

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 11th 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, 2021, 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 957.30 Crore in 2020-21. 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 2020-21 as compared to previous year are summarized hereunder:

Particular	2020-2021	2019-2020
Turnover	957,302,752	947,737,752
Gross Profit	227,095,240	219,433,437
Financial Expenses	6,256,161	2,649,067
Other Income	470,382	93,747
Net Profit (BT)	185,810,358	179,737,205
Provision for Taxation	27,918,592	26,965,143
Net Profit (AT)	157,891,766	152,772,062
Gross Margin (Turnover)	23.72%	23.15%
Net Margin (BT)	19.41%	18.96%
Net Margin (AT)	16.49%	16.12%
Earnings per Share	1.50	1.45
Weighted Average Number of Share	105,580,055	102,504,908
Number of Share Outstanding	105,580,055	102,504,908

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-2021		30-June-2020	
	Amount	Percentage	Amount	Percentage
Sales	957,302,752	100%	947,737,752	100%
Cost of Goods Sold	730,207,512	76.28%	728,304,315	76.85%
Gross Profit	227,095,240	23.72%	219,433,437	23.15%
Net Profit	157,891,766	16.49%	152,772,062	16.12%

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
Total	220,000,000

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, 2021.

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, 2021.

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, 2021 except the following:

- a) **Gross Margin and EPS:** Gross margin and earning per share has been increased from 23.15% to 23.72% and from 1.45 to 1.50 subsequently due to increase sales during the year from previous year.
- b) **Net Profit before Tax:** Net profit before tax has been increased from 18.96% to 19.41% due to increase sales during the year.
- c) **Net Operating Cash flows per Share:** NOCFPS has been decreased from Tk. 0.64 to Tk. 0.-66 during the year, since the supplier's payment was increased 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, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Operational					
Turnover	957,302,752	947,737,752	1,163,177,420	916,202,051	880,833,240
Gross Profit	227,095,240	219,433,437	272,396,162	211,534,565	199,655,206
Operating Profit	200,886,655	191,279,385	247,239,030	190,953,043	180,854,056
Net Profit Before Tax	185,810,358	179,737,205	233,874,893	170,140,946	166,086,987
Net Profit After Tax	157,891,766	152,772,062	198,415,685	143,251,372	141,082,277
Statements of Financial position data					
Authorized Capital	2,000,000,000	2,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Paid up Capital	1,055,800,552	1,025,049,080	931,862,800	627,148,000	627,148,000
Retained Earnings	918,681,135	812,831,263	809,258,397	763,890,556	620,639,185
Shareholders' Equity	1,974,481,687	1,837,880,343	1,741,121,197	1,391,038,556	1,247,787,185
Fixed Assets	941,972,776	919,681,270	973,670,159	825,881,043	804,404,467
Other Non-current Assets	6,6669,593	5,521,252	3,856,950	9,366,150	771,500
Total Non-current Assets	1,008,642,369	925,202,522	977,527,109	835,247,193	805,175,967
Current Assets	1,546,513,870	1,159,957,799	980,683,561	723,740,296	634,562,148
Total Assets	2,555,156,239	2,085,160,321	1,958,210,669	1,558,987,490	1,439,738,115
Non-current Liabilities	155,023,425	56,028,135	49,242,216	41,551,679	58,611,448
Current Liabilities	425,651,127	191,251,842	167,847,257	126,397,255	133,339,482
Total Liabilities	580,674,552	247,279,978	217,089,473	167,948,934	191,950,930
Financial Ratios					
Gross Profit Ratio %	23.72%	23.15%	23.41%	23.09%	22.67%
Operating Income Ratio %	20.98%	20.18%	21.25%	20.84%	20.53%
Net Income Ratio %	16.49%	16.12%	17.05%	15.64%	16.02%
Debt Equity Ratio (Time)	0.29	0.13	0.12	0.04	0.09
Return on Equity Ratio %	8.00%	8.31%	11.39%	10.86%	11.98%
Current Ratio %	3.63	6.07	5.84	5.73	4.76
Other Data					
Net Asset (NAV) Per Share	18.70	17.93	18.68	22.18	19.90
Earnings per Share	1.50	1.45	2.15	2.01	2.25
Dividend per Share	C-11% (Excluding Director)	S-3% & C-3% (Excluding Director)	S-10% & C-6%	S-10% & C-6%	Nil
Number of Shares	105,580,055	102,504,908	93,186,280	62,714,800	62,714,800
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:

- Within 10 (ten) days of declaration of cash dividend by the Board of Directors, an amount equivalent to the declared cash dividend payable for the concerned year shall be kept in a separate bank account of VFSTD L.
- 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 intimation 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 27, 2021 recommended 11% cash (Excluding Director) dividend to the existing share held at record date for the year ended 30 June 2021.

