

# 37<sup>th</sup> ANNUAL REPORT 2020





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## **Transmittal Letter**

To  
All Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited

**Subject: Annual Report For The year ended on June 30, 2020.**

Dear Sir (s),

We are pleased to enclose herewith a copy of Annual Report together with Audited Financial Statements comprising Statement of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows & Statement of Changes in Equity for the year ended on June 30, 2020 along with notes thereon of Stylecraft Limited for your kind information and records.

Thank you

Very truly yours



**Edmund Guda**  
Company Secretary

N.B: The Annual Report 2019-2020 is also available in the Company's website at: [www.stylecraftltd.com](http://www.stylecraftltd.com)

## Notice of The 37th Annual General Meeting

Notice is hereby given that the 37th Annual General Meeting of the shareholders of Stylecraft Limited will be held on Tuesday, the 15th December, 2020 at 11.00 a.m. virtually by using digital platform to transact the following business:

### AGENDA

1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2020 together with Reports of the Directors' and the Auditors' thereon.
2. To declare dividend for the year ended June 30, 2020
3. To elect Directors in place of those who shall retire in terms of relevant provision of articles of association
5. To appoint Statutory Auditor and to fix up their remuneration.
6. To appoint compliance Auditor and to fix up their remuneration.

Dated: October 29, 2020

By order of the Board



**Edmund Guda**  
Company Secretary

### Notes:

- (1) The shareholders whose name will appear in the Depository Register on the record date i.e. November 19, 2020 will be entitled to attend in the Annual General Meeting and to receive the dividend.
- (2) The Annual Report and form of proxy will be available in the Company's website.
- (3) The link of the virtual AGM and detailed procedures to attend the meeting will be communicated to the shareholders' email address and it will also be available on the Company's website.
- (4) The members will be able to submit their questions/comments and vote electronically 24 hours before commencement of AGM and during the AGM.
- (5) The form of proxy duly stamped with a revenue stamp of Tk.20 must be sent through email to mahimtanim3429@gmail.com not later than 72 hours before the meeting.
- (6) Pursuant to BSEC notification No. BSEC/CMRRCD/2006-158/208/Admin/81, dated June 20, 2018, the Annual Report of the Company will be sent to the respective email addresses of the shareholders in BO accounts with the depository. In case of non-receipt of Annual Report through email, shareholders may collect the same from the registered office of the Company by submitting written request beforehand.
- (7) No gift or benefit in cash or kind shall be paid / offered to the Shareholders as per Circular No. SEC/CMRRCD/2009-193/154 dated 24 October 2013 of BSEC for attending the AGM.

## Workers Safety comes first

The Board of Directors of Stylecraft Limited took a worker friendly approach to deal with the pandemic Covid-19.



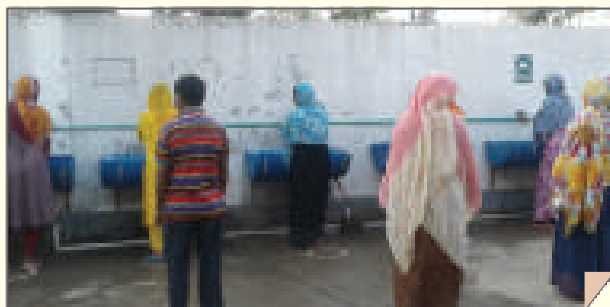
*Checking temperature of workers before entering premises*

*Shoes of every workers are disinfected before entering factory premises*



*workers entering factory premises maintaining social distance and wearing mask.*

*Workers washing hands before starting work.*





*Women workers wearing facemasks while working at Factory*

*Do's and don'ts are attached in every floor for workers Covid-19 awareness*



*Regular disinfection process inside factory*

*Every vehicles have been disinfected after entering factory premises*



## About Stylecraft Limited

After the independence in 1971, rebuilding the war-ravaged country with limited resources appeared to be the biggest challenge. That time, some of the visionary entrepreneurs like Mr. M. Shamsur Rahman came forward and in due course of time, established ready-made garments industry in consideration to earn foreign currency when there was a shortfall in our country. Moreover, this is not only create new jobs and bright perspectives to the people of Bangladesh, but also contributed substantially to the development of the country. Stylecraft Limited is one of the pioneer Ready Made Garment Manufacturers in Bangladesh who established “Made in Bangladesh” tag as a prestigious brand across the globe. The company is doing business with reputation over 37 years.

We manufacture affordable and fashionable multi-product menswear and womenswear for some of the leading global fashion brands looking for high-volume, quality and sustainable clothing at great value.

Mr. M. Shamsur Rahman, Founder Chairman and Managing Director of the company also one of the founding members of Bangladesh Garments Manufacturers & Exporters Association (BGMEA) along with some other visionary, prudent and hardworking entrepreneur’s established Stylecraft Limited on 1983 as a Public Limited Company under the Companies Act 1913 and listed with Dhaka Stock Exchange Limited in the same year. Since then, Stylecraft Limited has produced and exported billions of articles to the global market. The capacity of production has grown rapidly ever since with the help of latest machineries & equipment’s, efficient workforce and long experience. Last year, Stylecraft Limited has exported USD 23.99 million to the world market.

Our state of the art factory in Gazipur is equipped with the latest machineries and technologies and meets all health and safety guidelines in relation to fire and safety regulations, lighting and emergency procedures. Now, Stylecraft Limited has 32 product lines and over 3,00,000 square feet utilized work area.

Our commitment towards our employees, the environment and the community is witnessed by the several certifications. We have been granted by top ethical compliance bodies such as Accord, GOTS, Oeko-Tex Standard 100, BSCI, SEDEX, WRAPS.

**\$23.99M**  
ANNUAL TURNOVER

**3327+**  
EMPLOYEES

**11,50,000**  
MONTHLY PRODUCTION CAPACITY

**32**  
PRODUCT LINES

**1.5 AQL**  
ATTAINABLE QUALITY STANDARD

**420**  
NUMBER OF QC STAFF

**330000 SQF**  
OF UTILIZED WORK AREA



**Founder Chairman  
& Managing Director**  
**M. Shamsur Rahman**  
(1936-2016)

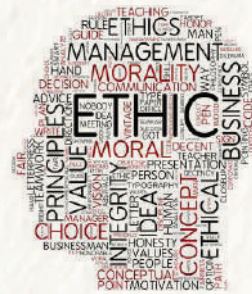
Excellence defies  
limitation, reach  
beyond excellence



Work every moment  
forward to reach the day  
when Stylecraft will be seen  
as the name of honor, of  
pride

## Ethics

We know we play an important role in the development of our country and in the sustainable growth of the industry. That's why we treat our people with respect and integrity, we strive to make garments without harming the environment and we support the development of the local communities.



## Care

We are well-known for our meticulousness. That's how we ensure our garments to respect the strictest quality standards and customers' requirements. But that's not enough: we love to go even further, offering excellent support to our buyers, addressing every issue accurately and timely when needed.

# Corporate Directory

## LEGAL STATUS

A Public Limited Company incorporated in Bangladesh on January 25, 1983 under the companies act 1913 and listed with Dhaka Stock Exchange in the same year.

## REGISTERED OFFICE

Red Crescent Concord Tower, 14<sup>th</sup> Floor, 17, Mohakhali C/A, Dhaka-1212, Bangladesh

## FACTORY

1/1, East Chandona, Joydevpur, Gazipur, Bangladesh.

## INSTALLED CAPACITY

11,50,000 Articles per month

## AUTHORIZED CAPITAL

BDT 500 million.

## PAID UP CAPITAL

BDT 126.23 million

Company Registration Number : C-10472

Tax Identification Number : 319862289911

VAT Registration Number : 000158385-0103

Nature of Business : Manufacturers of Ready-made Garments

Statutory Auditors : S.K. Barua & Co.  
Chartered Accountants

Governance  
Compliance Auditors : Ahsan Kamal Sadek & Co.  
Chartered Accountants

Lead Bankers : Pubali Bank Limited  
Mercantile Bank Limited  
Sonali Bank Limited

Tax Consultant : SK Sikder & Associates

Credit Rating Agency : Credit Rating Agency of  
Bangladesh Limited (CRAB)

Number of employee : 3,327

Insurers : Green Delta Insurance Company Ltd.  
Meghna Insurance Company Ltd.  
Nitol Insurance Company Ltd.  
Express Insurance Ltd.

