
Rumana Hashem	Director	3,469,076	3.29%
Tariqul Islam	Director	3,776,289	3.58%
Tanveer Hossain	Independent Director	Nil	-
Md. Rasel	Chief Financial Officer	Nil	-
Samiran Kumar Biswas	Company Secretary	Nil	-
Md. Kabir Hossain	Head of Internal Audit	Nil	-
<b>c. Executives; and</b>	<b>Nil</b>	<b>-</b>	<b>-</b>
<b>d. Shareholders holding 10% or more voting interest in the company:</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Directors involved in other Companies:

SL.	Name	Position in VFSTDL	Involvement	
			Name of company	Position
1	Sarwat Khaled	Chairman	VFS Apparels & Design Limited	Director
2	M. Azhar Rahman	Managing Director	Oryza Agro Industries Limited	Director
			VFS Apparels & Design Limited	Director
			Decolete Collections Limited	Director
3	Rumana Hashem	Director	Hemple Rhee Manufacturing Co. (BD) Ltd.	Shareholder
4	Tariqul Islam	Director	None	None
5	Tanveer Hossain	Independent Director	Quantas Corporation Ltd.	Director

### 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 13th annual general meeting and being eligible offer themselves for re-election and information to the shareholders:

- A. A brief resume of the director;
- B. Nature of his or her experience in specific functional areas; and
- C. Names of Companies in which the person also holds the directorship and the membership of Committees of the board.

- 1) **Sarwat Khaled, (Director & Chairman):** She has resigned from the board and applied to be re-appointed. Through he is eligible and board has re-appointed as Director & Chairman.

Sarwat Khaled, Chairman of the Company born in a well-known business family in Chittagong in 1974. After completion of her Masters of Commerce from University of Dhaka, she engages herself in business. She is a dynamic and energetic business lady with over 16 years of business experience in different sectors. She started her business carrier in trading of textile and IT products, then expanded it to manufacturing and exporting of different types of garments & agro based items. She became a successful business person in short time of her business career with her sincerity, honesty and conceptual problem solving ability. She also holds the directorship of VFS Apparels & Design Limited.

Sarwat Khaled is also the member of Nomination and Remuneration Committee.

- 2) **Tariqul Islam, (Director):** He has resigned from the board and applied to be re-appointed. Through he is eligible and board has re-appointed as Director.

Tariqul Islam aged 53, Director of the Company born in a well-known business family in 1968 in Dhaka. After completion of his Bachelor Degree in Architecture from Bangladesh University of Engineering and Technology (BUET), He engages himself in business. He also involved in many social activities and similar works. He became a successful business person of his business career with his sincerity, honesty and practical problem solving ability. His interpersonal skills, leadership behavior and hardworking nature made him worth as a successful business leader.

Tariqul Islam is also the member of Nomination and Remuneration Committee.

### Management Discussion and analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among other focusing on:

The Management of VFS Thread Dyeing Limited, continue the effort to run the business with high level of integrity, accountability & honesty. Quality of work, skilled human resources is the main assets of the company. We have maintained the friendly work environment, good governance and comply all rules and regulation.

The management also comply the all applicable rules and regulation for its financial information also preparing the financial statements. In addition to that the management states that-

- a. Appropriate accounting policies and estimation made for preparation of financial statements.
- b. There is no significant change in Accounting Policies and estimations that may impact on financial position and financial performance.
- c. Comparative analysis

### The comparative analysis of key components of Financial Statements given below;

Figure in Million

Particulars	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019
Turnover	550.93	956.23	957.30	947.73	1,163.17
Net Profit After Tax	73.94	150.31	157.89	152.77	198.41
Earnings Per Share	0.70	1.42	1.50	1.45	1.96
Net Operating Cash Flows Per Share	1.23	0.58	0.-67	0.64	0.37

The economic scenario of Bangladesh has been good. Bangladesh averaged a GDP growth of 6% in 2023 according to the updated IMF forecasts from 30 September 2023. As of 2021, Bangladesh's GDP per capita income is estimated as per IMF data at US\$ 2621, which was USD 2688 in FY 2021-22. We are going to be middle income country by 2027. Export is experiencing mild growth and Forex Reserve around USD 26.90 Million. World economic growth is estimated to hit 2.8% for this year.

As far as risks are concerned, VFS Thread Dyeing Limited is exposed to foreign exchange risk, inflation risk. Foreign exchange risk is trade-off between export and import. As we have to make less payment against export earnings, foreign exchange risk is mitigated. In terms of inflation, this is adjustment in sales price. Hence, company can mitigate this risk as well.

**Declaration or Certification by the CEO and CFO to the Board as required under condition No. 3(3)**

Declaration or Certification by the CEO and CFO to the Board as required under condition No. 3(3) disclosed as per Annexure-A in Page No. 64 in the Annual Report.

**The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9.**

The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 disclosed as per **Annexure –B and Annexure-C** in Page No. 41 in the Annual Report.

**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.

**Nomination and Remuneration Committee (NRC)**

This committee was established in December 20, 2018 under condition 6 of Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC) vides reference no. BSEC/CMRRCD/2006-158/207/Admin/80; dated 3 June 2018. The Nomination and Remuneration Committee is a sub-committee of the Board, NRC shall assist the board in formulation of the nomination criterion or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives.

The Committee formally arranged a meeting in May 10, 2023 as per corporate Governance Code of the NRC of VFS Thread Dyeing Limited ensured/observed the following activities:

1. Set up an organization structure where reporting line is clearly defined for the directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirement.
2. Set up standard pay structure for each job level based on education, experience and competency.
3. A target based on line performance Management System to evaluate performance of employees. This KPI based PMS leads to yearly increment, Promotion of individual.
4. Employee Benefit policy to attract the job seekers and retain internal talents. Succession planning of the company to have our future leaders ready according to the requirements. Ensuring extensive training and development plan for the individual or group of people.
5. A transparent recruitment and selection policy where competent candidates get hired.
6. Practicing a clear career path system for employees which reflect in organization structure.

**Maintaining a website**

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

### **External Statutory Auditors**

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

### **Appointment of Auditors:**

The Auditors of the Company M/s. Kazi Zahir Khan & Co. Chartered Accountants, Home Town Apartment (Level-15), 87 new Eskaton Road, Dhaka-1000, Bangladesh has carried out the audit of the Company for the year ended 30 June 2023. They were appointed as Statutory Auditor in 11th Annual General Meeting. As per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015 existing auditor is eligible for re-appointment. Accordingly, the Board of Directors has proposed to re-appointment the existing auditor at an annual fee of Tk. 3,00,000 (Including VAT & Tax). A proposal for re-appointment of M/S Kazi Zahir Khan & Co. Chartered Accountants as auditor for the year 2023-2024 of the Company will be placed in the forth coming 13th AGM for shareholder's approval and fixation of their fees.

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

The board has proposed to re-appointment of M Z Islam & Co. Chartered Accountants, 10<sup>th</sup> Floor, Eastern View 50, D.I.T. extension Road, Dhaka-1000 for 2023-2024 of the company will be placed in the forth coming 13<sup>th</sup> AGM for shareholder's approval.

### **Acknowledgment**

The Company expresses its sincere thanks and gratitude to the respected shareholders, valued clients, Banks and well-wishers home and aboard for their whole hearted co-operation and active support. We are thankful to the Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE), Chittagong Stock Exchange PLC. (CSE), Registrar of Joint Stock Companies & Firms (RJSCF), Central Depository Bangladesh Limited, 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 2022-2023 and Directors' Report placed before you.

Thanking you.

On behalf of the Board of Directors

*SARWAT KHALED*

**Sarwat Khaled**

Chairman

## HUMAN RESOURCES



### CORPORATE CULTURE

Corporate Culture, accumulative trait of the corporate people that develop organically over time and through it, a company's employees and management interact and handle within the Company and also the outside business transactions. Corporate culture is rooted in an organization's goals, strategies, structure, and approaches to labor, customers, investors and the greater community.



We have a culture where success is celebrated, no matter how big or small it is. Our professionalism inspires us to trust each other and value the openness and honesty exist in our working relationship. VFSTDL brings everyone opportunities to express their hidden talent and cherishes them in exploring and harnessing that unique strength through their work. Maintaining such culture and developing it in a sustainable manner is one of our greatest responsibilities.



## REPORT ON HUMAN CAPITAL MANAGEMENT

Human Capital Management (HCM) is an approach to employee staffing that perceives people as assets (human capital) whose current value can be measured and future value could be enhanced through investment.

It is a set of practices related to people resource management. These practices are focused on the organizational need to provide specific competencies and are implemented in three categories: Workforce Acquisition, Workforce Management and Workforce Optimization. Core HR is changing, moving from being about information storage to a more strategic process that syncs with business goals. Today we find ourselves in a landscape where the job market is employee-led, and core HR functions are increasingly combining with talent management. Attracting and retaining talent is becoming a major challenge for companies, and company leaders now want to align people and systems with overall organizational goals. In order to secure the durability and its culture; an organization focuses on strategic talent planning and supports HCM through rating, rewarding and holding employees accountable for achieving specific business goals, creating innovation and al VFSTDL considers its Human Resources as Human Capital. To ensure long-term sustainability, the Company is relentlessly pursuing its vision to transform the human resources into human capital through focusing the following areas specifically and strategically.



- ❖ Strategy Translation
- ❖ Workforce Planning
- ❖ Compensation Management
- ❖ Career Planning
- ❖ Performance Management
- ❖ Learning Management

## REPORT ON HUMAN RESOURCES MANAGEMENT

Unless not fully animate with the significant role of the HR; an organization cannot attain evolution through its human capital.

Human Resource Strategy;

- ❖ Attracting qualified personnel through creating a secured workplace
- ❖ Retaining competent employees by creating a motivated workspace
- ❖ Encouraging employees to express professional skills and give them the opportunity to develop and grow accordingly
- ❖ Maintaining a spirit of ambition, efficient decision making, flexibility and quick responses to changes
- ❖ Creating a strong management team
- ❖ Upholding an environment that supports a balance between work and life
- ❖ Ensuring equal opportunities with regard to employment, work facilities, assignments, training, job development, salaries and other financial and non-financial benefits
- ❖ Aligning the interests of employees with the interests of the organization

We carry out one of the best HR practices in our organization which leads creating opportunity and attractiveness for the new hires and also the retention of competent personnel upholding their wholehearted effort and loyalty towards the organization. The parameters of our best HR practices are as follows:



- ❖ Congenial Working Environment
- ❖ Safe and Healthy Organization
- ❖ Staffing
- ❖ Equal Employment Opportunity
- ❖ Employee Development
- ❖ Recognition of Achievements
- ❖ Personal & Professional Life Balancing
- ❖ Production Bonus
- ❖ Dormitory Facility
- ❖ Transportation Facility
- ❖ Maternity Benefit
- ❖ Annual Picnic

# SUSTAINABILITY REPORTING



## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES



CSR is the dedication, approaches and behavior of a Company where by companies contributes towards a better society through some sustainable business operations and social investments.

As the days progress, Corporate Social Responsibilities (CSR) are becoming an elemental part to attain long term sustainability and business growth for a large number of companies around the world. CSR has a great impact on shaping the relationship between business and society. The key areas of CSR are environmental protection, wellbeing of employees, people, community and the society both for now and onward. From the belief that success is measured by actions more than financial results; to make integration between social responsibility and the Company's core business strategy, VFSTDL always try to come up with special initiatives of CSR at every strides of its business process. We always carry forward with some socially responsible initiatives prioritizing the following three main areas:

- ❖ Customer
- ❖ Employees
- ❖ Social Development

Being a responsible business entity, to ensure maximum comfort as well as security to the lives of common people; from its inception, VFS Thread Dyeing Limited has been trying to enrich economic and social indicators of the society through supporting and developing the following sectors:

### Customers

To meet up the demand of customer, VFS Thread Dyeing Limited has taken various initiatives including factory expansion and significant up gradation of products quality for its valued customers. In line with producing and delivering the finest products for its brand customers.

### Employees

As our work forces are vital part for our success; we strive to create a working environment that promotes them towards team spirit, passion, engagement and achievement ensuring proper safety and security as well. Apart from delivering various financial and non-financial benefits for their encouragement and motivation, the Company also provides the following facilities for their people:

1. Picking up and dropping off service by company's own vehicles for staff and workers.
2. Dormitory facilities for office assistants and factory workers.
3. Providing free lunch for the head office employees.

Besides, we continue investing in our people for enhancing and upgrading their skills sets through conducting research and development and on-the-job training programs. The Company creates equal employment opportunity for all of its employees and doesn't allow any discrimination against any person on the basis of race, religion, color, gender, age, or citizenship in recruiting, hiring, placement, promotion or any other condition of employment.

### Sports Indulgence

VFS Thread Dyeing Limited indulges sports. To promote sports and bring the glories for the Country, the Company often sponsors different sports and encourage them. The Company sponsored the cricket tournament in Gazipur.



## ENVIRONMENTAL AND SOCIAL OBLIGATION



Today, our planet is running out of steam because it doesn't have any longer its own natural means to compensate men's ecological print. Every business has an impact on the environment. To keep free the environment from any awful effect, there are some legal obligations that need to be followed. The requirements are relatively simple for any business even for a workplace.

It helps through minimizing the likelihood of any environmental problems, costs of unnecessary waste and damage of the business rather strengthens the Company image and helps us to win business from our competitors. Environmental protection legislation is consistently being reviewed locally. To cope up with the reviewed legislation, we always maintain the following environmental obligations.

**Reduction of Natural Resources Consumption:** To keep away from causing any environmental hazard, the factory uses water treatment plant to purify the wastage water and stays vigilant about any type of green pollution.

**Water Treatment Plant Usage:** To keep away from causing any environmental hazard, the factory uses water treatment plant to purify the wastage water and stays vigilant about any type of green pollution.

**Goods Purchase:** We always purchase preferable products and services for all our daily operational needs that do the least damage of our environment.

**Pollution Prevention Practice:** We conserve natural resources by adopting pollution prevention practices.

## SUSTAINABILITY REPORTING



Sustainability is a balancing act, the quality of not being harmful to the environment or depleting natural resources, and thereby supporting long-term ecological balance. "Sustainable development is a dynamic process which enables people to realize their potential and improve their quality of life in ways which simultaneously protect and enhance the earth's life support systems" VFSTSL views sustainability as a continuous improvement process with positive effects for the perception of the Company in the public field and the development of financial results. The Company is committed to providing information to the interested stakeholders and the general public regarding the development of sustainability activities and progress to get them updated about such essentials. We recognize the significance of our role in creating truly sustainable products. We embrace our responsibility-as a Company, as a leader, and as an innovator-to contribute to a brighter future for all. And we know we can draw on our legacy of stewardship to forge new paths to that future, where people are healthy and well nourished, and where ecosystems are leveraged responsively to support global needs for energy, chemicals and others resources. Although there is much more to do, we believe we are already contributing to that present and future.

**VFS Thread Dyeing Limited:** Based on our sustainability management system, we are dedicated to transparent and timely reporting on our own activities and goals to create value for both the stakeholders and the Company as well.

**Environment:** As VFSTDL always remains very ethical in its every operation; to hold excellence in environmental protection, the Company believes & acts in applying some intelligent concepts and environment friendly technologies which reduces environmental impacts and preserves biodiversity.

**Employees:** VFSTDL provides equal employment environment to its all levels of employees and recruits who are well-qualified and committed to the Company and as such creates a congenial working environment for them where every individual can be ideally integrated and accordingly utilize the most of their potential to fulfill the targets. VFSTDL code of conduct includes the framework for this.

**Products:** To comply with the highest expectations of consumers; VFSTDL manufactures and ensures world class top quality and harmless products for its customers and thus holds sustainability.

**Society:** By taking social responsibility as a commitment towards the community and as such to contribute in social development largely, VFSTDL extends its all-out supports to the society's vulnerable area.



## OCCUPATIONAL HEALTH AND SAFETY

To ensure occupational health and safety, VFSTDL has introduced a policy that deals with all the issues relating to both sustainability and safety. The policy covers each and every department of the Company and its staff making sure their utmost safety, security through maintaining an up-dated environmental standard. This policy reveals that we are acting globally and not just thinking it.

Along with initiating the policy, we also preserve data to locate the root cause of the workers' any vulnerable issue if occurs and accordingly solve it. For ensuring maximum safety and security, the workers are also compelled to wear essential mask, apron, helmet, boot, gloves, PPE, Glasses etc. while work inside the factory. Cooling pads are there on the floors to combat the heat.



Following safety measures we render for our people:

- Fire Extinguisher
- Water Drums & Buckets
- Emergency Lights
- Emergency Gate
- Lock Cutters
- Safety Equipment's
- Alarms

## REPORT ON GOING CONCERN

Day to day, businesses are becoming competitive as well as challenging. Every company requires assessing its ability to continue as a Going Concern. Going concern is a fundamental accounting concept that underlies the preparation of financial statements of companies. It's an assumption that a Company will continue in operation and that there is neither the intent nor the need to either liquidate it or to cease trading.

It implies for a business the basic declaration of intention to keep running its activities at least for the next year which leads the Company to prepare financial statements. The purpose of this going concern statement is to bring together the requirements of Company law, accounting standards and listing rules on going concern. The Board of Directors of VFSTDL has made an evaluation if there exists any material uncertainty that may cast significant doubt upon the company's ability to continue as going concern.