Particulars	2021	2020
Profit available for appropriation		
Profit/Loss after Tax	157,891,766	152,772,062
Un-appropriated profit brought forward from previous year	760,789,369	660,160,349
Prior year Adjustment (Amortization)	-	(32,084)
Adjustment for transition for IFRS-16	-	(69,064)
Total amount available for appropriation	918,681,135	812,831,263
Appropriation		
Closing Retained Earnings at year end (Before Proposed final dividend)	918,681,135	812,831,263
Proposed Dividend for the Year 2021 (11% cash Excluding Director)	80,406,827	52,041,894
Retained earnings after Proposed dividend	838,274,308	760,789,369

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

Basis for Qualified Opinion;

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. About 77% of total sales are lying as trade receivables. 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, but no provision for bad debts has been accounted for. Confirmations/certificate of lying balances as on 30 June, 2021 with the concerned parties were requested but not received. Proper explanation could not be provided for lying amounts not received on due time.

Board Meeting and Attendance

During the year 9 (Ten) nos. of Board Meetings were held. The attendance record of the directors is as given below:

Name of Directors	Attendance
Sarwat Khaled	9
M Azhar Rahman	9
Rumana Hashem	8
Tariqul Islam	9
Khaleda Siddique	9

Shareholding pattern

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

Name of the shareholders	Position	Shares held	%
a. Parent/Subsidiary/Associated companies and other related parties	-	-	-
b. Directors, Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and compliance their Spouse and Minor Children:			
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%
Khaleda Siddique	Independent Director	124,630	0.12%
Md. Rasel	Chief Financial Officer	Nil	
Mr. Golam Kibria	Company Secretary	Nil	-
Md. Kabir Hossain	Head of Internal Audit	Nil	-
c. Executives; and		Nil	-
d. Shareholders holding 10% or more voting interest in the company:			
	MO LAI MEI	19,319,270	18.30%

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 C (BD) Ltd.	Shareholder
4	Tariqul Islam	Director	None	None
5	Khaleda Siddique	Independent Director	N/A	N/A

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 11th 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 15 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. 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 51, 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.

Re-appointment of Independent Director

Independent Directors

The Boards of Directors has approved the retirement of Khaleda Siddique from the position of Independent Director of the company and appointed Mr. Tanveer Hossain as an Independent Director of the company on 8th July 2021 subject to approval of shareholders in 11th Annual General Meeting of the company.

Qualification of New Independence Director

Mr. Tanveer Hossain is well educated person 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 is a Director of Quantas Corporation Ltd. He is also a member of Narayanganj Chamber of Commerce & Industry bearing membership no. 1497.

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;

Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Turnover	957.30	947.73	1,163.17	916.20	880.83
Net Profit After Tax	157.89	152.77	198.41	143.25	141.08
Earnings Per Share	1.50	1.45	1.96	2.01	2.25
Net Operating Cash Flows Per Share	0.-67	0.64	0.37	2.77	2.02

The economic scenario of Bangladesh has been good. In the decade since 2004, Bangladesh averaged a GDP growth of 6.4% in 2021 according to the updated IMF forecasts from 14th October 2021. As of 2021, Bangladesh's GDP per capita income is estimated as per IMF data at US\$ 2,138.794, which was USD 1,888 in FY 2019-20. We are going to be middle income country by 2027. Export is experiencing mild growth and Forex Reserve around USD 58.38 Million. The world economy has been recovering from economic meltdown of 2008. World economic growth is estimated to hit 5.9% 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. 61 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. 42-55 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 (BSES) 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 April 29, 2021 as per corporate Governance Code of the NRC of 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 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. Shiraz Khan Basak & Co. Chartered Accountants, R.K. Tower (Level 10) 86, Bir Uttam C.R. Datta Road (312, Sonaragaon road) Dhaka-1205, Bangladesh has carried out the audit of the Company for the year ended 30 June 2021. They were appointed as Statutory Auditor in 8th Annual General Meeting. As per regulation 15 (2) & (3) of DSE and CSE (listing) regulations, 2015 existing auditor is not eligible for re-appointment. Accordingly the Board of Directors has received Expression of Interest (EOI) from M/S Kazi Zahir Khan & Co. Chartered Accountants and Shafiq Basak & Co. Chartered Accountants and recommended to appointment of M/S. Kazi Zahir Khan & Co. Chartered Accountants, 31/C, Topkhana Road, Shamsunnahar & Wazi Complex, 8th Floor Segunbagicha, Dhaka-1000, Bangladesh at an annual fee of Tk.2,50,000 (Including VAT & Tax). A proposal for appointment of M/S Kazi Zahir Khan & Co. Chartered Accountants as auditor for the year 2021-2022 of the Company will be placed in the forth coming 11th AGM for shareholder's approval and fixation of their fees.

Professionals for Compliance of Corporate Governance Code:

The board has appointed M Z Islam & Co. Chartered Accountants, 10th Floor, Eastern View 50, D.I.T. extension Road, Dhaka-1000 for 2021-2022 of the company will be placed in the forth coming 11th 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 abroad 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 Ltd. (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 2020-2021 and Directors' Report placed before you.

Thanking you.

On behalf of the Board of Directors

SARWAT KHALED
Sarwat Khaled
Chairman