Company Website : [www.stylecraftltd.com](http://www.stylecraftltd.com)

# MANAGEMENT APPARATUS

## BOARD OF DIRECTORS

Mr. Omar Golam Rabbany	Chairman
Mr. Shams Almas Rahman	Managing Director & CEO
Mrs. Dr. Almas Begum	Director
Mr. M. Fazlur Rahman	Director
Mr. Sharif Almas Rahman	Director
Mr. Moslehuddin Ahmed	Independent Director

## BOARD AUDIT COMMITTEE

Mr. Moslehuddin Ahmed	Chairman
Mrs. Dr. Almas Begum	Member
Mr. M. Fazlur Rahman	Member
Mr. Edmund Guda	Member Secretary

## BOARD NOMINATION & REMUNERATION COMMITTEE

Mr. Moslehuddin Ahmed	Chairman
Mr. Omar Golam Rabbany	Member
Mr. M. Fazlur Rahman	Member
Mr. Edmund Guda	Member Secretary

## CFO, COMPANY SECRETARY & HIAC

Mr. ABM Lutfur Rahman	
Mr. Edmund Guda	
Mr. Md. Musa Tarique	

## OPERATIONAL TEAM

Mr. Feroz Kabir Khan	Head of People & Culture
Mr. Mustaque Hossain	AGM- Export & Import
Mr. Amir Hossain	AGM (Production)
Mr. Ranjit Kumar Sarkar	AGM (Production)

## Board of Directors'



**Mr. Omar Golam Rabbany**  
Chairman

Mr. Omar Golam Rabbany has been the Chairman of the company since February, 2016. He is also one of the sponsor directors of the company. Mr. Rabbany graduated in Mechanical Engineering from Bangladesh University of Engineering & Technology (BUET) in 1966. Later, he went for higher study to the University of Alberta, Edmonton, Canada and Imperial College, London, U.K. In 2012, he became the CEO of the Company and continued till 2016.

Mr. Rabbany is a versatile business personality and has more than 39 years of experience in the ready-made garments sector. Formerly, Mr. Rabbany was the Utilization Engineer in Titas Gas T & D Co. Limited, Director-in-Charge of Continental Apparels and Director, Electro Mechanical Engineering of Consociates Limited. Presently, he is holding the position of Chairman in the board of Panorama Apparels Limited.

Apart from this, Mr. Rabbany has engaged himself with various social activities. Currently, he is the President of Bangladesh Thalassemia Samity and Hospital, a non-profit organization.

Mr. Shams Almas Rahman is the Managing Director and CEO of the Company since February, 2016. He joined in Stylecraft Limited as Factory (In-charge) in 2002. Mr. Rahman worked in various roles before appointed to the Board of Directors in the year 2010. After graduating in Commerce from the Dhaka City College, Mr. Rahman was engaged in international trade, representing companies like LM Ericsson (Sweden), Fuba (Germany), Stewing (USA), EchoStar (USA) etc. Later, he joined in the RMG sector and continuing for more than twenty years.

Mr. Shams Almas Rahman has a versatile business personality & has more than 21 years of experience in ready-made garments industry. Mr. Shams Almas Rahman is also the Director of Youngones (Bangladesh) Limited, TREXIMP Limited, Premier Washing Limited, Premier Packaging Limited.

Apart from this, Mr. Rahman is the distinguished member of Dhaka Club.



**Mr. Shams Almas Rahman**  
Managing Director and CEO



**Dr. Almas Begum**  
Director

Dr. Almas Begum is one of the sponsor directors of the Company. She obtained MBBS degree from Dhaka University and served various government and non-government reputed organizations as medical and research officer. At present, Dr. Almas Begum is the Medical Director of USTC, Chittagong. She has more than 40 years of experience in the field of ready-made garments industry. Dr. Almas Begum has also engaged herself with various social activities.

Mr. M. Fazlur Rahman is one of the sponsors Director of Stylecraft Limited and the first Chief Operating Officer (COO) of the Company. He obtained his Master's in Business Administration (MBA) with a major in marketing from the Institute of Business Administration (IBA), University of Dhaka. He started his career in the late 70's in international trading in food grains, cotton and in electronics. He also entered the ready-made garments sector (RMG) at the same time with Youngones Bangladesh Limited as a Director.

He represented Bangladesh several times, as a member of the trade delegation to various international meetings in USA, Canada, UK, Russia, Australia, France, Germany, Italy, Belgium, Netherlands, Sweden, Denmark and Norway.



**Mr. M. Fazlur Rahman**  
Director



**Mr. Sharif Almas Rahman**  
Director

Mr. Sharif Almas Rahman completed his Post Graduation in Commerce (Business Management) from the University of Dhaka in 1986. He started his career with TREXIMP Limited in 1987 and after efficiently serving in different positions, became the Director (Finance) of TREXIMP Limited. In 1998, he formed Australian Education Centre as a Licensee of IDP Education (Australia) and looking after the Bangladesh Operations as Country Director and served this Company till 2013. Mr. Rahman became a member of the Dhaka Stock Exchange Limited in 1997 and continued till 2006. In February 2016, Mr. Sharif Almas Rahman became the Director of stylecraft limited to fill in the vacant Directorship of Late Mr. M. Shamsur Rahman, founder Chairman and Managing Director of the Company who passed away on January 31, 2016.

Mr. Sharif Almas Rahman is also holding the position of Directorship in Youngones (Bangladesh) Limited, TREXIMP Limited, VIEC (Bangladesh).

Mr. Moslehuddin Ahmed, the Independent Director of the Company obtained his MBA degree from The Institute of Business Administration (IBA), University of Dhaka. Mr. Ahmed was appointed to the board of directors in November, 2012.

Mr. Ahmed is a notable person for his versatile career of 36 years in ready-made garments industry. He worked in various roles in merchandizing, commercial and production planning functions in different organizations. He had started the first path of his career in the RMG sector with Concorde Garments Limited in 1984. In 2002, Mr. Ahmed became woven division Executive Director at AKH group as the recognition of his endeavor.

Apart from this Mr. Ahmed is a widely traveled person. For flourishing his knowledge & intimating with new ideas & technologies; he had visited most of the countries of Asian, European & North American part of the world. He also engaged himself with various social activities.



**Mr. Moslehuddin Ahmed**  
Director

## Company Secretary

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Mr. Edmund Guda

Mr. Edmund Guda is the company Secretary of Stylecraft Limited. He completed his Post Graduation from B. M. University College, Barisal in 1986 under Dhaka University. Before joining Stylecraft Limited in December 01, 1986, he assisted late Professor Dr. Abu Mahmud of Dhaka University, a veteran economist, to compile his publications for six months.

Mr. Edmund joined Stylecraft Limited initially as a Commercial Executive who was responsible to deal with several banks, EPB, BGMEA and other regulatory authorities. By recognising his sincerity and efficiency, the management vested upon the duties and responsibilities of Finance and Accounts to him in 1992, which he continued till 2008. Apart from these responsibilities, he assisted the then Director (Operations) Mr. Omar Golam Rabbany, currently the honourable Chairman of the Company, as merchandiser for eight months to deal with different buyers' orders.

In the year of 2000, Mr. Edmund Guda was appointed as the Company Secretary by the Board of Directors of the Company, which he has been continuing till present.

## Chief Financial officer

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Mr. ABM Lutfur Rahman is the Chief Financial Officer of the company. He is a partly qualified Chartered Accountant from the Institute of Chartered Accountants of Bangladesh (ICAB). He has participated in different national and international trainings and programs.