Considering the following major indicators, VFSTDL's Board members have reached the conclusion that the financial statement for the year ended June' 2023 is prepared based on the going concern assumption.

### FINANCIAL INDICATIONS:

#### ❖ **Positive Net Current Assets:**

VFSTDL has positive net current assets of Tk. 1,365.06 million as on 30 June 2023. It signifies Company's ability to meet up its short-term obligations using the short-term assets.

#### ❖ **Long Term Debt with Realistic Repayment:**

At the end of financial year 2022-2023, total Long Term borrowing from bank and other Financial Institution was about BDT. 67.55 Million. Based on our business history and present situation, it can be said that there is every possibility that the existing outstanding Loan can be repaid from our existing cash flow.

#### ❖ **Continuous Financial Support by Lenders/ Valued Investors:**

The Company carries a very good track record and reputation in the settlement of its obligation with the lenders, investors, and clients. So, we enjoy easy and fair access to the funding sources to meet our increasing need for growth.

#### ❖ **Consistent Payment of Dividends:**

The Company has been paying dividend consistently to its shareholders after listing with DSE & CSE. Financial highlights are incorporated in this Annual Report shows company's stability and long-term vision in dividend payment records. Every year since listing, the Company has been continuously paying dividend as follows: 2018-(Cash-6% & Stock 10%), 2019-(Cash-6% & Stock 10%), 2020-(Cash-3% (Excluding Director) & Stock 3%), 2021-(Cash-11% (Excluding Director) 2022 (Stock 5% subject to BSEC approval) and 2023-( Cash-2% (Excluding Director)

#### ❖ **Positive Key Financial Ratios:**

The Company's financial ratios indicate its sound financial strength and good prospects which is evident from the financial synopsis given in this Annual Report as Financial Highlights.

### OPERATING INDICATIONS:

#### ❖ **No Key Management Turnover:**

The Company has not experienced any event of turnover in key management position. Employees have long-term communication and loyalty to the Company. Average length of services of a management level of employees at VFSTDL Ltd. is 12 years (approx.).

#### ❖ **World Class Product:**

VFSTDL is 100% export Oriented Sewing Thread manufacturer and a trusted source for the buyers over the years for continuous support. VFSTDL has been maintain its quality over the year compete with competitor.

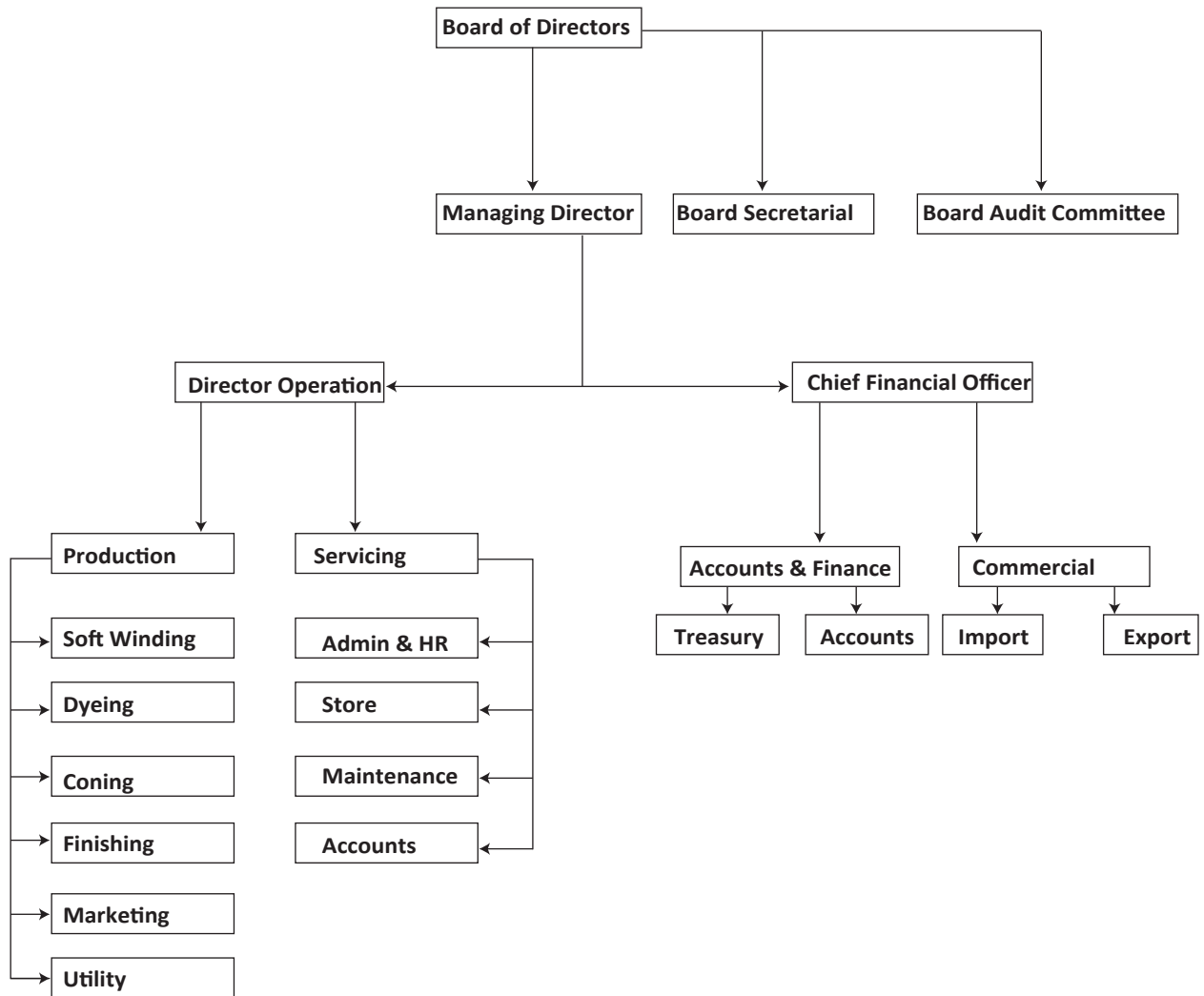
#### ❖ **Good Market Reputation and Clients' Satisfaction:**

Gradually, the Company has been building up good market reputation and clients' satisfaction through introducing a varied specification, compositions, color and finest quality of sewing thread and also delivering it to its valued clients in a professional and expert manner as well as fulfilling their needs.

❖ **Corporate Environment and Employee Satisfaction:**

There exists a very good corporate environment in VFSTDL. It's an excellent workstation having a friendly environment that leads the employees to maintain an easy and comfortable communication amongst all. Thus, employees are always in happy mood when stay in their workplace. The Company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package that includes a good number of employees benefits like WPPF, production bonus, transportation facility to the entitled employees, group insurance etc. Pay scales are regularly revised to give effect of inflation as well as align with the industry level that escorts to clutch the employees' satisfaction.

# CORPORATE ORGANOGRAM



# REPORT ON CORPORATE GOVERNANCE GUIDELINE

The Board of Directors of VFS Thread Dyeing Limited has adopted these Corporate Governance Guidelines to assist the Board in the exercise of its responsibilities. These Guidelines reflect the Board's commitment to observe corporate governance processes that best serve the interests of the Company and its stockholders. The Board formulates the vision, objectives and strategic goals of the Company. The dynamism, guidance and stewardship of the Board drives the company towards sustainable growth. The management's role is to execute those directives in a professional, proactive and, at the same time, ethical manner.

## **Board of Directors**

The Board of VFS Thread Dyeing Limited consists of 5 (five) Directors including Managing Director and as per Articles of Association of the Company. The Board ensures that the company achieves superior financial results and stewards its leadership position in the industry. The Board Members include persons of high academic and professional qualification in the field of business and profession. The dynamism, foresightedness and wisdom of Board Directors deliver the appropriate policies, strategies and guideline to the run the company smoothly to achieve the Company goal. The Board discharges its responsibility and duty properly with view to achieve Company's objective. The Board reviews the financial result, production, quality, export, import, market, and product and gives appropriate direction as per changing economic and market environment. The Board reviews the policies and manuals of the various segments of business in order to establish effective management systems.

## **Board Size and Composition of the Board:**

The Board of VFSTDL is comprised of 5 (five) directors including the Chairman and Managing Director. The Chairman of the Company elected by the Board of Directors in the Board Meeting. Amongst the total Directors Mr. Tanveer Hossain, are the independent director of the Company. Other four Directors are Sarwat Khaled- Chairman, M Azhar Rahman-Managing Director, Rumana Hashem-Director and Tariqul Islam-Director of the Company. All of the Board Directors of the Company are highly educated background and they have optimum level of knowledge, composure and technical outstanding.

## **Term of Board Meeting:**

As per the provisions of the Companies Act, 1994 and Articles of Association, one-third of the Board members who are subject to retire by rotation, retire every year and approval of shareholders is sought for there-appointment of such retiring members, if eligible. Approval of shareholders was sought for appointment of Independent Directors.

## **Meeting of the Board:**

The Company plans and prepares the schedule of the Board and Board Committee meeting in advance to assist the Directors in scheduling their program. The schedule of meeting and agenda for meeting is finalized in consultation with the Chairman of the Company. The agenda of the meeting is pre-noticed with detailed notes and supporting documents. As per laws, the Board of Directors must meet at least four times a year. The Company held a minimum of one Board meeting in each quarter as required under the Companies Act. 1994. During the year under review the Board meeting on the following dates: July 10, 2022, October 27, 2022, November 14, 2022, January 30, 2023, and April 15, 2023.

#### Attendance of Directors:

All Directors pays the best effort to attend the Board Meeting on time. The directors who cannot attend the meeting are granted leave of absence by the Board since they have applied for leave of absence. Information regarding attendance of the directors in the meeting is attached as a separate report with the annual report. The list of the Board members and their attendance in the meeting is stated below:

Name of the Board of Directors	Designation	No. of meeting held	No. of meeting attending
Mrs. Sarwat Khaled	Chairman	5	5
Mr. M. Azhar Rahman	Managing Director	5	5
Mrs. Rumana Hashem	Director	5	5
Mr. Tariqul Islam	Director	5	5
Mr. Tanveer Hossain	Independent Director	5	5

#### Information Given to the Board

As part of the regulatory requirement the Company provides the following information to the Board. Such information is submitted either as part of the agenda papers in advance of the meeting or by way of presentations and discussion materials during the meeting. Few of the agenda are presented below:

- ❖ Business activities and performance evaluation
- ❖ Quarterly, half yearly and annual financial results of the Company
- ❖ Minutes of the meeting of Audit Committee

#### Statements of Directors Responsibility

The Board of Directors of VFS Thread Dyeing Limited formulates strategies and policies for the Company to run the business efficiently and effectively. The Board of Directors always monitor and oversee the policies and procedures whether it is properly implemented or not. The affairs of the company are in full control of the Board and the Board makes the affairs accountable and transparent to the shareholders and others. The Board members perform the following the major tasks:

- ❖ Addressing the major policy, regulatory and strategic issues and providing proper guidelines
- ❖ Monitoring the financial performance, production, quality, sales, market etc.
- ❖ Evaluating and approving capital expenditure and performance of the company
- ❖ Evaluating the monthly/quarterly/yearly performance and approving the financial Audit Report
- ❖ Ensuring that the senior Management Team has the requisite skills and experiences to perform their functions effectively for maximizing shareholders value.
- ❖ Monitoring the adequacy, appropriateness and operations of internal control.
- ❖ Monitoring significant business risks and reviewing how they are managed.
- ❖ Periodic and timely reporting to the shareholders about the affairs and performance of the Company.

#### Remuneration of the Directors

Remuneration, performance and other related perquisites/benefits of Directors are paid monthly which is reviewed and approved by the Chairman considering company's business growth. During the period remuneration paid to the Directors are disclosed in the financial statement. Managing Director now getting Tk. 100,000/- per month and other Board of Directors are now getting Tk.6,250/- per month and all Directors are getting Tk. 1,000/- for attending per meeting. During the year company has paid Tk. 300,000 to Managing Director and Tk. 56,250 to others Director as a Directors Remuneration. Board of Directors meeting of the company has approved that no remuneration will be paid to the Managing Director and others Director due to downward of business turnover and others factor.

#### Delegation of Authority

The Board of Directors designated and specified some delegation to the Managing Director as well as the most senior officials of factory management and head office management. The Management may exercise any kind of activities with consultation with the Managing Director to perform its day to day smoothly. In addition, the Board has delegated certain responsibilities to the management on some matters within defined parameters. These include



development and recommendation of strategic plans for consideration by the Board reflecting the long term objectives and priorities established by the Board.

#### **Role of the Chairman and Managing Director**

Chairman of the Board and Managing Director of the Company are different persons. The responsibility of the Chairman and the Managing Director are separate.

#### **Role of the Chairman**

The Chairman is elected by the Board. The Chairman is responsible for the overall leadership and efficient functioning of the Board of Directors. She is responsible for organizing business of the Board, ensuring its effectiveness and setting its agenda to the best interest of the stakeholders. The chairman is not involved in the day-to-day business of the Bank.

#### **Role of the Managing Director**

Subject to the control and supervision of the Board of Directors the business and affairs of the Company manage by the Managing Director. The Managing Director is responsible for overall activities of the business. He also responsible to implement, manage and administer corporate business strategy, ensure adherence to policies and procedures, applicable regulations and laws, and monitoring exceptions and serious deviations, manage the overall human resources and skills/competencies pool to ensure the effective and efficient running of the company, represent the company with customers, suppliers, governments, financial institutions, the media, the community and the public. He has control of the company on a day-to-day basis and is accountable to the Board for its financial and operational performance.

#### **Formation of the Audit Committee**

As per requirement of BSEC notification, the Board of Directors of VFSTDL formed an Audit Committee headed by Company's Independent Director Tanveer Hossain. The Committee is composed of 3 (three) members of the Board. Details of Audit Committee functions are given in "Report on the Audit Committee."

#### **Formation of the Nomination and Remuneration Committee (NRC)**

As per BSEC notification dated 3 June, 2018 the Board of Directors of VFS Thread Dyeing Limited formed a Nomination and Remuneration Committee as sub-committee of the Board. The Committee is composed of 3 (three) members headed by Company's independent Director Tanveer Hossain, Tariqul Islam and Sarwat Khaled are the other members of the Committee. Role of the NRC was properly communicated to the members of the Committee.

#### **Dividend Policy**

The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively. The Board of Directors has established a dividend policy which forms the basis for the proposals on dividend payment that it makes to the shareholders taking into consideration the business performance of the Company and its strategic objectives.

#### **Communication with the Shareholders**

The Company assumed that regular communication between the Company and Shareholders is one the important issue. The company has adopted a detailed policy on information disclosure and communication. In compliance with continuous disclosure requirements, The Company's policy is that shareholders will be informed in a routine manner of all major developments that impact the business of the company and also be able to make inform decision. VFSTDL provides Information to the

Shareholders as per requirement of BSEC circular. The following information is provided to the shareholders to comply with rules.

- ❖ Financial Performance on quarterly basis
- ❖ Price Sensitive information regarding Adoption on audited financial statements, declaration of dividend, AGM related activities etc.
- ❖ Price Sensitive information regarding when any event occurs.

#### **Way of Information**

All financial results and key performance indicators as well as other relevant financial and non-financial data send immediately to Stock Exchanges for their kind information and disseminate to the shareholders through their website. This information is also posted to our website side by side also publish news in two widely published newspapers. Besides above the company send Half yearly financial result and Annual report to the all shareholder through Mail. VFS believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. It has been attempted in this report to present the governance practices and principles being followed at VFS Thread Dyeing Ltd., as evolved over the years, and as best suited to the needs of the Company's business and stakeholders.



এম, জেড, ইসলাম এন্ড কোং  
**M. Z. ISLAM & CO.**  
Chartered Accountants



An International Affiliated Member Firm of  
MGM Accountants Pty Ltd. Australia.