Mr. Rahman is a distinguished person for his diversified career. He started his first path of career in 1975 & till date he has engaged himself with various renowned national & private Companies. Finally in January, 2013, he has appointed as Chief Financial Officer in Stylecraft Limited & till date he has been proving his professional endeavour for the betterment of the company.



Mr. ABM Lutfur Rahman

## Head of Internal Audit

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Mr. Md. Musa Tarique

Mr. Md. Musa Tarique is the Head of Internal Audit & Compliance (HIAC) of the company. He completed his graduation (Bachelor of Science) from the University of Dhaka in 1981. Before joining to Stylecraft Limited, Mr. Musa Tarique worked in various positions in different organizations from 1980 to 1986.

Mr. Musa Tarique joined as Sr. Executive (Store in-charge) in Stylecraft Limited on January 01, 1987. Since then, he worked in different departments of the company including commercial, Finance and Accounts department.

In the year 2011, Mr. Musa Tarique promoted to Assistant General Manager (AGM) of Stylecraft Limited

# Financial Highlights

Comparative analysis of Financial Performance with immediate preceding 5 (five) years:

Operational Result	2020	2019	2018	2017	2016 (June)	2016 (March)
Sales	2,053.94	3,519.78	3,254.26	3,090.34	1,129.70	3,631.70
Net Profit Before Tax	27.07	62.42	44.33	36.93	13.39	52.20
Profit Before Tax in Percentage (%)	1.32	1.77	1.36	1.20	1.19	1.44
Net Profit/ (loss) After Tax	6.69	39.10	35.80	28.86	10.71	41.70
Net Profit/ (loss) After Tax in Percentage (%)	0.33	1.11	1.10	0.93	0.95	1.15
Earnings Per Share (EPS) in Taka (Restated 2019)	0.53	3.10	3.08	29.15	19.48	75.94
Book Valuer Per Share in Taka (Restated 2019)	26.96	26.43	58.33	508.04	462.95	443.47
Dividend Per Share in Taka	-	-	-	1.00	1.50	6.00
Stock Dividend (Bonus Share) in Percentage (%)	10.00	150.00	410.00	80.00	-	-
Market Price Per Share in Taka	146.03	660.50	2,516.50	1,308.90	1,119.90	1,002.00
Price Earnings Ratio (Times) (Restated 2019)	275.53	213.06	69.59	24.95	57.49	13.19
Current Ratio (Times)	0.81	0.86	0.76	0.71	0.91	0.99
Return on Equity in Percentage (%)	1.97	11.72	5.28	10.33	4.21	17.12
Stock Turnover Ratio (Times)	5.34	10.71	16.44	19.56	6.11	20.70
Gross Profit in Percentage (%)	7.00	6.34	5.93	5.46	5.89	5.76
Net Operating Cash Flows Per Share (NOCFPS)	-8.42	5.91	16.39	89.44	49.82	108.33
NAV Per Share	26.96	26.43	58.33	508.04	462.95	443.47
<b>Assets</b>						
Tangible Fixed Assets	638.33	671.22	699.28	610.60	617.12	555.86
Stock at Stores	360.82	354.65	260.93	111.79	186.86	161.31
Advances, Deposits & Prepayments	8.59	7.95	46.71	155.53	95.38	100.04
Other Assets	282.15	346.08	298.27	278.66	431.99	322.12
<b>Total Assets</b>	<b>1,289.89</b>	<b>1,379.90</b>	<b>1,305.19</b>	<b>1,156.58</b>	<b>1,331.35</b>	<b>1,139.33</b>
<b>Shareholder's Equity &amp; Liabilities</b>						
Share Capital	126.23	50.49	9.90	5.50	5.50	5.50
Tax Holiday Reserve	-	-	-	-	-	-
Retained Earnings	214.05	283.10	284.59	273.92	249.12	238.40
Loang Term Loans-Secured	149.34	231.66	198.82	116.85	277.22	276.33
Current Liabilities	800.27	814.65	811.88	760.30	799.51	619.09
<b>Total Sahreholders' Equity &amp; Liabilities</b>	<b>1,289.89</b>	<b>1,379.90</b>	<b>1,305.19</b>	<b>1,156.57</b>	<b>1,331.35</b>	<b>1,139.32</b>
<b>Others Information</b>						
Total Production (quantity/million)	4.96	7.20	7.42	6.49	2.35	7.25
Number of Employees at the year end	3,327	5,252	5,608	5,092	5,215	5,136
Number of Shareholders at the year end	12,164	9,439	1,702	505	338	338

# Directors' Report

## **Honourable Shareholders**

The Board of Directors' of Stylecraft Limited, also referred to as the "Company" in the report hereafter, are pleased to submit the Directors' Report of the company for the fiscal year ending June 30, 2020 according to section 184 of the Companies Act, 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules, 1987, BSEC Order No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 and International accounting Standards (IAS-I) as adopted by the Institute of Chartered Accountants of Bangladesh in the following paragraphs:

## **Industry outlook & possible future developments**

The outbreak of the covid-19 pandemic created highly uncertain circumstances for RMG businesses. There has been a considerable fall in the sales of ready-made garments all over the world. The RMG industry of the country had somehow managed to cope with the first wave of global pandemic covid-19 with the direct intervention of the honourable Prime Minister where BDT 10,500 crore stimulus loan support given by the government. During the lockdown, the company did not make any profit but had to pay the wages of thousands workers.

3rd quarter of financial year 2019-20 was frustrating for lockdown whereas the country's export witnessed a positive growth in the first quarter of the current fiscal year 2020-21, riding on the reinstatement of the orders previously cancelled or held up due to the pandemic.

The gradually narrowing gap between pricing and costing is emerging as a big challenge. The entrepreneurs also fear that exports might see a further fall with the second wave of covid-19 turning more serious. Buyers and retailers of most brands have already asked apparel manufacturers to delay shipments or ready goods for a month or more. Moreover, this year Christmas sales might also get affected as destination countries are going to observe this festival in a very subdued way.

Considering the situation, BGMEA have sent a letter to the finance ministry, seeking a deferment on repayments of stimulus loans for six more months.

However, there are still some nuggets of hope in continuing apparel exports. If the destination countries can avail covid-19 vaccines by January next year, they will be able to control the situation, which will help the country's exports to those countries remain at good position.

## **Segment wise or product-wise performance**

The Company manufactures menswear and womenswear for some of the leading global fashion brands with diverse shade, quality, recipe, colour, weight, fashion etc. which is only product of the business. Thus, the core revenue of the company is coming from direct export against back to back LC. Cash incentive received from the government is also a part of revenue.

Revenue	2019-20	2018-19	Growth (Amount)	
			Amount	In (%)
Direct export	2,008,710,637	3,461,797,975	(1,453,087,338)	(41.97)
Export cash subsidy	45,225,495	57,977,710	(12,752,215)	(22.00)
<b>Total</b>	<b>2,053,936,132</b>	<b>3,519,775,685</b>	<b>(1,465,839,553)</b>	<b>(63.97)</b>

Overall exports increased but export to non-traditional market decreased. Hence, cash incentive was lower from the previous year.

### **Investment in CDBL**

The company is a sponsor shareholder of Central depository Bangladesh Limited. The company purchased 2 shares with the face value of BDT 10 Lac per share in the year 2000. At present, the company is holding 11,42,361 shares with the face value of BDT 10 per share.

Last year, the company received BDT 28,55,903 as against cash dividend.

### **Risks and Concerns**

RMG sector of the country is facing the biggest risk of reduced price and volume of work order from buyers due to pandemic covid-19. Stylecraft Limited has a number of other internal risks and external risks associated with global demand and supply chain, fiscal and monetary policies of govt., international trade barriers, increasing production cost etc. Moreover, the company is also exposed to interest rate risk as it is availing working capital loan with various interest rates.

To minimize the interest rate risk and dependency on borrowed fund, the company is emphasising on equity based financing. Compliance team of the company is instructed to comply with all the rules and regulations prescribed by the regulators to avoid any non-compliance which can cause pecuniary consequences and affects the reputation of the company.