Annexure-B

[Certificate as per condition No. 1(5) (xxvii)]

## Report to the Shareholders of VFS Thread Dyeing Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by VFS Thread Dyeing Limited for the year ended on 30 June 2023. This Code relates to the Notification No. **BSEC/CMRRCD/2006-158/207/Admin/80** dated 03 June 2018 issued under section 2CC 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 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:

- The Company has complied with the conditions of the Corporate Governance Code 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: Dhaka  
December 04, 2023

**Mohammad Fakhru Alam Patwary FCA**  
Managing Partner  
**M. Z. Islam & Co.**  
Chartered Accountants

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## VFSTDL CG REPORT 2022-2023

### 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 03 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

#### (Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
	Board of Directors			
1(1)	Size of the Board of Directors	✓		
1(2)	At least one-fifth (1/5) of the total number of directors	✓		
1(2) (a)	At least one-fifth (1/5) of the total number of directors	✓		
1(2)(b)(i)	Does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	✓		
1(2)(b)(ii)	Not a sponsor of the company or 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.	✓		
1(2)(b)(iii)	Not been an executive of the company in immediately preceding 2 (two) financial years	✓		
1	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies	✓		
1(2)(b)(v)	Not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange	✓		
1(2)(b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	✓		
1(2)(b)(vii)	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	✓		
1(2)(b)(viii)	Not independent director in more than 5 (five) listed companies	✓		
1(2)(b)(ix)	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 (NBFI); and 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 (NBFI); and	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(2)(b)(x)	Not been convicted for a criminal offence involving moral turpitude	✓		
1(2)(c)	Independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (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	✓		
1(3)	<b>Qualification of Independent Director</b>	✓		
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws,	✓		
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	✓		
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			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			N/A
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission			N/A
1(4)	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer</b>			

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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	✓		
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	✓		
1(5)	<b>Directors' Report to Shareholders</b>	✓		
1(5)(i)	An industry outlook and possible future developments in the industry	✓		
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	✓		
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 any other 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			No Such issue arose
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements			No Such Matter to explain
1(5)(x)	Statement of remuneration paid to the directors including independent directors	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xi)	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	✓		
1(5)(xii)	Statement that proper books of account of the issuer company have been maintained	✓		
1(5)(xiii)	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)	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)	statement that the system of internal control is sound in design and has been effectively implemented and monitored	✓		
1(5)(xvi)	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)	statement that there is no significant doubt upon the issuer company's ability to continue as a 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	✓		The board declared dividend
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)	<b>A report on the pattern of shareholding :</b>	✓		
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 and their spouses and minor children (name-wise details)	✓		



Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(5)(xxiii)(c)	Executives; and	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details)	✓		
1(5)(xxiv)	<b>Appointment or reappointment of a director:</b>	✓		
1(5)(xxiv)(a)	a brief resume of the director	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	✓		
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)	Management's Discussion and Analysis of financial statements	✓		
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 Annexure-A	✓		
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
1(7)	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>	✓		
1(7)(a)	The Board shall lay down a code of conduct,	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company	✓		
2	<b>Governance of Board of Directors of Subsidiary Company.</b>	<b>The Company has no subsidiary company</b>		
2(a)	provisions relating to the composition of the Board of the holding company			N/A
2(b)	at least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company			N/A
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review			N/A
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			N/A
2(e)	the Audit Committee of the holding company shall also review the financial statements			N/A
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)			
3 (1)	<b>Appointment</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 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	✓		
3(2)	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
3(3)	<b>Duties of (MD) or (CEO) and Chief Financial Officer (CFO)</b>	✓		
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements	✓		
3(3)(a)(i)	do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	✓		
3(3)(a)(ii)	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 in violation of the code of conduct for the company's Board or its members	✓		
3(3)(c)	certification of the MD or CEO and CFO shall be disclosed in the Annual Report	✓		
4	<b>Board of Directors' Committee.</b>	✓		
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
5	Audit Committee.	✓		
5(1)	Responsibility to the Board of Directors	✓		
5(1)(a)	company shall have an Audit Committee as a sub-committee of the Board	✓		
5(1)(b)	Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company	✓		
5(1)(c)	Audit Committee shall be responsible to the Board the duties of the Audit Committee shall be clearly set forth in writing	✓		
5(2)	<b>Constitution of the Audit Committee</b>	✓		
5(2)(a)	audit Committee shall be composed of at least 3 (three) members	✓		
5(2)(b)	Constitution of audit committee with board member include at least 1 (one) independent director	✓		
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	✓		
5(2)(d)	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	✓		There was no such case

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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)	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	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,			There was no such case
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting	✓		
5(4)	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year	✓		
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	✓		
5(5)	<b>Role of Audit Committee</b>			
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	✓		
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	✓		
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	✓		
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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 purposes stated in relevant offer document or prospectus approved by the Commission	✓		
5(6)	<b>Reporting of the Audit Committee</b>	✓		
5(6)(a)	<b>Reporting to the Board of Directors</b>	✓		
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board	✓		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings	✓		
5(6)(a)(ii)(a)	report on conflicts of interests			There was No such Case
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			There was No such Case
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations			There was No such Case
5(6)(a)(ii)(d)	audit Committee deems necessary shall be disclosed to the Board immediately			There was No such Case
5(6)(b)	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			There was No such Case
5(7)	Report on activities carried out by the Audit Committee to the Shareholders and General Investors	✓		
6	<b>Nomination and Remuneration Committee</b>			
6(1)	Responsibility to the Board of Directors			
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	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
6(2)	Constitution of the NRC	✓		
6(2)(a)	the Committee shall comprise of at least three members including an independent director	✓		
6(2)(b)	all members of the Committee shall be non-executive directors	✓		One member of the Committee had taken remuneration only for three month. Subsequently it had altered dated 26/10/2023 & further there had no record seen as remuneration payment
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			No such incident arose
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			No such incident arose
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			No such incident arose
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			No such incident arose
6(3)	<b>Chairperson of the NRC</b>			
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			There No such incident arose
6(3)(c)	the Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders	✓		will attend up coming AGM
6(4)	Meeting of the NRC			



Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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	✓		
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	✓		
6(4)(d)	the proceedings of each meeting of the NRC shall duly be recorded in the minutes	✓		
6(5)	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or account able 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	✓		
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	✓		
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	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
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	✓		
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.	✓		
7	<b>External or Statutory Auditors.</b>			
7(1)	the issuer company shall not engage its external or statutory auditors to perform the following services of the company	✓		
7(1)(i)	Appraisal or valuation services or fairness opinions	✓		
7(1)(ii)	financial information systems design and implementation	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements	✓		
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 service that the Audit Committee determines	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required	✓		
7(1)(ix)	any other service that creates conflict of interest	✓		There was no such case
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	✓		
8	<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 listing regulations of the concerned stock exchange	✓		

Condition No.	Title	Compliance Status (Put ✓ in the Appropriate Column)		Remarks (if any)
		Complied	Not Complied	
9	<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 conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report	✓		
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	✓		
9(3)	the directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not	✓		



**M. Azhar Rahman**  
Managing Director

## COMPLIANCE REPORT ON BAS & IFRS

Application of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS)

Name of the Accounting Standards	Ref. No.	Status of Application
Presentation of Financial Statements	IAS-1	Applied
Inventories	IAS-2	Applied
Statement of Cash Flows	IAS-7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	IAS-8	Applied
Events after the Reporting Period	IAS-10	Applied
Income Taxes	IAS-12	Applied
Property, Plant and Equipment	IAS-16	Applied
Employee Benefits	IAS-19	Applied
The effects of Changes in Foreign Exchange Rates	IAS-21	Applied
Borrowing Costs	IAS-23	Applied
Related Party Disclosures	IAS-24	Applied
Financial Instruments: Presentation	IAS-32	Applied
Earnings Per Share	IAS-33	Applied
Impairment of Assets	IAS-36	Applied
Provisions, Contingent Liabilities and Contingent Assets	IAS-37	Applied
Intangible Assets	IAS-38	Applied
Financial Instruments: Recognition & Measurement	IAS-39	Applied
Financial Instruments : Disclosure	IFRS-7	Applied
Operating Segment	IFRS-8	Applied
Financial Instruments	IFRS-9	Applied
Disclosure of Interest in other Entities	IFRS-12	Applied
Fair Value Measurement	IFRS-13	Applied.
Revenue from Contracts with Customers	IFRS-15	Applied.
Leases	IFRS-16	Applied.

# AUDIT COMMITTEE REPORT

**For the year ended 30 June 2023**

Dear Shareholders

VFS Thread Dyeing Limited established an audit committee as a sub-committee of the Board of Directors and they assist the Board of Directors in fulfilling its oversight responsibilities and ensuring that the financial statement reflects true and fair view.

## Composition of Audit Committee

As per requirements of BSEC circular, The Board of Directors of VFS Thread Dyeing Limited formed an Audit Committee headed by Company's Independent Director Mr. Tanveer Hossain. The Committee is composed of 3 (three) members of the Board. All members are financially literate having a member above 10 (Ten) years' experience on accounting and related financial management. Besides, Company secretary who supported the committee as its secretary as well. The Board of Directors of VFS Thread Dyeing Limited has newly appointed Mr. Tariqul Islam instead of M Azhar Rahman as a member of the audit committee at their Board Meeting held on 26 November 2023. The members of the Audit Committee are as follows:

Mr. Tanveer Hossain Independent Director	Chairman
Mr. Tariqul Islam Director	Member
Ms. Rumana Hashem Director	Member
Mr. Samiran Kumar Biswas Company Secretary	Member Secretary

## Meeting and Attendance

During 2022-2023, under review the Audit Committee of VFS Thread Dyeing Limited met 4 (four) times:

### Audit Meeting Attended by Members

Name	Position	Meeting Attended	Percentage
Mr. Tanveer Hossain Independent Director	Chairman	4	100
Mr. M Azhar Rahman	Member	4	100
Ms. Rumana Hashem	Member	4	100

## The Role and Responsibilities of the Audit Committee

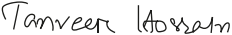
The Role and Responsibilities of the Audit committee are clearly mentioned in the Compliance of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 condition no 5. The key responsibilities of the Audit committee 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;
- Review along with the management, the quarterly and half yearly Financial Statements before submission to the Board for approval;
- Review the adequacy of internal Audit function;

- Review the Management's Discussion and Analysis before disclosing in the Annual Report;
- Review statement of significant related party transactions submitted by the management;
- Review Management letter/Letter of Internal Control weakness issued by statutory auditors;
- 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;
- Review the Utilization report of Initial Public Offering (IPO) proceeds.

**Activities Carried during the year:**

- To oversee the financial reporting process
- To monitor Internal Control Risk Management Process. A separate Internal Control team is in place to insure effective performance of internal control activities;
- To recommend appointment of statutory auditor of the company for the year ended 30 June, 2024
- To review the financial statements of the company for the year ended 30 June 2023 and being satisfied the critical accounting policies, significant judgments and practice used by the company their independent report, recommended to the Board of adoption;
- The financial statements of the quarterly, half yearly and the full year were reviewed by the committee and subsequently recommended to the Board for adoption consideration and circulation as per the requirement of Bangladesh Securities & Exchange Commission;
- To review the related party transaction entered into by the company for the year ended 30 June 2023;
- To review the Management Letters issued to the company for the external auditor for the year ended 30 June, 2023 together with management response to the findings;
- Where appropriate, reported the findings on the following:
  - i. To conflict of interest;
  - ii. To suspect or presumed fraud or irregularities or material defect in the internal control system;
  - iii. To suspect infringement of laws, including securities related laws, rules and regulation;
  - iv. Any other matters which should be disclosed to the board of Directors immediately.
- To approve audit plan and resource allocation for the Internal Audit Service;
- To review and adequate of Internal Audit activities carried out during the year;
- To review the internal audit reports and to monitor implementation of Audit Action Plans to improve Internal Control system.



**On behalf of the Committee**

**Tanveer Hossain**

Chairman, Audit Committee



## NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination & Remuneration Committee of VFS Thread Dyeing Limited is appointed by the Board of directors, as required by Corporate Governance code of Bangladesh Securities & Exchange Commission (BSEC) Notification. The NRC consists of three members, of whom one is an Independent Director, and rest is nominated directors. Pursuant to code 6.5(c) of the code of corporate governance, the Nomination and Remuneration Policy of the Company is presented hereunder at a glance.

### Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) was set up with clear terms of reference. 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. The Nomination and Remuneration (NRC) Committee shall, at least once a year, consider its own act and terms of reference to ensure that it is functioning at maximum usefulness and recommends any updates necessary to the Board for consent.

### The Composition of the NRC

The Board of directors has appointed the Nomination & Remuneration Committee comprising at least three members including an independent Director and all members of the Committee are Non-Executive Directors. The Board of Directors of VFS Thread Dyeing Limited has newly appointed Mr. Tariqul Islam instead of M Azhar Rahman as a member of the NRC Committee at their Board Meeting held on 26 November 2023.

SL No.	Members	Status with the committee	Status with the Board
1	Tanveer Hossain	Chairman	Independent Non-Executive Director
2	Tariqul Islam	Member	Non-Executive Director
3	Sarwat Khaled	Member	Non-Executive Director
4	Somiran Kumar Biswas	Secretary	Company Secretary

### Meeting of the NRC

Meeting of the Nomination and Remuneration committee (NRC) was held on 10<sup>th</sup> May 2023. Nomination and Remuneration committee meeting and attendance during the year ended 30 June 2023 is as under:

SL No.	Name of Member	Number of Meeting held	Meetings attended
1	Tanveer Hossain	1	1
2	M Azhar Rahman	1	1
3	Sarwat Khaled	1	1

### The Responsibilities of the Nomination Committee

The Committee shall be independent and responsible or accountable to the Board and to the Shareholders. The responsibilities of the Committee are as follows:

- Review and recommend the size and composition of the Board, including review of Board succession plans and the succession of the Chairman.
- Review and recommend a policy to the Board relating to the nomination criteria for determining qualifications, positive attributes, experiences and independence of Directors and top level Executives.
- Assist the Board as required to identify individuals who are qualified to become Directors and who may be appointed in top level executive position in accordance with the nomination criteria laid down, and recommend their appointment /re appointment and removal to the Board.

- Review and recommend to the Board the policy on Board's diversity taking into consideration age, gender, experience, ethnicity, education background and nationality.
- Review the Code of Conduct of Board and periodic basis, and recommend any amendments for Board consideration.
- Ensure that an affective induction process is in place for any newly appointed Director and regularly review its effectiveness.
- Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.
- Developing, recommending and reviewing annually the company's human resources and training policies.
- Review and recommend a policy to Board relating to the remuneration of the Directors and top level executive, considering the following:
  - The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable Directors to run the company successfully.
  - The relationship of remuneration to performance is clear and meets appropriate performance benchmarks, and
  - Remuneration to Directors and 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.
- Assist the Board to formulate the criteria for evaluation of performance of the Board including Independent Director.
- Review and recommend to the Board the meeting attendance fees for the Non-Executive Directors of the Board.
- Recommend a report to the Board on activities of the Committee during the financial year.
- Such other key issues/matters as may be referred by the Board or as may be necessary in view of the provisions of the Country's Laws, Rules and Regulations.

**EVALUATION CRITERIA OF NRC:**

Matters to be dealt with perused and recommended to the Board by the Nomination and Remuneration Committee. The following matters shall be dealt with by the Committee: -

- Qualifications: The Committee shall consider the following attributes/criteria whilst recommending to the Board the candidature for appointment:

Age, Qualification, expertise and experience in their respective fields;

- Personal, Professional or business standing;
- The considerations shall include achieving an appropriate level of diversity having regard to factors such as integrity, race, gender, age, nationality, cultural and educational background and industry or related experience.
- Positive Attributes and Independence: The Committee shall meet potential candidates to assess their level of competence, experience and their personal and other positive attributes before making its recommendation to the Board. For the purpose of assessing the attributes and independence of the candidate, the Committee shall, interlaid, take into consideration whether the candidate demonstrates:
  - high standards of ethical behavior;
  - positive disposition, good interpersonal and communication skills;
  - ability to think independently without being influenced by extraneous circumstances or consideration;
  - capability to act with reasonable care, in good faith and in the best interests of the Company and its stakeholders;
  - ability to devote time and attention for the business and governance of the Company;
  - refrain from situations that may have a direct or indirect conflict of interest with those of the Company; and
  - to abide by the Company's Code of Business Conduct, Anti Bribery Policy, Whistleblower Policy which are applicable to them.

- Size and composition of the Board and Top-level executives: The committee will be reviewed the size and composition of the Board to have an appropriate mix of executive and independent Directors to maintain its independence and separate its functions of governance and management. The committee will also review the size and composition of the Top-level executives as per the requirement of the business volume of the company. The committee will ensure that the Board and top-level executives are structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the Company. The Committee is to assist the Board in ensuring the Board nomination process and recruitment process of top-level executives to consider diversity relating to gender, thought, experience, knowledge and perspectives.
- Recruitment and removal: Review the criteria set by HR of VFS Thread Dyeing Limited in determining qualifications for key management positions and recommend candidates upon evaluating them against the VFSTDL Leadership characteristics and values. The committee will procure the company's Job description and assess the proposed candidates to ensure that the right candidate is being appointed for the right position. The removal process also to be reviewed by the committee and recommended to the Board by following the criteria set by HR VFSTDL and based on the needs of the company.

**Evaluation of performance:** The Committee will be responsible for the following:

- Review performance criteria as prescribed or determined by HR of VFSTDL for the Directors and top level executives and recommend to the Board.
- Formulate the criteria and framework for evaluation of performance of every Director and top level executives of the Company to ensure that the Board and top level executives are well equipped with expertise to perform their role in ensuring both company and share holders' interest.
- Ensure that Non-Executive Directors are provided with sufficient information and awareness regarding the Company's vision/purpose/strategy and adequate information about the industry so that they are equipped to carry out their legal responsibilities and duties.

On behalf of the Nomination & Remuneration Committee.

*Tanveer Hossain*

**Tanveer Hossain**

Chairman

Nomination & Remuneration Committee (NRC)

# Principles Of Disclosure Of Material Information (Mi) And Price Sensitive Information (PSI) of VFS Thread Dyeing Limited

## **PRINCIPLES:**

This Principles is called “VFS Thread Dyeing Limited - Principles of Disclosure of Material Information & Price Sensitive Information” and this principle is framed in compliance with the Bangladesh Securities and Exchange Commission’s notification no. BSEC/CMRRCD/2021 396/52/Admin/140 dated 28 December 2022.

## **OBJECTIVES:**

The objective of this Principles is to disclose the material information and price sensitive information of the company for protecting the shareholder’s right, fluctuation of capital market, insider trading etc.

## **PRICE SENSITIVE INFORMATION (PSI):**

The company will consider the following information are as the price sensitive information (PSI) of the company:

- Information related to the financial report, financial results and other basic information related to the financial performance;
- Information related to dividend and corporate declarations;
- Information related to the change of corporate structure (i.e. amalgamation, merger, de-merger, re- structuring, acquisition, winding up, transfer, and transformation, etc.);
- Information related to the change of capital structure;
- Information related to the business extension, change, etc.;
- Information related to the Company’s fund management and structural change of the fund;
- Any other information as defined by the BSEC as PSI through various rules, regulations, circulars and directives; and
- Any information published by the BSEC in official gazette defining as PSI.

## **MATERIAL INFORMATION (MI)**

### **1. Factors related to changes in financial conditions, such as:-**

- Changes in financial statements, such as significant decrease or increase in income, expenses, cash flows, receivables, liabilities or assets etc. and revaluation of most or significant assets or any information or statement or comment regarding revaluation of significant assets or significant decrease-increase;
- The following comparative information in the financial statements:
- Earnings per share;
- Net operating cash flow per share;
- Net asset value per share;
- Material changes in the value or composition of assets of the company;
- Any special instructions or any modification of any special instructions previously given by the regulatory authority of the company regarding reservation of provisions; and
- Any change in the accounting policies of the company, etc. Information regarding corporate announcements, such as:-
- Any decision relating to dividend;
- Decision to declare or issue rights, bonus issues or similar benefits to security holders;
- Corporate declarations or other information relating to the receivables of the investors; and
- Any change in dividend distribution policy, etc.

**3. Information regarding changes in corporate structure, such as:-**

- Acquisition or disposal of any existing assets of the company at least 05% (five percent) or more;
- Merger of the Company with another company;
- Any acquisition or substantial acquisition of shares of any company, etc.;
- Demerger of any unit of the company;
- Conversion or winding up of any unit of the Company;
- Changes in corporate operations by way of capital reorganization or merger or demerger;
- Takeover proposal or internal service acquisition proposal of any company;
- Change of ownership that may affect controlling of the Company; and
- Change of name or address, etc.

**4. Information regarding changes in capital structure, such as:-**

- Any decision regarding private or public or rights offer of securities or changes in its capital structure;
- Systematic repurchase or redemption of securities of the Company;
- Any decision regarding consolidation of shares, exchange of shares, conversion of any security into equity security or conversion of debentures into shares; and
- Significant changes in rights of security holders, etc.

**5. Information regarding expansion, change etc. of business activities, such as:-**

- Any significant development or change in the Company's technology, production or facilities;
- Significant capital investment or significant change in the purpose of the organization;
- Significant new contracts, product, patent, service or business changes;
- Significant realization of long-term Bad Debts;
- Any change of the Board of Directors or any resignation or termination of the Chief Executive, CEO, CFO and Company Secretary;
- Change of statutory auditor or corporate governance compliance auditor and credit rating company or agency;
- Initiation of legal proceedings or development of regulatory matters or any significant judgment or order by the court;
- Change of category of listed security in the stock exchange(s) or company's de-listing from the exchange(s);
- Any significant management contract, investor relations agreement, service agreement, or related party transaction that could materially affect the financial statements of the Company;
- Information relating to decision of sale or purchase of any fixed asset or renovation or development or expansion of plant or machinery (BMRE) or setting up of new units; and Grant or acceptance of significant advances or loans between the inter-company or subsidiary or associate companies.
- Any kinds of loan or related benefits receive and provide or exchange with any directors of the Company.

**6. Information related to loan and debt management, such as:-**

- Borrowing and repayment of 25% or more of the paid-up capital or net asset value, whichever is higher;
- The encumbrance or discharge of significant assets;
- Failure to pay any bank or creditor or debt obligation or liability for a period exceeding 06 (six) months;
- Significant new loan agreements; and
- Foreign loan agreement or investment agreement, etc.

**7. Others, such as:-**

- Signing of any material agreement or cancellation or substantial amendment of previously declared/signed agreement;
- Loss of any substantial assets of the Company or any event affecting its reputation;
- Cancellation or substantial modification of any scheme previously declared; and
- Submission of qualified report of the Company by the auditor, etc.

**8. The Commission may, by order published in the Official Gazette, determine any other information to be Material Information.**

**DISCLOSURES ON THE WEBSITE:**

The company shall disclose on its website all such events/information which has been disseminated to the BSE and Stock Exchange(s) under this Principles and such disclosures shall be posted on the website of the company for a minimum period of three years.

**MONITORING AND REPORTING:**

The 'Key Managerial Personnel' (KMP) are jointly responsible to the Board for monitoring and reporting the implementation of this principle. "Key Managerial Personnel" means the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, and such other officer/s as may be prescribed by the Board of Directors.

**PRINCIPLES REVIEW:**

This Principles may be modified as may, in the opinion of the Board, be deemed necessary with the assistance of KMP and subsequently to be updated to the website and notified to BSE.



## MD & CFO'S DECLARATION

Annexure-A  
[As per condition No. 1(5)(xxvi)]

### VFS Thread Dyeing Limited Declaration by CEO and CFO

Date: 26/10/2023  
The Board of Directors  
VFS Thread Dyeing Limited  
House# 257, Road# 3,  
Baridhara DOHS, Dhaka

**Subject: Declaration on Financial Statements for the year ended on 30 June 2023**

Dear Sirs

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No.SEC/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 VFS Thread Dyeing Limited for the year ended on 30 June 2023 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 2023 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.

Sincerely yours,

  
**(M Azhar Rahman)**  
Managing Director

  
**(Md. Rasel)**  
Chief Financial Officer

## CAPITAL STRUCTURE OF THE COMPANY

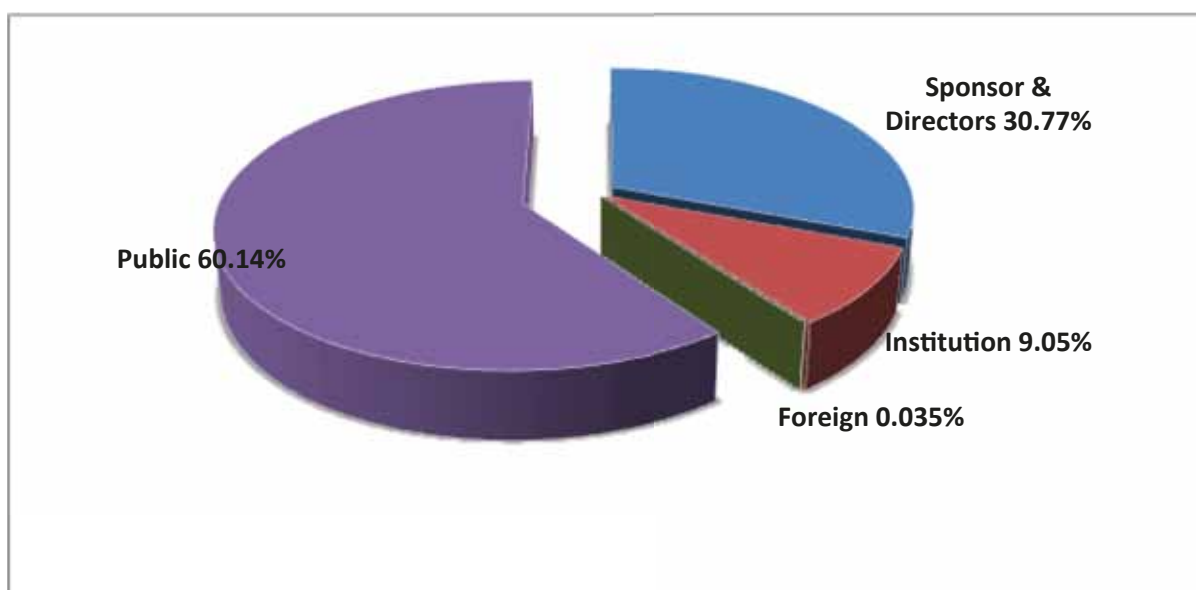
### Information Relating to Company Capital

VFS Thread Dyeing Limited is an emergent sewing thread manufacturer in Bangladesh. The Company started its business with paid up Capital TK. 3 million while its existing paid up capital stood at Tk. 1,055.800 million up to 30 June 2023. Authorized Capital of the Company is Tk. 2000 million. Now the Company is listed with DSE and CSE. The Capital Structure of the Company is the nominated as under:

Particulars of Investors	Amount in Taka	Percentage
Sponsors & Director	32,482,940	30.7661%
Institution	9,555,459	9.0504%
Public	63,504,656	60.1446%
Foreign	37,000	0.0350%
<b>Total</b>	<b>105,580,055</b>	<b>100%</b>

### The Range of Shareholding as on 30 June, 2023

Range of Shareholding	No. of Share Holders	No. of Shares	Percentage of Shareholdings (%)
Less than 500 Shares	1,684	332,600	0.3150
500-5,000 Shares	4,541	8,743,697	8.2816
5,001-10,000 Shares	814	6,356,222	6.0203
10,001-20,000 Shares	488	7,380,324	6.9903
20,001-30,000 Shares	208	5,183,429	4.9095
30,001-40,000 Shares	107	3,857,960	3.6541
40,001-50,000 Shares	90	4,142,986	3.9240
50,001-1,00,000 Shares	127	9384,484	8.8885
100,001-10,00,000 Shares	109	23,494,035	22.2523
10,00,000 and Above	7	36,704,318	34.7644
<b>Total</b>	<b>8175</b>	<b>105,580,055</b>	<b>100.00</b>





কাজী জহির খান এন্ড কোং  
**KAZI ZAHIR KHAN & Co.**  
Chartered Accountants  
In Practice Since 1980

Associated firm of  
**EHK Consulting**  
Always adding value

**Independent Auditor's Report  
To  
The Shareholders of VFS THREAD DYEING LIMITED**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of **VFS THREAD DYEING LIMITED**, which comprise the Statement of Financial Position as at June 30, 2023, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, June 30, 2023 and a summary of significant accounting policies and other explanatory information. In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of the company as at June 30, 2023, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

**Basis for Opinion**

We conduct 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 we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) By Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

**Emphasis of Matter**

As disclosed in note no. 8.00 the volume of inventories is high in comparison to purchase, production capacity, cost of goods sold and turnover as a whole. However, technical status report as on 30 June, 2023 on the quantity, quality and value of inventories has been provided to us done by the management. The company provided us a written explanation regarding the increase in volume of inventories and slow movement of stock. There is some slow-moving inventory.

As disclosed in note no. 10.00 of the financial statements related to trade receivable, the balance of the trade receivables has been increasing years to years significantly. Revenue decreased by amount of Tk. 405,298,615 around 42.5% but Trade receivable increased by Tk.15, 705,025. The ageing period is unlikely in comparison to other companies of the same industry. Hence, recovery of trade receivable and also existence of the balances as on date is doubtful and there is expected credit loss as per IFRS 7, but no provision for bad debts has been accounted for. Confirmations/certificate of lying balances as on 30 June, 2023 with the concerned parties were requested but not received.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Head Office:** Home Town Apartments (Level-15), 87 New Eskaton Road, Dhaka-1000.  
Tel: 57160824, Mob: +88 01713-013955, e-mail: kzk48@gmail.com, kzk\_bd@yahoo.com

**Branch Office:** 281/3, Jafrabad (Sankor), Ground Floor, West Dhanmondi, Dhaka-1207. Tel: 9124642. e-mail: mahmudkzkcbd@gmail.com

Risk	Our response to the risk
<b>Revenue Recognition</b>	
<p>During the year ended 30 June 2023, total reported revenue is of Tk. 550,935,960. The company generates revenue from the sale of goods as a deemed exporter. Its product primarily comprises sale of sewing thread. The timing of the revenue recognized and realized increases the risk of exposure of revenue.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the company.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>■ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period.</li> <li>■ Segregation of duties in invoice creation and modification (if any) and timing of revenue recognition.</li> <li>■ Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards.</li> <li>■ Verifying the monthly VAT return form 9.1 to confirm reporting about sales to NBR.</li> <li>■ Obtaining supporting documents for sale transaction along with checking the recording period of revenue recognition.</li> <li>■ Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation.</li> <li>■ Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul>
<b>Please see note no. 24 to the statement of profit or loss &amp; other comprehensive income.</b>	
<b>Valuation of Property, Plant and Equipment</b>	
<p>The carrying value of the PPE is Tk. 869,979,118 as at 30 June, 2023. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>The expenditures are classified as an asset, if it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.</p> <p>The useful lives of PPE items are based on management's estimates regarding the period over which an asset is expected to be available for use. The estimates of useful life of the assets are a matter of judgment based on the experience of the entity with similar assets and also take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>■ We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent.</li> <li>■ We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured during the year.</li> <li>■ We verified the invoices and L/C documents on sample basis to segregate the capital and operating expenditure and found that the transactions are appropriately classified.</li> <li>■ We evaluated whether the useful lives determined and applied by the management were in line with the nature of assets, physical condition of the assets and its uses.</li> <li>■ We checked whether the depreciation of PPE items was commenced from the date of ready to use and found the depreciation had been started accordingly.</li> </ul>

Risk	Our response to the risk
<b>Please see note no. 3 to the financial statements</b>	
<b>Long Term Borrowings &amp; Short-Term Borrowings</b>	
<p>As at 30 June 2023, the reported amount of total long-term borrowings, short term borrowings and Current portion of Long term borrowing is Tk. 67,551,519, Tk. 181,133,142 and Tk.35,081,248 Respectively. The company borrowed fund from various Bank &amp; Non-banking financial institutions for the purpose of acquisition of non-current assets and working capital as well.</p> <p>The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between import &amp; export that may result in short-term cash flow crisis.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>■ Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that the proper use of loan.</li> <li>■ We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the financial statements accurately. We also submit the balance confirmation to the respective banks and financial institutions</li> <li>■ We also checked the financial expenses and classification of loan and repayment schedule as well.</li> <li>■ We had checked the recording date of transactions and found the recording date is in line with the loan disbursement date. We also confirmed that the company had paid its installments within due time.</li> </ul>
<b>Please see note no. 15, 19 &amp; 20 to the financial statements</b>	

**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 in accordance with IFRSs, 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgments 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 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 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 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 and relevant notifications issues by, we also report that:

- a) We have obtained all the information and explanations 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 accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) The Financial Statements of the company together with the annexed notes dealt with by the report are in agreement with the books of account and returns.
- d) the expenditure incurred was for the purposes of the Company's business.

Dated: 26<sup>th</sup> October 2023

Place: Dhaka

**DVC: 2310290240AS345035**

  
**Md. Nurul Hossain Khan FCA**  
Enrolment No: 0240  
Managing Partner  
Kazi Zahir Khan & Co.  
Chartered Accountants

**VFS THREAD DYEING LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2023**


Particulars	Notes	Amount in Taka	
		30 June 2023	30 June 2022
<b>Assets</b>			
<b>Non-Current Assets</b>		<b>879,503,966</b>	<b>944,300,605</b>
Property, Plant & Equipment	3.00	869,979,118	933,753,501
Intangible Assets	4.00	45,833	155,833
Right of use Assets	5.00	1,292,365	2,204,622
Capital Work in Progress	6.00	-	-
Security Deposit	7.00	8,186,649	8,186,649
<b>Current Assets</b>		<b>1,723,233,032</b>	<b>1,693,579,263</b>
Inventories	8.00	534,156,170	464,273,459
Material In Transit	9.00	23,546,780	135,216,650
Trade Receivables	10.00	862,873,862	847,168,837
Advance, Deposits and Prepayments	11.00	225,715,089	182,641,421
Cash and Cash Equivalents	12.00	76,941,131	64,278,896
<b>Total Assets</b>		<b>2,602,736,998</b>	<b>2,637,879,869</b>
<b>Shareholders Equity and Liabilities</b>			
<b>Shareholders Equity</b>		<b>2,118,334,570</b>	<b>2,044,388,707</b>
Share Capital	13.00	1,055,800,552	1,055,800,552
Retained Earnings	14.00	1,062,534,018	988,588,155
<b>Non-Current Liabilities</b>		<b>126,230,914</b>	<b>146,973,220</b>
Long Term Borrowings net of Current Portion	15.00	67,551,519	88,464,138
Liability for Lease net of Current Portion	16.00	436,809	1,400,602
Deferred Tax Liabilities	17.00	58,242,585	57,108,480
<b>Current Liabilities</b>		<b>358,171,515</b>	<b>446,517,941</b>
Trade Payables	18.00	1,406,098	1,237,878
Current Portion of Long Term Borrowings	19.00	35,081,248	18,880,859
Current Portion of Lease Liability	16.00	963,794	855,318
Unclaimed IPO Fund		105,445	105,570
Short Term Borrowings	20.00	181,133,142	251,365,539
Provision & Accruals	21.00	54,002,450	82,528,853
Unclaimed Dividend Account	22.00	8,611,402	9,007,107
Provision for Income Tax	23.00	76,867,935	82,536,817
<b>Total Shareholders Equity and Liabilities</b>		<b>2,602,736,998</b>	<b>2,637,879,869</b>
<b>Net Asset Value (NAV) per Share</b>	31.00	<b>20.06</b>	<b>19.36</b>

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

  
Chief Financial Officer

  
Company Secretary

  
Managing Director

  
SARWAT KHALED  
Chairman

Signed as per our annexed report on even date.