Risk and concerns related to financial statement has been disclosed in note number 2.30 of the financial statements.

### **Discussions on cost of goods sold, gross profit margin and net profit margin**

<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17 (June)</b>	<b>2015-16 (March)</b>
Cost of Goods Sold	1910.22	3,296.66	3,062.39	2,921.50	1,063.14
Gross Profit	143.71	223.12	191.87	168.84	66.59
Net Profit after tax	6.69	39.10	15.54	28.86	10.71

### **Discussion on continuity of any Extra-Ordinary gain or loss**

No event of extra ordinary gain or loss occurred during the reporting period which would require to adjustment or disclosure in the financial statements.

### **Related Party Transaction**

The company did not involve in any related party transactions so far.

### **Significant Variance between Quarterly and annual Financial Statements**

<b>Particulars</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
Revenue (Million BDT)	498.71	487.08	700.35	367.80	2053.94
Growth/decrease Q to Q (in %)	-	(2.33)	43.79	(47.48)	-
Net Profit After Tax	3.92	2.27	9.61	(9.11)	6.69
Growth/decrease Q to Q (in %)	-	(42.09)	323.35	(5.20)	-

### **Remuneration of Directors**

Directors who engaged in the company's day to day operation are receiving remuneration and other benefits whereas Non-executive and Independent directors did not receive any remuneration other than board meeting attendance fees. Board Meeting attendance fees for attending each meeting is BDT 5,000. Remuneration of directors has been shown in notes no: 22 of the financial statement.

### **Fairness of Financial Statements**

The financial statements together with the notes thereon of the Company present true and fair view of the Company's state of affairs result of its operation, cash flows and changes in equity.

### **Books of Accounts**

Proper books of accounts as required by the prevailing law have been maintained.

### **Accounting Policies**

Appropriate accounting policies have been consistently followed in formulating the financial statements and accounting estimates are reasonable and prudent.

### **Application of IAS/BAS & IFRS/BFRS**

International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) / Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

### **Internal Control**

The board of directors of the company has designed an internal control system to manage the company's risks within an acceptable risk profile. The board has also established an organizational structure which clearly defined lines of accountability and delegated authority. The internal control team aims for the efficiency of operations, reliability of financial reporting, risk management, compliance with rules, regulations by the regulators and company's policy's. The Audit Committee of the company regularly gives suggestion and recommendation for an effective internal control system.

### **Minority Interest**

In compliance with code 1(5) (XVI) of Corporate Governance Code, the board hereby confirms that the interests of the minority shareholders have been duly protected in the company.

### **Going Concern**

There are no doubts upon the company's ability to continue as a going concern.

### **Significant Deviation in operations result compared to the last year**

The pandemic-induced shutdown, decrease in sales and overall impact of covid-19 are the reasons for decreasing current year sales, net profit after tax, EPS and NOCFPS.

### **Key operating and financial data**

Key operating and financial data of last five years have been presented in summarized form in page no 14 of this report.

### **Dividend**

The board of directors has recommended 10% stock dividend i.e. total 10% dividend in its meeting on October 29, 2020 for the year June 30, 2020 (subject to the approval in the forthcoming AGM) to those shareholder whose names will appear in depository Register of CDBL as on Record date i.e. November 19, 2020.

### **Disclosure for issuing bonus Shares:**

- Bonus share has been recommended in view to utilizing its retained amount as capital for business expansion as well as working capital;
- Bonus shares is declared out of accumulated profit;
- Bonus share is not declared from capital reserve or revaluation reserve or any unrealized gain or out of profit earned prior to incorporation of the company or through reducing paid up capital or through doing anything so that the post dividend retained earnings become negative or debit balance.

### **Interim Dividend**

No bonus or stock dividend was declared as interim dividend during the period.

### **Number of board meetings held during the year and attendance**

The number of Board meetings held during the year and attendance of directors thereof has been disclosed in Annexure-I of this Annual Report..

### **Pattern of shareholding**

The patterns of share holding of the Directors and others as on June 30, 2020 are shown in Annexure-II of this report.

### **Corporate Social Responsibility**

Stylecraft Limited is continuing to contribute to the Bangladesh Thalassemia Foundation to aid patients suffering from Thalassemia in Bangladesh.

### **Director's Retirement & Re-appointment:**

As per article 126 of the articles of association of the company, the following two (2) directors will retire from the office of directorship of the company in the ensuing 37th Annual General Meeting of the company:

1. Mr. Omar Golam Rabbani
2. Mrs. Dr. Almas Begum

Being they are eligible for re-election as per clause No: 128 of the Articles of Association of the Company, they applied for re-election.

Brief resume of the appointee directors is stated in Page No. 11 in compliance with the provision 1.5 (xxiv) of Corporate Governance Code.

### **Independent Director:**

2nd term of Mr. Moslehuddin Ahmed, Independent Director of the company will end after 37th AGM. The Board of Directors of the company decided to show honour and gratitude to Mr. Moslehuddin Ahmed for his long service with the company. The Board also decided to appoint new Independent Director very shortly.

### **Statutory Auditor:**

In the 36th AGM, members of the company appointed S.K. Barua & Co., Chartered Accountants as Statutory auditor for the year ended on June 30, 2020 until the conclusion of the 37th Annual General Meeting at a remuneration of Tk. 1,50,000/- (Taka one lac fifty thousand only).

Being eligible, they have expressed their willingness to be appointed as statutory auditor of the company for the next financial year with reasonable increase of their audit fees.

In recommendation of the audit committee, the Board of Directors in their meeting held on October 29, 2020 proposed to appoint S.K. Barua & Co., Chartered Accountants as statutory auditor of the Company until the conclusion of the next AGM for auditing the Financial statements of the company for the year ended June 30, 2021 upon getting final approval from the Shareholders of the company.

Moreover, statutory auditor did not engage with the company for performing any activities which are laid in condition no.7 of corporate governance code.

### **Compliance Auditor:**

In the 36th AGM, members of the company appointed Ahsan kamal Sadek & Co., Chartered Accountants as compliance auditor for the year ended on June 30, 2020 at a remuneration of Tk. 60,000/- (Taka sixty thousand only).

Being eligible, they have expressed their willingness to be appointed as compliance auditor of the company for the next financial year with reasonable increase of their audit fees and in recommendation of the audit committee, the Board of Directors in their meeting held on October 29, 2020 proposed to appoint Ahsan kamal Sadek & Co., Chartered Accountants as compliance auditor of the Company for the year ended on June 30, 2021 upon getting final approval from the Shareholders of the company.

### **Management Discussion and Analysis:**

A detailed management discussion and analysis is given in page no. 27 as per condition no. 1.5 (xxv) of Corporate Governance Code.

### **Declaration by the Managing Director & CFO:**

Declaration by the Managing Director & CFO has been given on page no: 31

### **Report and compliance with Corporate Governance Code:**

A report on compliance with conditions of Corporate Governance Code is given on page no. 32 this annual report. Further, Corporate Governance Compliance is shown on page 33 to 39 of this report.

### **Board Committees**

At present, Stylecraft Limited has two (2) sub-committees of the board. One is Audit committee and the other is Nomination and Remuneration Committee (NRC). These committees have their own Terms of Reference (TOR) in accordance with the corporate governance code. These committees consist of three (3) Board members including one (1) independent director, who is also the chairman of the committee.

Sub-committees of the board organize meeting regularly and advise board of directors on different important issues.

### **Acknowledgement**

We take this opportunity to express our deep appreciation and gratitude to all our foreign buyers, government agencies, banks, financial institutions, The Bangladesh Securities and Exchange Commission, the Dhaka Stock Exchange Limited, suppliers, service providers and valued shareholders for their active support and co-operation.

The progress that has been made by your company would not have been possible without the hard work and dedication of our employees. We offer our sincerest thanks to each and every employee for his or her wholehearted commitment.

Thanking you  
On behalf of the Board of Directors

  
**Omar Golam Rabbany**  
Chairman



# পরিচালনা পর্ষদের প্রতিবেদন

## পরিচালনা পর্ষদের প্রতিবেদন

সম্মানিত শেয়ার হোল্ডারবৃন্দ,

স্টাইলক্রাফট লিমিটেডের পরিচালনা পর্ষদ আনন্দের সাথে ৩০শে জুন, ২০২০ সমাপ্ত আর্থিক বছরের পরিচালনা পর্ষদের প্রতিবেদন কোম্পানি আইন ১৯৯৪ এর ধারা নং ১৮৪, বাংলাদেশ সিকিউরিটি এন্ড এক্সচেঞ্জ রুলস ১৯৮৭ এর ১২ নং বিধি এবং তফসিল অনুযায়ী এবং ০৩রা জুন, ২০১৮ তারিখের প্রাতিষ্ঠানিক সূশাসন পালনের নির্দেশাবলি সম্পর্কিত বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন জারিকৃত নোটিফিকেশন নং BSEC/CMRRC/২০০৬-১৫৮/২০৭/Admin/80 অনুযায়ী নিম্নোক্ত পরিচ্ছেদগুলোতে পেশ করা হলো :

## শিল্পের অবস্থান এবং সম্ভাব্য ভবিষ্যত সমৃদ্ধি

করোনা ভাইরাসের প্রাদুর্ভাব তৈরী পোশাক রপ্তানী ব্যবসায়ের চরম অনিশ্চয়তার সৃষ্টি করেছে। সারা বিশ্বেই তৈরী পোশাক রপ্তানী অনেকাংশে কমেছে। মাননীয় প্রধানমন্ত্রীর সরাসরি হস্তক্ষেপে ১০,৫০০ কোটি টাকার প্রনোদনা ঋণের সাহায্যে তৈরী পোশাক রপ্তানী খাত বৈশ্বিক মহামারী কোভিড-১৯ এর প্রথম ধাক্কা সামলাতে সক্ষম হয়। লকডাউনের সময় কারখানা বন্ধ থাকলেও শ্রমিকদের মজুরি দেয়া হয়েছে।

লকডাউনের জন্য ২০১৯-২০ অর্থবছরের ৩য় প্রান্তিক হতাশাজনক হলেও পূর্বে বাতিলকৃত ও স্থগিত কার্যাদেশের পুনরায় চালুর উপর ভিত্তি করে ২০২০-২১ অর্থবছরের ১ম প্রান্তিকে রপ্তানি প্রবৃদ্ধি লক্ষ্য করা গেছে।

মূল্য ও ব্যায়ের মধ্যে চলমান পার্থক্য কঠিন চ্যালেঞ্জের সম্মুখীন করেছে। কোভিড-১৯ এর দ্বিতীয় ধাক্কাই ইউরোপ ও আমেরিকায় সংক্রমণ বেশী হওয়ায় রপ্তানী কমতে পারে বলে উদ্যোক্তারা আশংকা করছেন। ইতিমধ্যে, অনেক ক্রেতা কারখানা মালিকদের ১ মাস অথবা তার বেশী সময় শিপমেন্ট দেরী করতে বলছে। এমতাবস্থায়, ক্রিস্টমাসের বিক্রিও কমতে পারে বলে আশংকা করা হচ্ছে।

যাইহোক, আগামী জানুয়ারী মাসে কোভিড-১৯ ভ্যাক্সিন সরবরাহ শুরু হলে ক্রেতা দেশগুলোতে রপ্তানী আবার ভালো অবস্থায় ফিরে আসবে বলে আশা করা যায়।

## বিভাগ ভিত্তিক বা পণ্য ভিত্তিক দক্ষতা

স্টাইলক্রাফট লিমিটেড সাধারণত বিভিন্ন স্বনামধন্য ফ্যাশন ব্র্যান্ডের জন্য বিভিন্ন শেড, কোয়ালিটি, রং, ওজনের ওভেন পোশাক প্রস্তুত করে থাকে। ব্যাক টু ব্যাক এলসির মাধ্যমে প্রত্যক্ষ রপ্তানিই কোম্পানির মূল রাজস্বের উৎস। এছাড়া, সরকার থেকে প্রাপ্ত নগদ প্রনোদনাকেও রাজস্বের উৎস হিসেবে গন্য হয়।

রাজস্বের খাত	২০১৯-২০	২০১৮-১৯	বৃদ্ধি	
			পরিমাণ	বৃদ্ধি/ হ্রাস (%)
প্রত্যক্ষ রপ্তানি	২,০০৮,৭১০,৬৩৭	৩,৪৬১,৭৯৭,৯৭৫	(১,৪৫৩,০৮৭,৩৩৮)	(৪১.৯৭)
নগদ প্রনোদনা	৪৫,২২৫,৪৯৫	৫৭,৯৭৭,৭১০	(১২,৭৫২,২১৫)	(২২.০০)
সর্বমোট	২,০৫৩,৯৩৬,১৩২	৩,৫১৯,৭৭৫,৬৮৫	(১,৪৬৫,৮৩৯,৫৫৩)	(৬৩.৯৭)

## সিডিবিএলে বিনিয়োগ

স্টাইলক্রাফট লিমিটেড সেন্ট্রাল ডিপোজিটরী বাংলাদেশ লিমিটেডের স্পন্সর শেয়ারহোল্ডার, যেখানে কোম্পানি ২০০০ সালে ১০ লক্ষ টাকা অভিহিত মূল্যে মাত্র ২টি শেয়ার ক্রয় করে। বর্তমানে সিডিবিএলে কোম্পানির সর্বমোট ১১,৪২,৩৬১ শেয়ার রয়েছে যার প্রতিটির অভিহিত মূল্য ১০টাকা।

অর্থবছর ২০১৯-২০ সালে কোম্পানি সিডিবিএল থেকে ২৮,৫৫,৯০৩ টাকা নগদ লভ্যাংশ বাবদ আয় করে।

## ঝুঁকি ও অনিশ্চয়তা

কোভিড-১৯ এর কারণে পণ্যের হ্রাসকৃত মূল্য ও স্থগিত কার্যাদেশই তৈরী পোশাক রপ্তানী খাতের জন্য সবচেয়ে বড় ঝুঁকি। স্টাইলক্রাফট লিমিটেডের কতিপয় অভ্যন্তরীণ ও বাহ্যিক ঝুঁকি রয়েছে যা বৈশ্বিক চাহিদা ও সরবরাহ, সরকারের আর্থিক ও বাৎসরিক নীতি, আন্তর্জাতিক ব্যবসায়ের প্রতিবন্ধকতা, বর্ধিত উৎপাদন খরচ ইত্যাদিও সাথে সম্পর্কযুক্ত। যেহেতু, কোম্পানি কার্যকরী মূলধনের জন্য ঋণ সুবিধা নিয়েছে সেহেতু কোম্পানি সুদের হারের ঝুঁকিতে রয়েছে।

বিভিন্ন ধরনের ঝুঁকি কমানোর জন্য কোম্পানির পরিচালনা পর্ষদ ইতিমধ্যে বিভিন্ন পদক্ষেপ গ্রহণ করেছেন। প্রতারণা, জালিয়াতি, অননুমোদিত কার্যক্রম ইত্যাদি অপারেশন সম্পর্কিত ঝুঁকি কমানোর জন্য কোম্পানি দক্ষ অভ্যন্তরীণ টিম গঠন করেছে। অভ্যন্তরীণ নিয়ন্ত্রন ব্যবস্থা নিশ্চিত করার জন্য অভ্যন্তরীণ টিম নিয়মিত আকস্মিক নিরীক্ষা এবং নিয়মিত পরিদর্শন করে থাকে। কোম্পানির কমপ্লায়েন্স টিম জরিমানা এড়ানো সহ কোম্পানির খ্যাতি ও সম্মান রক্ষার্থে সব নিয়ন্ত্রক সংস্থার আইন কানুন মেনে চলছে।