Dated: 26<sup>th</sup> October 2023  
Place: Dhaka  
DVC: 2310290240AS345035

  
Md. Nurul Hossain Khan FCA  
Enrolment No: 0240  
Managing Partner  
Kazi Zahir Khan & Co.  
Chartered Accountants

**VFS THREAD DYEING LIMITED**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 30 June 2023**


Particulars	Notes	Amount in Taka	
		01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022
Sales Revenue	24.00	550,935,960	956,234,575
Less: Cost of Goods Sold	25.00	443,292,940	741,162,112
<b>Gross Profit</b>		<b>107,643,020</b>	<b>215,072,463</b>
Less: Operating Expenses	26.00	17,831,892	25,214,999
<b>Operating Income</b>		<b>89,811,128</b>	<b>189,857,463</b>
Less: Financial Expenses	27.00	17,368,169	16,737,173
<b>Net Operating Income</b>		<b>72,442,959</b>	<b>173,120,290</b>
Add: Other Non-Operating Income	28.00	438,681	345,612
<b>Profit before Tax &amp; WPPF</b>		<b>72,881,640</b>	<b>173,465,902</b>
Less: Workers profit Participation Fund Expenses		3,470,554	8,260,281
<b>Profit before Tax</b>		<b>69,411,086</b>	<b>165,205,621</b>
<b>Less: Income Tax Expenses</b>	29.00	<b>(4,534,777)</b>	<b>14,891,774</b>
Current Tax	29.01	(5,668,882)	12,287,686
Deferred Tax	29.02	1,134,105	2,604,089
<b>Net Profit after Tax</b>		<b>73,945,863</b>	<b>150,313,847</b>
<b>Earnings per Share</b>	30.00	<b>0.70</b>	<b>1.42</b>

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

  
 Chief Financial Officer


  
 Company Secretary

  
 Managing Director

  
 SARWAT KHALED  
 Chairman

Signed as per our annexed report on even date.

Dated: 26<sup>th</sup> October 2023  
 Place: Dhaka  
 DVC: 2310290240AS345035

  
**Md. Nurul Hossain Khan FCA**  
 Enrolment No: 0240  
 Managing Partner  
 Kazi Zahir Khan & Co.  
 Chartered Accountants

**VFS THREAD DYEING LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2023**

(Amount in Taka)

Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2022	1,055,800,552	988,588,155	2,044,388,707
Net Profit during the year	-	73,945,863	73,945,863
<b>Balance as on 30 June 2023</b>	<b>1,055,800,552</b>	<b>1,062,534,018</b>	<b>2,118,334,570</b>

**VFS THREAD DYEING LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2022**

(Amount in Taka)

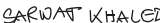
Particulars	Ordinary Share Capital	Retained Earnings	Total
As at July 01, 2021	1,055,800,552	918,681,135	1,974,481,687
Net Profit during the year	-	150,313,847	150,313,847
Cash Dividend Paid (11%)	-	(80,406,827)	(80,406,827)
<b>Balance as on 30 June 2022</b>	<b>1,055,800,552</b>	<b>988,588,155</b>	<b>2,044,388,707</b>

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

  
 Chief Financial Officer

  
 Company Secretary

  
 Managing Director

  
 SARWAT KHALED  
 Chairman


Signed as per our annexed report on even date.

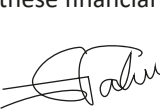
**VFS THREAD DYEING LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2023**

Particulars	Notes	01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022
<b>A. Cash Flows from Operating Activities:</b>			
Receipts from customers & others	34.10	535,669,616	846,417,298
Payment to suppliers, employee & others	34.20	(392,591,349)	(746,063,306)
Payment for interest on short term loan		(8,241,253)	(5,545,308)
Payment for income tax		(5,464,735)	(33,511,595)
<b>Net Cash Flows from Operating Activities</b>		<b>129,372,278</b>	<b>61,297,089</b>
<b>B. Cash Flows from Investing Activities:</b>			
Payments for acquisition of fixed assets		-	(4,202,100)
<b>Net Cash Flows from Investing Activities</b>		<b>-</b>	<b>(4,202,100)</b>
<b>C. Cash Flows from Financing Activities:</b>			
Receipts/Payment from short term loan		(70,232,396)	36,107,867
Receipts/Payment from long term loan		(4,712,229)	(8,322,695)
Payment for interest on long term loan of bank		(8,902,234)	(11,191,865)
Share Money (Refundable)		(125)	(148)
Payment of Dividend		(31,783,059)	(68,858,198)
Payment of Lease Interest		(224,682)	-
Payment of Lease Liabilities		(855,318)	(1,225,000)
<b>Net Cash Flows from Financing Activities</b>		<b>(116,710,043)</b>	<b>(53,490,038)</b>
<b>D. Increase/(Decrease) of Cash and Cash Equivalents (A+B+C)</b>		<b>12,662,236</b>	<b>3,604,950</b>
E. Opening Cash and Cash Equivalents		64,278,896	60,673,945
<b>F. Closing Cash and Cash Equivalents (D+E)</b>		<b>76,941,131</b>	<b>64,278,896</b>
<b>Net Operating Cash Flows per Share (NOCFPS)</b>	32.00	<b>1.23</b>	<b>0.58</b>

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

  
 Chief Financial Officer

  
 Company Secretary

  
 Managing Director

SARWAT KHALED  
 Chairman

Signed as per our annexed report on even date.

**VFS THREAD DYEING LIMITED**  
**Notes, comprising significant accounting policies and other explanatory information**  
**For the year ended 30 June 2023**

**1.00 The Company and its operations**

**1.01 Legal form of the Company**

The Company was incorporated on April 20, 2010 as a 'Private' company limited by shares, registered under the Companies Act, 1994 vide Certificate of Incorporation No.C-84051/10. Later on the company converted into Public Limited Company on the date of January 10, 2013. The company was listed with Dhaka Stock Exchange (DSE) dated August 08, 2018 and Chittagong Stock Exchange Limited (CSE) dated August 05, 2018.

**1.02 Address of the Registered Office**

The registered office of the company is located at House No # 257 (3rd Floor), Road No # 03, Baridhara DOHS, Dhaka –1206.

**1.03 Nature of Business activities**

VFS Thread Dyeing Limited is a leading manufacturer and supplier of high-quality Sewing Thread products to apparel industries in Bangladesh. The principal activities of the company include dyeing and coning of different types of sewing thread yarn. The company has established itself as an innovative leader of 100% export oriented sewing thread yarn of Spun Polyester, Core Spun and Synthetic Filament of all grades.

Among all different products of the company, the Spun Polyester Yarn and Textured Polyester (Synthetic Filament Yarn) are predominantly used in readymade garments products while the Core Spun mostly used in fashion apparels (Lingerie & Swimsuits). These sewing threads are available in various counts. The Spun Polyester is available in 60/2, 60/3, 50/2, 40/2, 20/2, 20/3, 20/4, 20/6 & 20/9 etc. while the Synthetic Filament available in 150D Raw White (()-TPM, 80-TPM, 180-TPM & 200TPM) and 150D Optical White (80TPM & 200TPM).

Other counts of threads are also available as per client's requirements and these are dyed according to shade book of the company or as per client's instructions.

**1.04 Production Unit**

Production unit of the company is situated at RS-36, Village # Gazipur, PS # Gazipur Sador, District # Gazipur. Production facility of the company comprises of two units namely 'Dyeing' and 'Finishing' unit.

**1.05 Capital Structure of the Company**

Particulars	Taka
<b><u>Authorized Capital</u></b>	
200,000,000 ordinary shares of Taka 10/= each.	<b>2,000,000,000</b>
<b><u>Issued, subscribed, called-up and paid-up capital</u></b>	
105,580,055 Ordinary Shares of Taka 10/= each fully paid-up	<b>1,055,800,552</b>

**2.00 Summary of significant accounting as per rules**

**2.01 Basis of preparation and presentation of the financial statements**

The financial statements have been prepared and disclosures of information are made in accordance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 (as applicable) and IAS's as well as IFRSs (as applicable) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income have been prepared according to IAS 1 Presentation of Financial Statements based on accrual basis of accounting following going concern assumption under Generally Accepted Accounting Principles (GAAP) and practices in Bangladesh.



## 2.02 Statements of Compliances

The Financial Statements of the Company are prepared on a going concern basis under historical cost convention and in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules, 1987 and other laws & regulation applicable for the company.

### i. Application of International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs)

The following IAS and IFRS are applicable and adopted by management for preparation of financial statements for the year ended 30 June, 2023.

Sl. No.	IASs or IFRSs No.	Name of IASs or IFRSs
1	IAS-1	Presentation of Financial Statements
2	IAS-2	Inventories
3	IAS-7	Statement of Cash Flows
4	IAS-8	Accounting policies, Changes in Accounting Estimates and Errors
5	IAS-10	Events after the Reporting Period
6	IAS-12	Income Taxes
7	IAS-16	Property, Plant and Equipment
8	IAS-19	Employee Benefits
9	IAS-21	The Effects of Changes in Foreign Exchange Rates
10	IAS-23	Borrowing Costs
11	IAS-24	Related Party Disclosures
12	IAS-32	Financial Instruments: Presentation
13	IAS-33	Earnings Per Share (EPS)
14	IAS-36	Impairment of Assets
15	IAS-37	Provisions, Contingent liabilities and Contingent Assets
16	IAS-38	Intangibles Assets
17	IAS-39	Financial Instruments: Recognition and Measurement
18	IFRS-7	Financial Instruments: Disclosures
19	IFRS-8	Operating Segments
20	IFRS-9	Financial Instruments
21	IFRS-12	Disclosures of Interests in Other Entities
22	IFRS-13	Fair Value Measurements
23	IFRS-15	Revenue from Contracts with Customers
24	IFRS-16	Leases

### ii. Compliance of other local Laws and Regulation

**The Company also complies with amongst others, the following laws and regulation**

The Income Tax Ordinance 1984;  
 The Income Tax Rules 1984;  
 The Value Added Tax Act 1991;  
 Value Added Tax and Supplementary Duty Act 2012  
 The Value Added Tax Rules 1991;  
 Bangladesh Labor Law, 2006 (Amended 2013);  
 Labor Rules, 2015;  
 Securities and Exchange Ordinance, 1969;  
 Bangladesh Securities and Exchange (Public Issue) Rules, 2015;  
 Bangladesh Securities and Exchange Commission Act, 1993.

## 2.03 Basis for Measurement

The financial statements have been prepared on historical cost basis except for certain assets which are stated either at revalued amount or fair market value as explained in the accompanying notes and, therefore, do not take into consideration the effect of inflation.

#### 2.04 Principal accounting policies

The specific accounting policies have been selected and applied by the company's management for significant transactions and events that have a material effect within the framework for the preparation and presentation of financial Statements.

Financial Statements have been prepared and presented in compliance with applicable IASs. Previous year's figures were re-arranged where felt necessary.

There were no significant changes in the accounting policies and valuation policies affecting the financial position and performance of the Company. However, changes made to the presentation are explained in the note for each respective item.

Accounting and valuation methods are disclosed for reasons of clarity. The company classified the expenses using the function of expenses method as per IAS 1.

#### 2.05 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRSs 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that year or in the period of revision and future periods if the revision affects both current and future periods.

Information about judgments made in applying accounting policies, assumptions, estimation and uncertainties that have the most significant effects on the amounts recognized in the financial statements are included in the following notes:

Particulars	Policy Note No.	Note No.
Property, Plant and Equipment-Depreciation	2.09 (d)	Note-3.00
Property, Plant and Equipment-Impairment	2.09 (f)	Note-3.00
Intangible assets Amortization	2.11 (c)	Note-4.00
Inventories (Work in Progress/ semi-finished goods and Finished goods)	2.13 (b)	Note-8.00
Trade and Other Receivable (Provision for bad debts)	2.27	Note-10.00
Income Tax Expense and deferred tax assets and liabilities	2.18	Note-29.00
Provisions and Accruals	2.17	Note-21.00
Contingent Liabilities and Contingent Assets	2.17	-

#### 2.06 Components of the Financial Statements

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as IAS -1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i. Statement of Financial Position;
- ii. Statement of Profit or Loss and other Comprehensive Income;
- iii. Statement of Changes in Equity;
- iv. Statement of Cash Flows;
- v. Notes, comprising summary of significant accounting policies and other explanatory information and
- vi. Comparative information in respect of the preceding period.

#### 2.07 Books of Accounts

The Company maintains its books of accounts in electronic form through accounting Tally Software and use the financial modules including inter alia General Ledger, Accounts Payables, Accounts Receivables, Fixed Assets, Cash Management, Inventory, Order Management. Also use Thread software in Production process.

## 2.08 Comparative Information and its Rearrangement

Comparative information for the financial position have been disclosed in respect of the year ended 30 June 2023 and for the Statement of profit or loss and other comprehensive income for the year ended 30 June 2023 for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements in accordance with IAS-1: Presentation of Financial Statements.

## 2.09 Property, Plant and Equipment

### a) Recognition, Measurement and Disclosure

All Property, Plant and Equipment are stated at cost less accumulated depreciation as per IAS 16 Property, Plant and Equipment. The cost of acquisition of an asset comprises of its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non- refundable taxes.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flows to the company and its costs can be measured reliably. The cost of the day to day maintaining cost on PPE is recognized in the statements of profit or loss and other comprehensive income as an expense as incurred. In accordance with the allowed alternative treatment of IAS 23 "Borrowing Cost "finance costs have been capitalized for qualifying assets.

### b) Cost model

The company applies cost model to property, plant & equipment and shall be carried at its cost less accumulated depreciation and any accumulated impairment losses except for freehold land and buildings.

### c) Subsequent Costs and maintenance of activities

The cost of replacing or up-gradation of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in profit or loss and other comprehensive income as incurred.

### d) Depreciation of fixed assets

Depreciation on Property, Plant and Equipment other than land and land development has been computed during the year using the reducing balance method. Depreciation has been charged on addition when the related property, plant and equipment are available for use as per management intention. Depreciation has charged as following rate:

Particulars	Rate	Method
Land and Land Development	Nil	N/A
Factory Building & Other Construction	2.5%	Reducing Balance
Plant & Machinery	10%	Reducing Balance
Electrical Installation	10%	Reducing Balance
Power Generator set	10%	Reducing Balance
Boiler	10%	Reducing Balance
Compressor	10%	Reducing Balance
Fork lift	10%	Reducing Balance
Air Condition Installation	10%	Reducing Balance
ETP Plant	10%	Reducing Balance
Telephone Installation	20%	Reducing Balance
Office Equipment	10%	Reducing Balance
Vehicles	20%	Reducing Balance
Furniture & Fixture	20%	Reducing Balance

**e) De-recognition**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income as applicable. When revalued assets are disposed of, the amounts included in the revaluation surplus are transferred to retained earnings.

**f) Impairment**

The carrying value of the Company's assets is reviewed to determine whether there is any indication of impairment at the reporting date. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the assets or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the statement of profit or loss and other comprehensive income in the year concerned.

**2.10 Capital Work in Process**

Capital Work in Process represents the cost incurred for acquisition and/or construction of building and property plant and equipment that were not ready for use at end of the year and these are stated at cost.

**2.11 Intangible Assets**

**a) Recognition and Measurement**

Intangible assets that are acquired by the company and have finite useful lives are initially measured at their cost of acquisition and subsequently stated at their cost less accumulated amortization and accumulated impairment loss, if any. Intangible assets are recognized when all the conditions for recognition as per IAS 38: Intangible Assets are met. The cost of an intangible asset comprises purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

**b) Subsequent Costs**

Subsequent expenditure is capitalized only when it increases the future economic benefits associated with the specific asset to which it relates. All other expenditures are recognized in the statement of profit or loss and other comprehensive income as incurred.

**c) Amortization**

Amortization of the asset begins when development is complete and the asset is placed in service. It is amortized over the period of expected future economic benefits. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and amortization expenditure is recognized in profit or loss and other comprehensive income over the estimated useful lives of intangible assets from the date they are available for use.

The estimated rates and methods of amortization are as follows:

Category of Assets	Rate	Method
Software	20%	Straight Line

**d) De-recognition**

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 de-recognition of an item of intangible asset is included as other income in the statement of profit or loss and other comprehensive income when the item is derecognized. When the revalued assets are disposed off, the respective revaluation surplus is transferred to retained earnings.

**2.12 Leases:**

The entity has adopted IFRS 16 from 01 July, 2019 and have been reviewed office rent agreement in light of the new rules in IFRS 16. On adoption of IFRS 16 the entity recognizes a right-of-use asset and a lease liability. The lease liability is measured at the present value of the lease payments that are not paid at date of 01 July, 2022 discounted using the incremental borrowing rate. Subsequently, right-of-use asset is

adjusted for depreciation and lease liability is adjusted for interest and lease payments. The lease payment is split into a principal and interest portion which are both presented in the statement of cash flows.

**2.13 Valuation of Current Assets**

**a) Trade Receivable**

Trade Receivable is carried at invoice amount without making any provision for doubtful debts, since sales/exports are based on 100% confirmed letter of credit with fixed maturity dates.

**b) Inventories**

Inventories are stated at the lower of cost or net realizable value in compliance with the requirements of Para 21 and 25 of IAS 2.

Category of stocks		Basis of valuation
Raw & packing materials including work-in-process	:	Moving average (Weighted) Cost
Finished Goods at Factory	:	At lower of cost or net estimated realizable value
At warehouses	:	At cost
Stores Items	:	At cost

Cost comprises of the value of materials and all other distributable direct labor & production overheads including depreciation.

**c) Material in Transit**

Material in transit represents the cost incurred up to the date of the statement of financial position for the items that were not received but the related risk has been transferred till the date of reporting.

**d) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash at bank, which are available for use by the company without any restrictions. There is an insignificant risk of change in value of the same.

**e) Advances, Deposits and Prepayments**

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or transfer to other accounts head such as PPE or inventory etc.

**2.14 Foreign currency transaction**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Taka at the exchange rate using the closing rate. Foreign currency exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period using closing rate are recognized in the statement of profit or loss and other comprehensive income as per IAS-21: "The Effects of Changes in Foreign Exchange Rates".

**2.15 Functional and Presentational Currency**

Realization and payments in foreign currency are converted into the local currency at the rate of exchange prevailing on the date of receives and payments respectively, as such any gain or loss arisen out of transactions in foreign currency is charged to the related items as per IAS-21. The financial statements are prepared in Bangladeshi Taka which is the Company's functional currency. The figure has been rounded off to the nearest taka.

**2.16 Trade payables**

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

## 2.17 Provisions, Contingent Liabilities and Contingent Assets

The preparation of financial statements in conformity with Bangladesh accounting standards IAS - 37 (Provisions, Contingent Liabilities and Contingent Assets) requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS 37 provisions were recognized in the following situations:

- When the Company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

We have shown the provisions in the balance sheet at an appropriate level with regard to an adequate provision for risks and uncertainties. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the balance sheet date.

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events, which are not within the control of the company. In accordance with IAS-37, Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

## 2.18 Income Tax Expenses and deferred Tax Assets and Liabilities

Income tax expense comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit or loss and other comprehensive income.

### i. Current Tax Expenses

Provision for current income tax has been made at the rate of 15% as prescribed in the finance act (এস, আর, ও নং ২১৮.আইন-আয়কর/২০১৯ তারিখ, ২৩.০৬.২০১৯ এবং এস, আর, ও নং ১৫৯.আইন-আয়কর/২০২২ তারিখ, ০১.০৬.২০২২) on the accounting profit made by the company making some adjustment with the profit as per ITO 1984 in compliance with IAS-12 "Income Taxes".

### ii. Deferred Tax Expenses

Deferred tax has been recognized in accordance with IAS: 12. It is provided using the liability method for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used for taxation purpose. Deferred tax is determined at the effective income tax rate prevailing at the reporting date. The impact on the account of changes in the deferred tax assets and liabilities for the year ended June 30, 2023 has been recognized in the statement of comprehensive income as per IAS 12 "Income Taxes".

### iii. Deferred Tax Assets

Deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. It is reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized and such reductions are reversed when the probability of future taxable profits improve.

### iv. Deferred Tax Liabilities

Deferred tax liabilities are the amount of income tax payable in the future periods in respect of taxable temporary differences. Provision for deferred tax liabilities is made at the rate applied on the amount of temporary difference between accounting base and tax base of assets and liabilities.



**2.20 Materiality and aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

**2.21 Responsibility for preparation and presentation of financial statements**

The management is responsible for the preparation and presentation of Financial Statements under section 183 of the Companies Act 1994; and as per provision of “International Financial Reporting Standards (IFRS) for presentation of Financial Statements” issued by the International Accounting Standard Board (IASB)

**2.22 VAT**

According to Value Added Tax (VAT) Act 1991 The Company’s traded income is 100% export oriented so its income is not subject to VAT.

**2.23 Revenue recognition**

The Company has applied IFRS-15" Revenue from Contracts with Customers" for annual reporting periods beginning on or after 01 July 2019. IFRS-15 provides a single, principles-based approach to their cognition 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 new standard is based on the principle that revenue is recognized when control of goods or services transfers to a customer, so the concept of control replaces the existing concept of risks and rewards. This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. A new five-step process must be applied before revenue from contract with customer can be recognized:

- i) Identify the contact with customer,
- ii) Identify the performance obligations in the contact,
- iii) Determine the transaction price,
- iv) Allocate the transaction price to the performance obligations in the contact,
- v) Recognize revenue when (or as) a performance obligation is satisfied.

Revenue represents amount received and receivable from third parties for goods supplied to the customers. It comprises sales/export (deemed export) of sewing thread to the customers. Revenue is recognized when control of the goods has transferred to the customer; this is usually evidenced by a transfer of the significant risks and rewards of ownership upon delivery to the customer which in terms of timing is not materially different to the date of delivery.

**2.24 Borrowing cost**

In compliance with the requirements of IAS 23 (Borrowing Cost), borrowing cost of operational period on long term loan, short term loan and overdraft facilities from Sonali Bank Limited, Bangladesh Development Bank Limited (BDBL), Islami Bank Bangladesh Limited and IPDC Finance was charged off as revenue expenditure as they incurred.

**2.25 Related Party Disclosure**

The company carried out a number of transactions with related parties in the normal course of business and on arms’ length basis. The information as required by IAS 24: Related Party Disclosures has been disclosed in a separate to the accounts.

**2.26 Event after Statement of Financial Position Date**

In compliance with the requirements of IAS 10: Events after the Reporting Period, amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period.

**i. Material Event to the Date of Issue**

The board of directors in their meeting held on October 26, 2023 recommended 2% Cash dividend (Excluding Directors) to the existing share held at record date for the year ended 30 June 2023. The dividend proposal is subject to shareholders' approval at the forthcoming Annual General Meeting (AGM).

**ii. Date of Authorization**

The Board of Directors of VFS Thread Dyeing Limited approved this financial statement for the period from 01 July 2022 to 30 June 2023 on 26th October, 2023.

**2.27 Bad and doubtful debts**

No provision has been made for bad and doubtful debts since sales / export are based on 100% confirmed letter of credit with fixed maturity date.

**2.28 Employee Benefit**

The company maintains employee benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

The company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19 Employee Benefits.

The cost of employee benefit is charged of as revenue expenditure in the period to which the contributions relate.

The company's employee benefits include the following

**a) Short Term Employee Benefits**

Short-term employee benefits include wages, salaries, festival bonuses etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

**b) Contribution to Workers' Profit Participation and Welfare Funds**

This represents 5% of net profit before tax contributed by the company as per provisions of the Bangladesh Labour Act, 2006 (amendment-2013) and is payable to workers as defined in the said law.

**2.29 Advertising and promotional expenses**

All costs associated with advertising and promotional activities are charged in the year they were incurred.

**2.30 Statement of cash flows**

Statement of Cash Flows is prepared in accordance with IAS 7 Statement of Cash Flows and the cash flows from the operating activities have been presented under direct method considering the provisions of Paragraph 19 of IAS 7 and "Preparation of cash flows under direct method is a requirement of Securities and Exchange Rules, 1987" which provides that entities are encouraged to report cash flows from operating activities using the direct method.

**2.31 Earnings per Shares (EPS)**

The Company calculates Earnings per Share (EPS) in accordance with IAS-33, "Earnings per share", which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income and details are shown in Note # 30.

**a) Basic earnings**

This represents earnings for the period attributable to ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for the effect of change in the number of shares for bonus issue.

**b) Weighted average number of ordinary shares outstanding during the year**

This represents the number of ordinary shares outstanding at the beginning of the period plus the number of shares issued during the period multiplied by a time weighted factor is the number of months the specific shares is outstanding as a proportion of the total number of months in the period.

**c) Diluted Earnings per Share:**

Diluted EPS is calculated if there is any commitment for issuance of equity shares in foreseeable future, i.e., potential shares, without inflow of resources to the Company against such issue. This is in compliance with the requirement of IAS-33.

**2.32 Financial Instruments**

The Company has applied IFRS-9 'Financial instruments' with effect from 01 January 2018. IFRS-9 introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairments for financial assets and general hedge accounting. IFRS-9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS-39 Financial Instruments: Recognition and Measurement. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**Classification and measurement of financial assets and financial liabilities:**

IFRS-9 largely retains the existing requirements of IAS-39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS-39 categories for financial assets of held to Maturity, Loans and Receivables and Available for Sale. The adoption of IFRS-9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS-9 on the classification and measurement of financial assets is set out below.

Under IFRS-9, on the initial recognition, a financial asset is classified as measured: At Amortized cost; Fair Value through Other Comprehensive Income (FVOCI) or fair value through profit or loss on the basis of both -debt investment; Fair Value through Other Comprehensive Income (FVOCI) equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS-9 is generally based on the business model in which a financial is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

All financial assets not classified as measured at amortized at or FVOCI as described above are measured at FVTPL. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

**Financial assets at FVTPL:**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**Financial assets at amortized cost:**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition in profit or loss. Trade receivables are classified as financial assets measured at amortized cost.

### **Impairment of financial assets**

IFRS-9 replaces the "incurred loss" model in IAS-39 with an "expected credit loss "(ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity investments. The financial assets at amortized cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. The Company measures loss allowances at an amount equal to ECL from trade receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both qualitative and quantitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by company to actions such as realizing security (if any is held).

### **2.33 Reporting year**

The financial statements cover twelve (12) month from July 01, 2022 to June 30, 2023.

### **2.34 Going Concern**

The financial statements are normally prepared on the assumption that an enterprise is a going concern and will continue in operation for the foreseeable future. Hence it is assumed that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operation.

### **2.35 Impairment of Assets**

In accordance with the provision of IAS 36, the carrying amount of non-financial assets other than inventories of the company involved in the manufacturing of the products. If any such indication exists, then the asset's recoverable amount is estimated and impairment losses are recognized in the statement of comprehensive income. No such indication of impairment has been observed till the end of the year.

### **2.36 Segment Reporting**

Operating segment of an entity engages in business activities from which it may earn revenue and incur expenses and whose operating results are regularly reviewed by the entity's chief operating decisions maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. During the period under review, segment reporting is not applicable as the Company does not meet the criteria of threshold limit required for segment reporting specified in IFRS 8: Operating Segment. Because a segment is a distinguishable component of the entity and must meet the requirement of threshold limit and also engaged in providing products within a particular economic environment which is subject to risks and rewards that are different from those of other segments.

### **2.37 Significant Deviation:**

Due to war between Russia & Ukraine and worldwide recession our export/sales has been decrease during the year compare to previous year. Hence, net profit after tax has been decreased and Earnings per share has been decreased compare to previous year.

### **2.38 General**

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

Notes	Particulars	30 June 2023	30 June 2022
		Taka	Taka
<b>3.00</b>	<b>Property, Plant and Equipment</b>		
	Balance as on July 01, 2022	1,511,715,287	1,449,651,512
	Add: Addition during the year	-	62,063,775
		<b>1,511,715,287</b>	<b>1,511,715,287</b>
	Less: Accumulated Depreciation	641,736,169	577,961,786
	<b>Written down value as on 30 June 2023</b>	<b>869,979,118</b>	<b>933,753,501</b>
	<i>The details of the above is given in Annexure-A</i>		
<b>4.00</b>	<b>Intangible Assets</b>		
	<b>A. At Cost</b>		
	Opening Balance	550,000	550,000
	Add: Addition during the year	-	-
	<b>Total Cost</b>	<b>550,000</b>	<b>550,000</b>
	<b>B. Accumulated Amortization</b>		
	Opening Balance	394,167	284,167
	Add: Amortization charged during the year	110,000	110,000
	<b>Total Charge</b>	<b>504,167</b>	<b>394,167</b>
	<b>Written down value (A-B) as on 30 June 2023</b>	<b>45,833</b>	<b>155,833</b>
	The details of the above is given in Annexure-B		
<b>5.00</b>	<b>Right of Use Assets</b>		
	Beginning Balance	2,204,622	355,436
	Addition during the year	-	2,736,772
	Less: Depreciation Expenses	(912,257)	(887,586)
	<b>Closing Balance</b>	<b>1,292,365</b>	<b>2,204,622</b>
<b>6.00</b>	<b>Capital work in Progress</b>		
	Plant & Machinery	-	-
	Note: 6.01	-	-
<b>6.01</b>	<b>Plant &amp; Machinery</b>		
	Opening Balance	-	57,861,675
	Addition During the Year	-	1,543,250
	Less: Capitalized during the year	-	(59,404,925)
	<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>7.00</b>	<b>Security Deposit</b>		
	Bangladesh Telecommunication Company Ltd. (BTCL)	6,500	6,500
	Titas Gas Transmission & Distribution Co. Ltd. (Demand Note)	2,685,450	2,685,450
	Rural Electrification Board (REB)	1,165,000	1,165,000
	BG (Customes Bond)	4,329,699	4,329,699
		<b>8,186,649</b>	<b>8,186,649</b>

Notes	Particulars	30 June 2023	30 June 2022	
		Taka	Taka	
<b>8.00 Inventories</b>				
	Raw Materials-Yarn	Note: 25.10	380,356,915	319,246,512
	Raw Materials-Chemicals	Note: 25.20	23,639,786	38,612,456
	Work in Process	Note: 25.00	9,896,315	9,246,315
	Packing Materials	Note: 25.30	499,719	1,876,945
	Finished Goods	Note: 25.00	118,396,815	92,875,612
	Store Items	Note: 25.40.A	1,366,620	2,415,619
			<b>534,156,170</b>	<b>464,273,459</b>

**Raw materials:** It consist of import value and local expenses incurred up to warehouse. Inventory system is maintained on FIFO basis.

**Work in process:** It consist of cost of raw materials, chemicals and packing materials only.

**Finished Goods:** It includes the cost incurred upto cost of goods available for sale.

**Store Items:** It consist of the total cost of spare parts, loose tools and consumable items.

Physical verification of inventories: The management has physically verified the inventories as of the Statement of Financial Position date.

#### 9.00 Material In Transit

During The year

**23,546,780**

**135,216,650**

#### 10.00 Trade Receivables

The amount of Trade receivable against export bills as on 30 June 2023. This is considered as good & realizable and is secured by export letter of credit duly accepted by L/C opening bank.

##### Bill Receivables

Less: Adjustment of Inland Bill Purchase

Note: 10.01

862,873,862

931,862,552

-

84,693,715

**862,873,862**

**847,168,837**

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI, Part I, Para 6 of the Companies Act, 1994 are given below:

Particulars	Taka	
i. Receivables considered good in respect of which the company is fully secured;	862,873,862	847,168,837
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security;	-	-
iii. Receivables considered doubtful or bad	-	-
iv. Receivable due by directors or other officers of the company or any of them either severally or jointly with any other person or receivable due by firms or private companies respectively in which any director is a partner or a director or a member;	-	-
v. Receivables due from companies under same management; and	-	-
vi. The maximum amount of receivable due by any director or other officer of the company at any time during the year.	-	-
<b>Total</b>	<b>862,873,862</b>	<b>847,168,837</b>



Notes	Particulars	30 June 2023	30 June 2022
		Taka	Taka
	<b>Aging of Bill Receivable</b>		
	Less than 6 Month	192,554,027	600,413,105
	More than 6 Month	670,319,835	246,755,732
		<b>862,873,862</b>	<b>847,168,837</b>
	<b>10.01 Adjustment of Inland Bill Purchase (Net off Assets &amp; Liabilities)</b>		
	Islami Bank Bangladesh Limited	-	84,693,715
		<b>-</b>	<b>84,693,715</b>
	<b>11.00 Advance, Deposits &amp; Prepayments</b>		
	Advance Salary	3,483,418	4,290,063
	Advance Income Tax	29,535,917	24,071,182
	LC Margin & Charges	5,543,619	52,543,619
	Advance against Purchase	102,565,790	49,640,405
	Advance against Group Insurance	11,667	21,474
	Advance against Office Rent	193,000	193,000
	Advance against Expenses	84,381,678	51,881,678
		<b>225,715,089</b>	<b>182,641,421</b>
	<b>11.01 Advance Income Tax</b>		
	Opening Balance	24,071,182	39,371,958
	Addition during the year	5,464,735	33,511,595
	Less: Adjustment during the year for Assessment year 2015-2016	-	(13,337,966)
	Less: Adjustment during the year for Assessment year 2016-2017	-	(12,257,830)
	Less: Adjustment during the year for Assessment year 2016-2017	-	(7,493,371)
	Less: Adjustment during the year for Assessment year 2017-2018	-	(14,905,219)
	Less: Adjustment during the year for Assessment Year 2018-2019	-	(817,985)
	Closing balance	<b>29,535,917</b>	<b>24,071,182</b>

Disclosure as per Schedule XI, Part I, Para 6 of the Companies Act, 1994 are given below:

Particulars	30-Jun-23	30-Jun-22
i. Advance, deposit & prepayment considered good in respect of which the company is fully secured;	222,231,671	178,351,358
ii. Advance, deposit & prepayment considered good in respect of which the company holds no security;	-	-
iii. Advance, deposit & prepayment considered doubtful or bad	-	-
iv. Advance, deposit & prepayment due by directors or other officers of the company or any of them either severally or jointly with any other person or Advance, deposit & prepayment due by firms or private companies respectively in which any director is a partner or a director or a member;	-	-
v. Advance, deposit & prepayment due from companies under same management; and	-	-
vi. The maximum amount due by any director or other officer of the company at any time during the year.	3,483,418	4,290,063
<b>Total</b>	<b>225,715,089</b>	<b>182,641,421</b>

Notes	Particulars	30 June 2023	30 June 2022
		Taka	Taka
<b>12.00</b>	<b>Cash and Bank Balance</b>		
	Cash in hand	4,307,304	5,255,253
	Cash at Bank	72,633,828	59,023,644
		<b>76,941,131</b>	<b>64,278,896</b>
	<b>Bank Name</b>	<b>Account Number</b>	
	Sonali Bank Limited	0002633133402 (CA)	196,077
	BRAC Bank Limited	1501203089179001 (CORP-BDT)	1,289
	BRAC Bank Limited	1501203089179002 (Current-FC)	105,445
	Bangladesh Dev. Bank Ltd.	0670200000169 (CD)	1
	Mercantile Bank Ltd.	114711102834977 (CD)	231,136
	Islami Bank Bangladesh Ltd.	20501910500811416 (MTDRA)	55,688,957
	Islami Bank Bangladesh Ltd.	20501912600001612 (MDA Special)	406
	Islami Bank Bangladesh Ltd.	20501910100293214 (CA)	966,278
	Islami Bank Bangladesh Ltd.	20501912500007112 (MDA Normal)	123,461
	Islami Bank Bangladesh Ltd.	20501912100000202 (FCAD)	996,400
	Islami Bank Bangladesh Ltd.	20501912300000911 (FC Held BB LC)	13,738,634
	Dutch Bangla Bank Ltd.	2291100008189 (CA)	445,057
	Southeast Bank Ltd.	002411100007785 (CA)	27,874
	NCC Bank Limited	0002-210032390 (CD)	58,282
	United Commercial Bank Ltd.	0951101000011123 (CA)	50,465
	Jamuna Bank Limited	0024-0210023206 (CD)	1
	Union Bank Ltd.	012101005303 (Current Account)	925
	United Commercial Bank Ltd.	1072101000007580 (CA)	3,142
		<b>72,633,828</b>	<b>59,023,644</b>

The bank balance are in agreement with respective bank statement.