আর্থিক প্রতিবেদন সম্পর্কিত ঝুঁকি ও অনিশ্চয়তা সমূহ আর্থিক প্রতিবেদন নোট নং ২.৩০ এ প্রদান করা হয়েছে।

বিক্রিত পণ্যের ব্যয়, মোট লাভ এবং নিট লাভ এর বিবরণ

(মিলিয়ন টাকা)

বিবরণ	২০১৯ -২০	২০১৮-১৯	২০১৬ -১৭	২০১৬ -১৭	২০১৫ -১৬
বিক্রিত পণ্যের ব্যয়	১৯১০.২২	৩,২৯৬.৬৬	৩,০৬২.৩৯	২,৯২১.৫০	১,০৬৩.১৪
মোট লাভ	১৪৩.৭১	২২৩.১২	১৯১.৮৭	১৬৮.৮৪	৬৬.৫৯
নিট লাভ	৬.৬৯	৩৯.১০	১৫.৫৪	২৮.৮৬	১০.৭১

বিগত বছরগুলোর ব্যবসায়িক কার্যক্রমে তাৎপর্যপূর্ণ বিচ্যুতি

কোম্পানীর বিগত বছরের সাথে তাৎপর্যপূর্ণ কোন বিচ্যুতি পরিলক্ষিত হয়নি।

সম্পর্কিত দল / গোষ্ঠীর লেনদেন

এখন পর্যন্ত কোম্পানীর সম্পর্কিত দল / গোষ্ঠীরসাথে কোন লেনদেন নেই।

প্রান্তিক দক্ষতা

কোম্পানীর প্রান্তিক দক্ষতা চিত্র নিম্নে তুলে ধরা হলো(মিলিয়ন):

বিবরণ	১ম প্রান্তিক	২য় প্রান্তিক	৩য় প্রান্তিক	৪র্থ প্রান্তিক	মোট
রাজস্ব আয় (টাকা)	৪৯৮.৭১	৪৮৭.০৮	৭০০.৩৫	৩৬৭.৮০	২০৫৩.৯৪
প্রান্তিক বৃদ্ধি/ হ্রাস হার (%)	-	(২.৩৩)	৪৩.৭৯	(৪৭.৪৮)	-
কর পরবর্তী মুনাফা	৩.৯২	২.২৭	৯.৬১	(৯.১১)	৬.৬৯
প্রান্তিকের সাথে অন্যান্য	-	(৪২.০৯)	৩২৩.৩৫	(৫.২০)	-
প্রান্তিকের বৃদ্ধি/ হ্রাস হার (%)	-	(৪২.০৯)	৩২৩.৩৫	(৫.২০)	-

পরিচালকবৃন্দের পারিশ্রমিক

ইনডিপেনডেন্ট ও অনির্বাহি পরিচালকরা বোর্ড মিটিং এ হাজিরা ফি ছাড়া অন্য কোন ফি পাননি এবং যে সকল পরিচালক কোম্পানির নিত্য দিনের কাজের সাথে জড়িত তাদেরকে পারিশ্রমিকসহ অন্যান্য সুবিধা দেয়া হয়েছে। বোর্ড মিটিং হাজিরা ফি ৫,০০০ টাকা। পরিচালকবৃন্দের পারিশ্রমিকে আর্থিক প্রতিবেদনের নোট নং ২২ এ দেয়া হয়েছে।

আর্থিক বিবৃতির নির্ভুলতা

কোম্পানীর আর্থিক বিবরণী এবং এর সংশ্লিষ্ট সংযুক্ত টীকা সমূহ, কোম্পানীর কার্যক্রম, ব্যবসা, নগদ প্রবাহ এবং মালিকানা সমূহে সত্ত্বের পরিবর্তন ইত্যাদি সম্পর্কে সঠিক এবং নির্ভুল চিত্র উপস্থাপন করা হয়েছে।

হিসাব বই

বিদ্যমান এবং প্রযোজ্য নিয়ম নীতি অনুসরণ করে কোম্পানীর জন্য প্রযোজ্য হিসাব বই সমূহ যথাযথ ভাবে সংরক্ষণ করা হয়।

হিসাব নীতি

উপযুক্ত হিসাব নীতি অনুসরণের করে কোম্পানীর আর্থিক বিবরণী এবং অনুমানসমূহ প্রণয়ন করা হয়।

IFRS/BAS Ges IFRS/BFRS এর প্রয়োগ

কোম্পানীর আর্থিক বিবরণী প্রস্তুতের বা এর কোন অংশ বর্জনের ক্ষেত্রে IAS/BAS/IFRS/BFRS এর নীতিসমূহের যত টুকু বাংলাদেশের উক্ত শিল্পের জন্য প্রযোজ্য ততটুকু অনুসরণ করা হয়।

### অভ্যন্তরীণ নিয়ন্ত্রন

কোম্পানির পরিচালনা পর্ষদ ঝুঁকি সমূহকে গ্রহণযোগ্য পর্যায়ে রাখার জন্য অভ্যন্তরীণ নিয়ন্ত্রন ব্যবস্থা প্রতিষ্ঠা করেছেন। পরিচালনা পর্ষদ একটি প্রাতিষ্ঠানিক কাঠামো তৈরী করেছেন যা থেকে জবাবদিহিতার রেখা এবং অনুমোদিত দায়িত্ব পরিষ্কারভাবে বোঝা যায়। অভ্যন্তরীণ নিয়ন্ত্রনের লক্ষ্যগুলো হলো কার্যক্রমের দক্ষতা বৃদ্ধি, আর্থিক প্রতিবেদনের বিশ্বাসযোগ্যতা, ঝুঁকি ব্যবস্থাপনা, নিয়ন্ত্রক সংস্থাগুলোর আইন কানুনের সাথে কমপ্লায়েন্স এ কোম্পানীর নীতিসমূহ বাস্তবায়ন করা। কার্যকর অভ্যন্তরীণ নিয়ন্ত্রন ব্যবস্থার জন্য কোম্পানির অডিট কমিটি নিয়মিত পরামর্শ ও সুপারিশ প্রদান করে থাকেন।

### সংখ্যালঘু গোষ্ঠীর স্বার্থরক্ষা

পরিচালনা পর্ষদ নিশ্চিত করেছে যে, কোম্পানী আইন ১৯৯৪ অনুযায়ী সংখ্যালঘু শেয়ার হোল্ডারদের স্বার্থ সংরক্ষিত হচ্ছে।

### চলমান ব্যবসা নীতি

যথাযথ অনুসন্ধান ও বিশ্লেষণ পূর্বক এই সিদ্ধান্তে উপনীত হয়েছেন যে, কোম্পানী তার বর্তমান কার্যক্রম ভবিষ্যতেও অব্যাহত রাখতে সক্ষম হবে।

### বিগত বছরের তুলনায় অর্থযুক্ত বিচ্যুতির কারণ

কোভিড-১৯ মহামারীর কারণে লকডাউন, বিক্রয় হ্রাস সহ সামগ্রিক কারণে চলমান অর্থবছরে কোম্পানীর net profit after tax, EPS, NOCFPS হ্রাস পেয়েছে।

### পাঁচ বছরের আর্থিক প্রতিচ্ছবি

উক্ত বার্ষিক প্রতিবেদনের পাতা ১৪ তে বিগত পাঁচ বছরের প্রধান ব্যবসায়িক এবং আর্থিক উপাত্ত সংক্ষিপ্ত আকারে তুলে ধরা হয়েছে।

### লভ্যাংশ:

কোম্পানীর শেয়ার সিডিবিএল এর ডিপোজিটরী রেজিস্ট্রারে রেকর্ড ডেট নভেম্বর ১৯, ২০২০ ইং তারিখে বিদ্যমান শেয়ারহোল্ডারগণের জন্য কোম্পানীর পরিচালনা পর্ষদ জুন ৩০, ২০২০ ইং তারিখে সমাপ্ত বছরের জন্য ১০% বোনাস শেয়ার অর্থাৎ সর্বমোট ১০% লভ্যাংশ প্রস্তাব করছেন যা অনুমোদনের জন্য উপস্থাপন করা হল।

### বোনাস শেয়ার ইস্যু

-ব্যবসায় সম্প্রসারণ ও পুঞ্জীভূত মূলধনের সদ্যবহার করার জন্য বোনাস শেয়ার সুপারিশ করা হয়েছে।

-পুঞ্জীভূত মুনাফা থেকে আংশিক বোনাস শেয়ার ঘোষণা করা হয়েছে।

-ক্যাপিটাল রিজার্ভ অথবা রিভ্যালুয়েশন রিজার্ভ অথবা কোন অবাস্তব লাভ অথবা কোম্পানী নিবন্ধনের পূর্বেও কোন লাভ অথবা পরিশোধিত মূলধন কমিয়ে অথবা মুনাফা পরবর্তী রিটেইন্ড আর্নিংস নেতিবাচক বা ডেবিট ব্যালেন্স করে বোনাস শেয়ার ঘোষণা করা হয়নি।

### বোর্ড ও কমিটি মিটিং এবং সদস্যদের উপস্থিতি

কোম্পানীর বোর্ড ও কমিটি সভার সংখ্যা এবং সভায় সদস্যদের উপস্থিতি উক্ত রিপোর্টের সংযুক্তি- ১ এ উপস্থাপন করা হয়েছে।

### শেয়ার ধারনের ধরন

৩০ শে জুন, ২০২০ তারিখ পর্যন্ত কোম্পানীর পরিচালকদের শেয়ার ধারনের বিবরণ সংযুক্তি- ২ হিসেবে রিপোর্টে উপস্থাপন করা হয়েছে।

### কর্পোরেট সামাজিক দায়িত্ব

থ্যালাসেমিয়া রোগীদের সাহায্যার্থে স্টাইলক্রাফট লিমিটেড প্রতি বছর আর্থিক অনুদান প্রদান করে থাকেন।

### আর্থিক বছরের মধ্যে বিচ্যুতি

প্রতিবেদন অনুযায়ী উক্ত বছরে কোম্পানীর ত্রৈমাসিক আর্থিক বিবরণী সাথে নিরীক্ষিত আর্থিক বিবরণীর তাৎপর্যপূর্ণ কোন বিচ্যুতি নেই।

### পরিচালক অবসরগ্রহন ও পুনঃনিয়োগ

পরিচালকদের অবসরগ্রহন ও পুনঃনিয়োগের ক্ষেত্রে কোম্পানীর সংঘবিধি, কোম্পানী আইন ১৯৯৪ এবং নিয়ন্ত্রনকারী সংস্থা সমূহ কর্তৃক বিভিন্ন সময়ে জারীকৃত নিয়ম-কানুন ও প্রজ্ঞাপন অনুসরণ করা হয়েছে। এরই প্রেক্ষিতে নিম্নোক্ত পরিচালকগণ আসন্ন বার্ষিক সাধারণ সভায় অবসর গ্রহন করবেন।

১. জনাব ওমর গোলাম রাব্বানী
২. জনাবা ডা: আলমাস বেগম

যেহেতু তাঁরা কোম্পানীর আর্টিকেল অফ এসোসিয়েশন অনুযায়ী পুনঃনিয়োগের যোগ্য বিধায় পুনঃনির্বাচিত হওয়ার ইচ্ছা প্রকাশ করেছেন।

পুনঃ নিয়োগের যোগ্য পরিচালকদের বিস্তারিত বৃত্তান্ত পৃষ্ঠা নং ১১ থেকে ১২ তে দেয়া হয়েছে।

#### স্বাধীন পরিচালক

কোম্পানীর স্বাধীন পরিচালক জনাব মোসলেহউদ্দিন আহমেদের এর ২য় মেয়াদ ৩৭তম এজিএমে শেষ হবে। পরিচালক পর্ষদ দীর্ঘদিন কোম্পানীকে সেবা দেয়ার জন্য জনাব মোসলেহউদ্দিন আহমেদকে সম্মান ও কৃতজ্ঞতা জানান। সেইসাথে পরিচালনা পর্ষদ সুলভ সময়ের মধ্যে নতুন স্বাধীন পরিচালক নিয়োগের সিদ্ধান্ত গ্রহন করেন।

#### বিধিবদ্ধ নিরীক্ষক নিয়োগ

৩৬তম বার্ষিক সাধারণ সভায় কোম্পানীর মেম্বাররা, মেসার্স এস.কে. বড়ুয়া এন্ড চার্টার্ড একাউন্টেন্টস কে কোম্পানীর আর্থিক বিবরণী নিরীক্ষা করার জন্য বিধিবদ্ধ নিরীক্ষক হিসেবে ৩৭তম বার্ষিক সাধারণ সভা সমাপ্ত না হওয়া পর্যন্ত ৩০ শে জুন, ২০২০ সমাপ্ত বছরের জন্য মাত্র ১,৫০,০০০/ (এক লক্ষ পঞ্চাশ হাজার টাকা) তে নিয়োগ প্রদান করেন।

পুনরায় নিয়োগের যোগ্য বিধায় তাঁদের পারিশ্রমিক যুক্তিযুক্ত পরিমাণে বৃদ্ধির অনুরোধ সহ পুনঃনিয়োগের আত্রহ প্রকাশ করেছেন। অডিট কমিটির সুপারিশক্রমে কোম্পানীর পরিচালনা পর্ষদ তাঁদের ২৯শে অক্টোবর, ২০২০ এর সভায় মেসার্স এস.কে. বড়ুয়া এন্ড চার্টার্ড একাউন্টেন্টস কে পরবর্তী বার্ষিক সাধারণ সভা সমাপ্ত না হওয়া পর্যন্ত ৩০শে জুন, ২০২১ সমাপ্ত বছরের জন্য আসন্ন বার্ষিক বার্ষিক সাধারণ সভায় কোম্পানীর শেয়ারহোল্ডারদের ছড়ান্ত অনুমোদন স্বাপেক্ষে পুনঃনিয়োগের প্রস্তাব করেন।

#### কমপ্লায়েন্স নিরীক্ষক নিয়োগ

অডিট কমিটির সুপারিশক্রমে কোম্পানীর পরিচালনা পর্ষদ তাঁদের ২৯শে অক্টোবর, ২০২০এর মিটিংয়ে মেসার্স আহসান কামাল সাদেক এন্ড চার্টার্ড একাউন্টেন্টসকে ৬০,০০০/- (ষাট হাজার টাকা) মাত্র পরবর্তী বার্ষিক সাধারণ সভা সমাপ্ত না হওয়া পর্যন্ত ৩০ শে জুন, ২০২১সমাপ্ত বছরের জন্য আসন্ন বার্ষিক বার্ষিক সাধারণ সভায় কোম্পানীর শেয়ারহোল্ডারদের ছড়ান্ত অনুমোদন স্বাপেক্ষে পুনঃনিয়োগের প্রস্তাব করেন।

#### ব্যবস্থাপনা কর্তৃপক্ষের আলোচনা এবং বিশ্লেষণ

বিএসইসি এর নোটিফিকেশন বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৭/এডমিন/৮০ এর কন্ডিশন ১ (৫) (ঢচঢ) অনুযায়ী উক্ত রিপোর্টে ও পৃষ্ঠানং-২৭ তে ব্যবস্থাপনা কর্তৃপক্ষের বিস্তৃত আলোচনা এং প্রদান করা হয়েছে।

#### কর্পোরেট গভর্নেন্স প্রতিবেদন

বি এস ই সি নোটিফিকেশন নং বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/১৩৪/২০৭/এডমিন/৮০, তারিখ-জুন ০৩, ২০১৮ উক্ত কমপ্লায়েন্স রিপোর্ট পৃষ্ঠা নং ৩৩ থেকে ৩৯ এ দেয়া হয়েছে।