### 13.00 Share Capital

#### 13.10 Authorized Share Capital

200,000,000 ordinary shares of Taka 10/= each.

2,000,000,000

2,000,000,000

#### 13.20 Issued, subscribed and paid-up share capital

105,580,055 ordinary shares of Tk 10/= each fully paid-up

1,055,800,552

1,055,800,552

**1,055,800,552**

**1,055,800,552**

The Distribution Schedule showing the number of Shareholders and corresponding Shareholdings Percentage under DSE & CSE Listing Regulation 37 on June 30 2023.

Range of Shareholding	No. of Share Holders	No. of Shares	Percentage of Shareholdings (%)
Less than 500 Shares	1,684	332,600	0.3150
500-5,000 Shares	4,541	8,743,697	8.2816
5,001-10,000 Shares	814	6,356,222	6.0203
10,001-20,000 Shares	488	7,380,324	6.9903
20,001-30,000 Shares	208	5,183,429	4.9095
30,001-40,000 Shares	107	3,857,960	3.6541

Notes	Particulars		30 June 2023	30 June 2022
			Taka	Taka
	40,001-50,000 Shares	90	4,142,986	3,9240
	50,001-1,00,000 Shares	127	9,384,484	8,8885
	100,001-10,00,000 Shares	109	23,494,035	22,2523
	10,00,000 and Above	7	36,704,318	34,7644
	<b>Total</b>	<b>8,175</b>	<b>105,580,055</b>	<b>100</b>

**Detailed Break-up or Composition of Shareholders' equity**

Particulars	Issue Date	Face Value	No. of Share	Paid up Capital
At the time of Incorporation	20-Apr-10	100	30,000	3,000,000
1st Allotment	25-Sep-11	100	265,400	26,540,000
2nd Allotment	26-Dec-11	100	700,000	70,000,000
3rd Allotment	28-Nov-12	100	5,276,080	527,608,000
Issuance of Share (IPO)	19-Jul-18	10	22,000,000	220,000,000
Issuance of Stock Dividend	6-Dec-18	10	8,471,480	84,714,800
Issuance of Stock Dividend	19-Dec-19	10	9,318,628	93,186,280
Issuance of Stock Dividend	20-Dec-20	10	3,075,147	30,751,472
<b>Total</b>				<b>1,055,800,552</b>

**14.00 Retained Earnings**

Opening Balance	988,588,155	918,681,135
Add: Profit during the year	73,945,863	150,313,847
Less: Cash Dividend Issued (11%)	-	(80,406,827)
	<b>1,062,534,018</b>	<b>988,588,155</b>

**15.00 Long Term Borrowings net of Current Portion**

This represent amount of term loan sanctioned by the Sonali Bank Limited under the following:

BMRE Loan (Sonali Bank Ltd.)	Note:15.01	-	-
Term Loan (IPDC Finance)	Note:15.02	10,594,071	31,829,947
Project loan (Sonali Bank Ltd.)	Note:15.03	55,615,588	54,931,866
IDCP (Sonali Bank Ltd.)	Note:15.04	1,341,860	1,702,325
		<b>67,551,519</b>	<b>88,464,138</b>

**15.01 BMRE Loan (Sonali Bank Ltd.)**

Opening Balance	7,392,671	9,020,639
Addition during the year	-	-
Add: Interest and Charge during the year	526,973	789,032
Less: Payment during the year	1,850,000	2,417,000
Closing Balance	<b>6,069,644</b>	<b>7,392,671</b>
Current Portion	6,069,644	7,392,671
	-	-

The company enjoys long Term Loan from Sonali Bank Limited, Local office, Dhaka for the purpose of Capital Machinery. Long term loan facilities (both the non-current and current portion) availed by the company are secured.

Notes	Particulars	30 June 2023	30 June 2022
		Taka	Taka
<b>15.02 Term Loan (IPDC Finance)</b>			
	Opening Balance	40,802,280	48,785,378
	Addition during the year	-	-
	Add: Interest and Charge during the year	4,058,848	5,212,462
	Less: Payment during the year	10,996,300	13,195,560
	Closing Balance	<b>33,864,827</b>	<b>40,802,280</b>
	Current Portion	23,270,756	8,972,332
		<b>10,594,071</b>	<b>31,829,947</b>

The company enjoys Term Loan from IPDC Finance, Hosna Center (4th Floor) 106 Gulshan Avenue, Dhaka 1212 for the purpose of Business Expansion. Term loan facilities (both the non-current and current portion) availed by the company are secured.

**15.03 Project loan (Sonali Bank Ltd.)**

	Opening Balance	57,447,721	56,059,350
	Addition during the year	-	-
	Add: Interest and Charge during the year	5,298,250	5,248,371
	Less: Payment during the year	1,750,000	3,860,000
	Closing Balance	<b>60,995,971</b>	<b>57,447,721</b>
	Current Portion	5,380,383	2,515,855
		<b>55,615,588</b>	<b>54,931,866</b>

The company enjoys long Term Loan from Sonali Bank Limited, Local office, Dhaka for the purpose of Capital Machinery. Long term loan facilities (both the non-current and current portion) availed by the company are secured.

**15.04 IDCP (Sonali Bank Ltd.)**

	Opening Balance	1,702,325	1,802,325.00
	Addition during the year	-	-
	Add: Interest Charge during the year	-	-
	Less: Payment during the year	-	100,000.00
	Closing Balance	<b>1,702,325</b>	<b>1,702,325</b>
	Current Portion	360,465	-
		<b>1,341,860</b>	<b>1,702,325</b>

The company enjoys IDCP from Sonali Bank Limited, Local office, Dhaka for the purpose of Capital Machinery. IDCP facilities (both the non-current and current portion) availed by the company are secured.

**16.00 Liability for Leases Net of Current Portion**

	Beginning Balance	2,255,920	582,542
	Addition during the year	-	2,736,772
	Add: Interest Expenses	224,682	161,606
	Less: Payment	1,080,000	1,225,000
	<b>Closing Balance</b>	<b>1,400,602</b>	<b>2,255,920</b>
	Less: Current Portion of Lease Liability	963,794	855,318
		<b>436,809</b>	<b>1,400,602</b>

Notes	Particulars	30 June 2023	30 June 2022
		Taka	Taka
<b>17.00</b>	<b>Deferred Tax Liabilities</b>		
	Opening Balance	57,108,480	54,504,392
	Deferred Tax (Income)/Expenses during the year Note: 29.02	1,134,105	2,604,089
		<b>58,242,585</b>	<b>57,108,480</b>
<b>18.00</b>	<b>Trade Payables</b>		
	Payables to Suppliers Note: 18.01	1,406,098	1,237,878
		<b>1,406,098</b>	<b>1,237,878</b>
<b>18.01</b>	<b>Trade Payables (by Name)</b>		
	Tex Line	381,519	313,369
	Retail Technology	221,595	301,295
	Artek Communication	802,984	623,214
	<b>Total</b>	<b>1,406,098</b>	<b>1,237,878</b>

Aging of the above Trade Payable is given below:

Particular	1-3 Months	Above - 3 Months
Trade payables	1,406,098	-

**19.00 Current portion of Long Term Borrowings**

This represent amount of term loan sanctioned by the Sonali Bank Limited which will be paid within one year under the following form:

Term Loan (IPDC Finance)	23,270,756	8,972,332
BMRE Loan (Sonali Bank Ltd.)	6,069,644	7,392,671
IDCP	360,465	-
Project Loan (Sonali Bank Ltd.)	5,380,383	2,515,855
	<b>35,081,248</b>	<b>18,880,859</b>

**20.00 Short Term Borrowings**

C.C (Hypo)-Sonali Bank Ltd.	51,197,782	51,149,382
LTR Liability-Sonali Bank Ltd.	30,360,490	28,506,242
Foreign Cash LC	11,302,098	83,471,512
QTDR- Islami Bank Bangladesh Limited	49,391,328	49,371,153
Sonali Bank Limited-Working Capital to Industry	15,352,150	14,829,151
C.C (Hypo)-Bangladesh Development Bank Ltd.	23,529,295	24,038,099
	<b>181,133,142</b>	<b>251,365,539</b>

The company enjoys Short Term Loan from Sonali Bank Limited, Local office, and Bangladesh Development bank Limited, Kawranbazar Branch, LC facilities from Islami Bank Bangladesh Limited, Mohakhali branch Dhaka for the purpose of Working Capital. Short term loan facilities availed by the company are secured.

**21.00 Provision & Accruals**

Provision for Utilities	844,625	1,158,328
Provision for Salary & Wages	1,626,500	2,875,970
Provision for Director Remuneration and Fees	-	118,750
Provision for Workers Profit Participation Fund	50,209,005	46,738,451
Provision for Annual Listing fees	1,022,320	-
Provision for Audit Fees	300,000	250,000
Provision for Dividend Tax	-	31,387,354
	<b>54,002,450</b>	<b>82,528,853</b>

Notes	Particulars	30 June 2023	30 June 2022	
		Taka	Taka	
<b>22.00</b>	<b>Unclaimed Dividend Account</b>			
	Opening Balance	9,007,107	11,814,339	
	Add: Addition During the Year	-	66,050,966	
	Less: Payment During the Year	(395,705)	(68,858,198)	
	Net Unclaimed Dividend Account	<b>8,611,402</b>	<b>9,007,107</b>	
		Note: 22.01		
<b>22.01</b>	<b>Net Unclaimed Dividend Account</b>			
		<b>Year</b>	<b>Amount</b>	
	Unclaimed Dividend	Annexure-C	2019	2,250,965
	Unclaimed Dividend	Annexure-D	2020	4,901,226
	Unclaimed Dividend	Annexure-E	2021	1,459,211
				<b>8,611,402</b>
<b>23.00</b>	<b>Provision for Income Tax</b>			
	Opening Balance	82,536,817	119,061,502	
	Add: Income Tax Charged on current year	Note: 29.10 (5,668,882)	12,287,686	
	Less: Adjustment during the year for the Assessment year 2015-2016	-	(13,337,966)	
	Less: Adjustment during the year for the Assessment year 2016-2017	-	(12,257,830)	
	Less: Adjustment during the year for the Assessment year 2016-2017	-	(7,493,371)	
	Less: Adjustment during the year for the Assessment year 2017-2018	-	(14,905,219)	
	Less: Adjustment during the year for the Assessment Year 2018-2019	-	(817,985)	
		<b>76,867,935</b>	<b>82,536,817</b>	



Notes	Particulars	Amount in Taka	
		01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022
<b>24.00 Sales Revenue</b>			
	Sales of Finished Goods	550,935,960	956,234,575
		<b>550,935,960</b>	<b>956,234,575</b>
<b>24.10 Sales Quantity</b>			
	Sales of Finished Goods (Lbs)	<b>1,823,084</b>	<b>3,164,244</b>
<b>25.00 Cost of Goods Sold</b>			
	Raw materials consumed-Yarn	Note:25.01 323,413,731	538,633,815
	Raw materials consumed-Chemicals	Note:25.02 40,762,500	72,619,459
	Packing materials consumed	Note:25.03 5,193,359	9,274,814
	<b>Total raw materials consumed</b>	<b>369,369,590</b>	<b>620,528,088</b>
	Add: Manufacturing Overhead	Note:25.04 100,415,021	135,849,528
	<b>Prime Cost</b>	<b>469,784,611</b>	<b>756,377,616</b>
	Add: Work in Process- Opening	9,246,315	9,145,718
		<b>479,030,926</b>	<b>765,523,334</b>
	Less: Work in Process- Closing	9,896,315	9,246,315
	<b>Cost of goods manufactured</b>	<b>469,134,611</b>	<b>756,277,019</b>
	Add: Finished goods - Opening	92,875,612	78,217,890
	<b>Goods available for sale</b>	<b>562,010,223</b>	<b>834,494,909</b>
	Less: Finished goods - Closing	118,396,815	92,875,612
	Less: Sample Expenses	320,468	457,185
	<b>Cost of goods sold during the year</b>	<b>443,292,940</b>	<b>741,162,112</b>
<b>25.01 Raw materials consumed-Yarn</b>			
	Opening Stock Raw materials	319,246,512	309,455,746
	Add: Purchase during the year	384,524,134	548,424,581
	<b>Yarn available for production</b>	<b>703,770,646</b>	<b>857,880,327</b>
	Less: Closing Stock of Raw materials	380,356,915	319,246,512
		<b>323,413,731</b>	<b>538,633,815</b>
<b>25.02 Raw materials consumed-Chemicals</b>			
	Opening Stock of Chemicals	38,612,456	39,710,380
	Add: Purchase during the year	25,789,830	71,521,535
	<b>Chemicals available for Production</b>	<b>64,402,286</b>	<b>111,231,915</b>
	Less: Closing Stock of Chemicals	23,639,786	38,612,456
		<b>40,762,500</b>	<b>72,619,459</b>
<b>25.03 Packing materials consumed</b>			
	Opening Stock of Packing materials	1,876,945	1,789,520
	Add: Purchase during the year	3,816,133	9,362,239
	<b>Materials available for packing</b>	<b>5,693,078</b>	<b>11,151,759</b>
	Less: Closing Stock of Packing materials	499,719	1,876,945
		<b>5,193,359</b>	<b>9,274,814</b>

Notes	Particulars	Amount in Taka	
		01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022
<b>25.04</b>	<b>Manufacturing Overhead</b>		
	Salary, Wages and allowances	14,726,395	25,634,243
	Utilities	17,352,778	32,138,194
	Printing & Stationary	350,301	537,116
	Conveyance & Courier	380,365	514,233
	Food & Allowance	709,572	967,030
	Entertainment	220,296	170,694
	Labour Charge	618,859	1,215,929
	Medical Expenses	88,784	280,014
	Phone, Fax & Internet	480,000	480,000
	Store & Spares	Note:25.04.A 2,237,428	3,924,383
	Repairs & Maintenance	Note:25.04.B 132,473	439,359
	Amortization Expenses	(Annexure-B) 108,680	108,680
	Depreciation	(Annexure-A) 63,009,090	69,439,654
		<b>100,415,021</b>	<b>135,849,528</b>
<b>25.04.A</b>	<b>Store &amp; Spares</b>		
	Opening Balance	2,415,619	2,315,896
	Add: Purchase during the year	1,188,429	4,024,106
		<b>3,604,048</b>	<b>6,340,002</b>
	Less: Closing Stock of Store Items	1,366,620	2,415,619
		<b>2,237,428</b>	<b>3,924,383</b>
<b>25.04.B</b>	<b>Repairs &amp; Maintenance</b>		
	Plant and Machinery	19,220	124,678
	Buildings	113,253	314,681
		<b>132,473</b>	<b>439,359</b>
<b>26.00</b>	<b>Operating Expenses</b>		
	Warehouse, Distribution & Selling Exp.	Note:26.01 7,279,926	11,937,376
	Administrative Expenses	Note:26.02 10,551,966	13,277,623
		<b>17,831,892</b>	<b>25,214,999</b>
<b>26.01</b>	<b>Warehouse, Distribution &amp; Selling Expenses</b>		
	Salary & Welfare	4,143,230	7,547,325
	Advertising	149,450	193,170
	Transportation and Handling	739,843	1,559,089
	Repair and Maintenance	232,725	276,237
	Sales promotion	52,439	33,885
	Traveling & Conveyance	630,513	870,357
	Entertainment	482,630	617,145
	Miscellaneous	231,530	13,362
	Sample, Test & Analysis	67,114	116,206
	Sample Expenses	320,468	457,185
	Amortization Expenses	(Annexure-B) 396	396
	Depreciation	(Annexure-A) 229,588	253,019
		<b>7,279,926</b>	<b>11,937,376</b>
<b>26.02</b>	<b>Administrative Expenses</b>		
	Salary & Welfare	5,271,221	7,136,509
	Director Remuneration	56,250	225,000
	Postage & Courier	61,970	161,940
	Traveling & Conveyance	403,729	717,475
	Repair & Maintenance	146,032	51,452

Notes	Particulars	Amount in Taka	
		01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022
	Utilities	496,696	372,758
	Printing and Stationery	318,490	319,609
	Entertainment	157,658	304,132
	Legal & Professional Charge	-	30,000
	AGM Expenses	310,000	472,560
	Annual Listing Fees	1,128,320	1,148,061
	Audit fees	300,000	250,000
	Group Insurance Premium	64,422	88,282
	Miscellaneous Expenses	22,740	4,125
	Bank Charges	332,639	302,098
	News paper & periodical	7,913	19,128
	Board Meeting attendance Fees	25,000	34,000
	Interest Expense on the Lease Liability	-	161,606
	Depreciation Charge for the Right-of-Use Asset	912,257	887,586
	Amortization Expenses (Annexure-B)	924	924
	Depreciation (Annexure-A)	535,705	590,378
		<b>10,551,966</b>	<b>13,277,623</b>
<b>27.00</b>	<b>Financial Expenses</b>		
	Interest on Loan	Note:27.01	
		17,368,169	16,737,173
		<b>17,368,169</b>	<b>16,737,173</b>
<b>27.01</b>	<b>Interest on Loan</b>		
	Interest on Long Term Loan	8,902,234	11,191,865
	Interest Expense on the Lease Liability	224,682	-
	Interest on Short Term Loan	8,241,253	5,545,308
		<b>17,368,169</b>	<b>16,737,173</b>
<b>28.00</b>	<b>Other Non-operating Income</b>		
	Sale of Wastage-Raw Material	7,520	8,279
	Wastage of Work in Process	3,070	6,990
	Wastage of finished goods	22,370	10,321
	Interest Income	397,893	316,940
	Foreign exchange gain/(loss)	7,828	3,082
		<b>438,681</b>	<b>345,612</b>
<b>29.00</b>	<b>Income Tax Charged during the year</b>		
	Current Tax	Note:29.01	
	Deferred Tax	Note:29.02	
		(5,668,882)	12,287,686
		1,134,105	2,604,089
		<b>(4,534,777)</b>	<b>14,891,774</b>
<b>29.01</b>	<b>Current Tax</b>		
	Profit before Other Income and Tax	68,972,405	164,860,009
	Add: Depreciation as Accounting base	63,884,383	70,393,050
		<b>132,856,788</b>	<b>235,253,060</b>
	Less: Depreciation as per Tax base	71,445,083	87,753,641
	<b>Net profit for current Tax</b>	<b>61,411,705</b>	<b>147,499,418</b>
	Income Tax Rate	15%	15%
	<b>Tax on operating income</b>	<b>9,211,756</b>	<b>22,124,913</b>
	Tax on Non Operating Income @15%	65,802	51,841.76
		<b>9,277,558</b>	<b>22,176,755</b>



Notes	Particulars	Amount in Taka	
		01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022

### 33.00 Cash Flows from Operating Activities

A reconciliation of net income or net profit with cashflow from operating activities:

Net Profit before Income tax	69,411,086	165,205,621
<b>Adjustment for:</b>		
Depreciation on Fixed Assets	63,774,383	70,283,050
Amortization on Intangible Assets	110,000	110,000
Interest Expense on the Lease Liability	224,682	161,606
Depreciation Charge for the Right-of-Use Asset	912,257	887,586
Interest on Long Term Loan	8,902,234	11,191,865
	<b>143,334,641</b>	<b>247,839,728</b>
<b>Increase/Decrease in Current Assets:</b>		
Inventory (Increase)	(69,882,711)	(23,638,309)
Material In Transit (Decrease)	111,669,870	(7,056,652)
Accounts Receivable (Increase)	(15,705,025)	(110,162,889)
Advance Deposit & Prepayment (Increase)	(37,608,933)	(17,903,369)
<b>Increase/Decrease in current Liabilities:</b>		
Trade Payable (Increase)	168,220	(22,742)
Provision & Accruals (Decrease)	2,860,951	5,752,916
	134,837,014	94,808,684
Income Tax Paid	(5,464,736)	(33,511,595)
<b>Cash flow from operating activities</b>	<b>129,372,278</b>	<b>61,297,089</b>

### 34.00 Statements of Cash Flows

The statement of cash flows are showing the change of company's cash and cash equivalents during the year from 01 July 2022 to 30 June 2023 through its inflows and outflows. The statement of cash flows have been prepared as per IAS 7 using the Direct Method.

- Net cash inflows from operating activities arrived after adjusting operating expenses, interest and taxes paid during the year.
- Net cash used in investing activities includes cash outflow for purchase of property, plant and equipment.
- Net cash flows from financing activities mainly resulted from repayment of long term loan, short term loan, dividend and lease liability as well as received from short term loan and long term loan.

### 34.10 Receipts from customers & others

Turnover	550,935,960	956,234,575
Cash received from Other income	438,681	345,612
Add: Opening balance of Accounts Receivable	847,168,837	737,005,948
Less: Closing balance of Accounts Receivable	862,873,862	847,168,837
	<b>535,669,616</b>	<b>846,417,298</b>

Notes	Particulars	Amount in Taka	
		01 July 2022 to 30 June 2023	01 July 2021 to 30 June 2022

**34.20 Payment to Suppliers, Employees & Others**

Cost of Goods Sold	443,292,940	741,162,112
Add: Administrative and Selling Expenses	16,919,635	24,165,807
	<b>460,212,575</b>	<b>765,327,920</b>
<b>Add: Opening balance of Current Liabilities</b>		
Accounts Payable	1,237,878	1,260,620
Provision & Accruals	4,403,048	6,910,413
	<b>5,640,926</b>	<b>8,171,033</b>
<b>Add: Closing balance of Current Assets</b>		
Advance, Deposit & Prepayments	196,179,172	158,570,239
Material in transit	23,546,780	135,216,650
Inventory	534,156,170	464,273,459
	<b>753,882,122</b>	<b>758,060,349</b>
	<b>1,219,735,623</b>	<b>1,531,559,301</b>
<b>Less: Closing balance of Current Liabilities</b>		
Accounts Payable	1,406,098	1,237,878
Provision & Accruals	3,793,445	4,403,048
	<b>5,199,543</b>	<b>5,640,926</b>
<b>Less: Opening balance of Current Assets</b>		
Advance, Deposit & Prepayments	158,570,239	140,666,871
Material in transit	135,216,650	128,159,998
Inventory	464,273,459	440,635,150
	<b>758,060,349</b>	<b>709,462,019</b>
<b>Less: Others/Non Cash Items</b>		
Depreciation Expense	63,774,383	70,283,050
Amortization Expenses	110,000	110,000
	<b>63,884,383</b>	<b>70,393,050</b>
	<b>392,591,349</b>	<b>746,063,306</b>

**35.00 Disclosure as per requirement of Schedule XI, part II, note 5 of para 3 of company Act 1994.**

**a) Turnover:**

Particulars	Amount in Taka
	30.06.2023
Turnover in BDT.	550,935,960
<b>Turnover in Quantity (Lbs)</b>	<b>1,823,084</b>

**b) No Commission Paid to selling agents.**

**c) No brokerage and discount paid on sales.**

**d) (i) Raw Materials Yarn Consumed:**

Particulars	Amount in Taka
	30.06.2023
Raw Materials (Value in BDT.)	323,413,731
Raw Materials Quantities (Kg)	1,105,121

**(ii) Raw Materials Dyes Chemical Consumed:**

Particulars	Amount in Taka
	30.06.2023
Raw Materials (Value in BDT.)	40,762,500
Raw Materials Quantities (Kg)	943,576

**(ii) Finished Goods:**

Particulars	Cone
	30.06.2023
Opening Quantity (Cone)	2,140,065
Production Quantity during the year (Cone)	10,784,704
Closing Quantity (Cone)	2,721,766

**Disclosure as per requirement of Schedule XI, part II, note 5 of para 3 of Company Act 1994.**

Employee Position (year ended 30 June 2023)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below Taka 3,000	Nil	Nil	Nil	Nil
Above Taka 3,000	15	29	124	168
<b>Total</b>	<b>15</b>	<b>29</b>	<b>124</b>	<b>168</b>

**36.00 Related Party Disclosure**

**36.01 As per Paragraph 17 of IAS- 24 Related Party Disclosures are as follows.**

(a) Short-term employees benefits

(i) Remuneration

Name	Designation	Nature of Transaction	30 June 2023 Taka
Mrs. Sarwat Khaled	Chairman	Remuneration	18,750
Mr. M. Azhar Rahman	Managing Director	Salary	300,000
Mr. Tariqul Islam	Director	Remuneration	18,750
Mrs. Rumana Hashem	Director	Remuneration	18,750
<b>Total</b>			<b>356,250</b>



**(ii) Board Meeting attendance Fees**

Name of the Board of Directors	Designation	No. of meeting held	No. of meeting attending	Amount in Taka
Mrs. Sarwat Khaled	Chairman	5	5	5,000
Mr. M. Azhar Rahman	Managing Director	5	5	5,000
Mrs. Rumana Hashem	Director	5	5	5,000
Mr. Tariqul Islam	Director	5	5	5,000
Mr. Tanveer Hossain	Independent Director	5	5	5,000
<b>Total Taka</b>				<b>25,000</b>

(b) Post-employee benefits	Nil
(c) Other long term benefits	Nil
(d) termination benefits and	Nil
(e) share- based payment	Nil

**36.02 As per paragraph 18 of IAS 24 Related Party Disclosures are as follows.**

(a) The amount of transaction for remuneration and board meeting fee paid during the period from 1st July 2022 to 30 June 2023 are as follows:

Name of the Board of Directors	Designation	Remuneration & Salary	Board meeting fee
Mrs. Sarwat Khaled	Chairman	18,750	5,000
M Azhar Rahman	Managing Director	300,000	5,000
Mr. Tariqul Islam	Director	18,750	5,000
Mrs. Rumana Hashem	Director	18,750	5,000
Mr. Tanveer Hossain	Independent Director	-	5,000
<b>Total Taka</b>		<b>356,250</b>	<b>25,000</b>

(b)The amount of outstanding balances: Nil

**i) Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement;** There is no terms and condition as payments made for the remuneration and board meeting fee.

**ii) Details of any guarantees given or received;** There is no guarantee given or received as payments made for the remuneration and board meeting fee.

**(c) Provisions for doubtful debts related to the amount of outstanding balances;** there is no provision for doubtful debts related to the amount of outstanding balances as payments made for the remuneration and board meeting fee.

**(d) The expense recognized during the period in respect of bad or doubtful debts due from related parties:** No expenses recognized during the period in respect of bad or doubtful debts due from related parties as payments made for the remuneration and board meeting fee.

**37.00 Disclosure as per requirement of Schedule XI, part II, para 4 of companies act 1994**

SL No.	Particulars	30.06.2023
(a)	Managerial Remuneration paid or payable during the period to the directors, including managing director, a managing agent or manager.	356,250
(b)	Expenses reimbursed to the managing agent;	Nil
(c)	Commission or other remuneration payable separately to a managing agent or his associate;	Nil
(d)	Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company.;	Nil
(e)	The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the period.	Nil
(f)	Any other perquisites or benefits in cash or in kind stating, approximate money value where practicable;	Nil
(g)	Other allowances and commission including guarantee commission.	Nil
(h)	Pensions etc.	Nil
	(i) Pensions	Nil
	(ii) Gratuities	Nil
	(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil
	(iv) Compensation for loss of office	Nil
	(v) Consideration in connection with retirement from office.	Nil

**38.00 Disclosure as per requirements of Schedule XI, Part II, Para 8 of the Companies Act, 1994**

(a) Value of imports calculated on C.I.F basis by the company during the period in respect of raw materials, components and spare parts and capital goods.

Name of the Board of Directors	Import
	Amounts in BDT
(i) Raw Materials-Yarn	384,524,134
(ii) Dyes & Chemicals	25,789,830
(iii) Packing Materials	-
(iv) Components of Spare parts	-
(v) Capital Goods	-

(b) The Company did not have any expenditure in foreign currency during the period on account of royalty, know-how, professional consultation fees, interest and other matters

(c) Value of all imported raw materials, spare parts and components consumed during the period and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption:

Particulars	Total Consumption	Imported Taka	(%)	Local Taka	(%)
Raw Materials (Yarn)	323,413,731	323,413,731	100%	-	0%
Dyes & Chemicals	40,762,500	40,762,500	100%	-	0%
Packing Materials	5,193,359	-	0%	5,193,359	100%
Spare parts	2,237,428	-	0%	2,237,428	100%
<b>Total</b>	<b>371,607,018</b>	<b>364,176,231</b>		<b>7,430,787</b>	

(d) No amount has been remitted during the period in foreign currencies on account of dividends for non-residents shareholders,

(e) Earnings in foreign exchange classified under the following heads, namely:

(i) No export made during the period

(ii) No royalty, know-how, professional and consultation fees were received

(iii) No interest and Dividend received

(iv) No other income received

### 39.00 General

#### a) Capital Expenditure Contract

There is no capital expenditure contract has been made during the year.

**VFS THREAD DYEING LIMITED**  
**Schedule of Property, Plant & Equipments**  
**As at 30 June 2023**

Particulars	Cost		Rate of Dep. (%)	Depreciation		Written Down Value as at 30.06.2023
	Balance as on 01 July 2022	Addition during the Year		Balance as on 01 July 2022	Charge during the Year	
Land & Land Development	140,063,044	-	-	-	-	140,063,044
Factory Building & other Construction	261,144,927	-	2.5%	5,530,185	45,467,724	215,677,204
Plant & Machinery	972,304,843	-	10%	51,693,395	507,064,292	465,240,551
Electrical Installation	16,436,488	-	10%	761,967	9,578,785	6,857,703
Power Generator Set	19,346,332	-	10%	693,496	13,104,872	6,241,460
Boiler	27,689,016	-	10%	1,005,661	18,638,063	9,050,953
Compressor	14,990,734	-	10%	566,356	9,893,529	5,097,205
Fork lift	688,027	-	10%	26,812	446,717	241,310
Air Condition Installation	4,098,551	-	10%	213,151	2,180,195	1,918,356
ETP Plant	19,642,313	-	10%	841,845	12,065,708	7,576,605
Telephone Installation	23,587	-	20%	541	21,422	2,165
Office Equipment	7,353,838	-	10%	449,733	3,306,241	4,047,597
Vehicles	19,299,418	-	20%	1,555,164	13,078,761	6,220,657
Furniture & Fixture	8,634,169	-	20%	436,077	6,889,861	1,744,308
<b>Balance as on 30 June 2023</b>	<b>1,511,715,287</b>	<b>-</b>		<b>63,774,383</b>	<b>641,736,169</b>	<b>869,979,118</b>
<b>Balance as on 30 June 2022</b>	<b>1,449,651,512</b>	<b>62,063,775</b>		<b>70,283,050</b>	<b>577,961,786</b>	<b>933,753,501</b>

Allocation of depreciation	Rate (%)	Amount Taka
Manufacturing Overhead	98.80%	63,009,090
Administrative Expenses	0.84%	535,705
Selling & Distribution Expenses	0.36%	229,588
<b>Total</b>	<b>100%</b>	<b>63,774,383</b>

**VFS THREAD DYEING LIMITED**  
**Amortization Schedule of Intangible Assets**  
**As at 30 June 2023**

Annexure-B

(Amount in Taka)

Particulars	Cost		Rate	Amortization		Written Down Value as at 30 June 2023
	Balance as on 1st July 2022	Addition during the year		Balance as on 1st July 2022	Charge during the year	
Software	550,000	-	20%	394,167	110,000	45,833
<b>Balance at 30.06.2023</b>	<b>550,000</b>	<b>-</b>		<b>394,167</b>	<b>110,000</b>	<b>45,833</b>
<b>Balance at 30.06.2022</b>	<b>550,000</b>	<b>-</b>		<b>284,167</b>	<b>110,000</b>	<b>155,833</b>

**Allocation of amortization**

Manufacturing Expenses	98.80%	108,680
Administrative Expenses	0.84%	924
Selling & Distribution Expenses	0.36%	396
	<b>100%</b>	<b>110,000</b>





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