#### প্রধান অর্থ কর্মকর্তা ও ব্যবস্থাপনা পরিচালকের ঘোষণা

প্রধান অর্থ কর্মকর্তা ও ব্যবস্থাপনা পরিচালকের ঘোষণা পৃষ্ঠা নং-৩১ এ দেয়া হয়েছে।

#### বোর্ড উপ-কমিটি

স্টাইলক্রাফট লিমিটেডের ২টি বোর্ড উপ-কমিটি রয়েছে। একটি হলো অডিট কমিটি এবং অপরটি হলো নমিনেশন এবং রেমিউনারেশন কমিটি। কর্পোরেট গভর্নেন্স অনুযায়ী কমিটিগুলোর নিজস্ব টার্মস অফ রেফারেন্স রয়েছে। এই কমিটিগুলোতে তিনজন অ-নির্বাহী বোর্ড সদস্য রয়েছেন যার মধ্যে ১জন স্বাধীন পরিচালক, যিনিই এই কমিটি গুলোর চেয়ারম্যান।


#### কৃতজ্ঞতা স্বীকার

আমি কৃতজ্ঞতা ও ধন্যবাদ জানাই দেশ ও বিদেশের সকল গ্রাহক, ব্যাংকসহ আর্থিক প্রতিষ্ঠানসমূহ, বাংলাদেশ সিকিউরিটি এন্ড এক্সচেঞ্জ কমিশন, ঢাকা স্টক এক্সচেঞ্জ লিঃ, রেজিস্ট্রার অব জয়েন্ট স্টক কোং এবং ফার্মস, সিডিবিএল, এবং সংশ্লিষ্ট সকল সরকারী ও বেসরকারী সংস্থাসমূহের কর্মকর্তা ও কর্মচারীবৃন্দকে তাঁদের অকৃপন সহযোগিতা প্রদান করার জন্য। যাদের সহযোগিতার কারনেই আমাদের এ সাফল্য অর্জন করা সম্ভব হয়েছে।

আমি কোম্পানীর সকল পরিচালক, কর্মকর্তা, কর্মচারী ও শ্রমিকবৃন্দের নিকট কৃতজ্ঞতা ও ধন্যবাদ জ্ঞাপন করছি। যাদের নিরলস পরিশ্রম ও ত্যাগের কারণে কোম্পানীর এ সাফল্য অর্জন সম্ভব হয়েছে।

পরিশেষে আমি সম্মানিত শেয়ারহোল্ডারবৃন্দকে কোম্পানীর নিরীক্ষিত আর্থিক বিবরণী, নিরীক্ষকের প্রতিবেদন এবং পরিচালকবৃন্দের প্রতিবেদন গ্রহন এবং অনুমোদন করার জন্য বিনীত অনুরোধ জানাচ্ছি।

ধন্যবাদান্তে  
পরিচালনা পর্ষদের পক্ষে

  
ওমর গোলাম রব্বানী  
সভাপতি



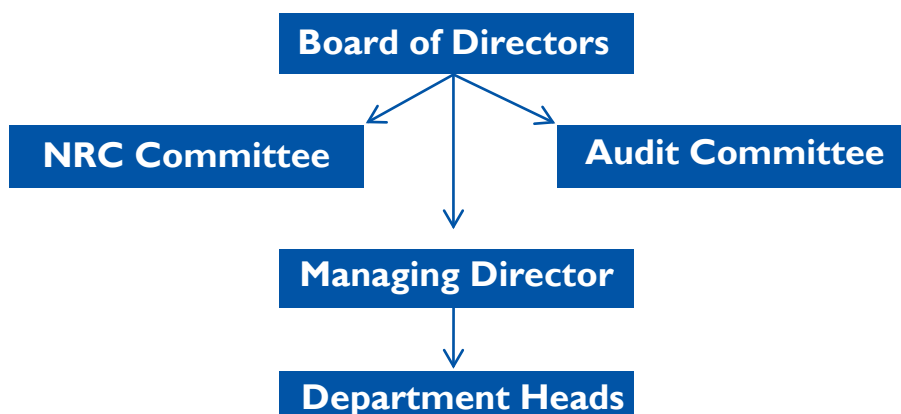
# Corporate Governance at Stylecraft Limited

The board of directors of the company is collectively responsible to the shareholders for its performance and organization's governance framework. Board of Directors considers itself as a trustee for the cause of good governance & transparency. The company is maintaining a culture of transparency and good governance practices since its incorporation.

The company has already complied with all the requirements of Corporate Governance Code, 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC).

## **Governance Structure of the organization.**

The Board of Directors of the company is the highest governing body of the organization. The Board comprises six (6) members, a good blend of executives, non-executives and independent Directors having diverse and professional skills and experiences. They contribute to the Company's strategy and policy formulation in addition to maintaining its performance. The profiles of all members of the Board of Directors are given on page 11 to 12. The company has two (2) sub-committees of the board. One is Audit committee and the other is Nomination and Remuneration Committee (NRC).



**Governance structure of Stylecraft Limited**

## **Chairman of the Board**

The Chairman is a non-executive board member and responsible to lead the Board. The Chairman ensures his leadership through facilitating productive & constructive contribution to the Board. The board has defined the role and responsibilities of the chairman of the board.

## **Managing Director**

The Managing Director has the overall responsibility for the performance of the Company's business. He is also the Chief Executive Officer of the company. He is responsible for establishing and executing the Company's operating plan that is necessary to achieve the Company's objectives; as a coach. The Board of Directors has been clearly defined the roles & responsibilities of the Managing Director.

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

The position of the Chairman and the Managing Director has filled by different person. The respective roles and responsibilities of the Chairman and the Managing Director are clearly defined by the Board of Directors of the company and the Managing Director serves as Chief Executive Officer of the company.

## **Independent Director**

As on June 30, 2020, the Company had six (6) Directors on its Board, one of whom are Independent Directors. The Company has complied with the notification of the Bangladesh Securities and Exchange Commission with regard to composition of the Board. Mr. Moslehuddin Ahmed is the Independent Director of the Company as on June 30, 2020. He has no relationship with the Company which can materially interfere with or affect the exercise of their independent judgment. The Board believes their experience and knowledge enable them to provide both effective and constructive contribution to the Board.

### ***Audit Committee & its role and functions***

The company has formed an Audit Committee as a sub-committee of the Board, has been constituted by one of the Independent Director as Chairman and two other non-executive members of the Board for ensuring good governance practices within the Company. Mr. Moslehuddin Ahmed is the Chairman of the Committee who has a versatile career of 36 years in ready-made garments industry. The Company Secretary is the Secretary of the committee. The Committee assists the Board to ensure 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 for its role and functions that are clearly set forth by the Company and time to time issued notifications by the regulators.

During the year 4 (four) Audit Committee Meetings were held. The Attendance record of the members in the meetings was given in Annexure-VI.

### ***Nomination & Remuneration committee (NRC) & its role and functions***

The company has formed a NRC committee as a sub-committee of the Board, has been constituted by one of the Independent Director as Chairman and two other members of the Board in line with the newly issued Corporate Governance Code. Mr. Moslehuddin Ahmed is the Chairman of the Committee who has a versatile career of 36 years in ready-made garments industry. The Company Secretary is the Secretary of the Committee. The Company Secretary is the Secretary of this Committee. The NRC 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. NRC Committee is responsible to the Board of Directors for its role and responsibilities that are clearly set forth by the Company and time to time issued notifications by the regulators.

During the year 1 (one) NRC Committee Meeting were held. The Attendance record of the members in the meetings was given in Annexure-VI.

### ***Reporting by the Committees to the Board***

The Committee regularly reports on its work to the Board. The report includes a summary of the matters addressed in the meeting by the members present and the measures undertaken by the committee.

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

Brief Cv of Chief Financial Officer, Company Secretary & Head of Internal Audit & Compliance has been given in page no: 13 of this report.

### ***Financial Reporting and Transparency:***

The Company has prepared and presented its financial report according to International Accounting Standards (IAS), Bangladesh Accounting Standards (BAS), International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS), notification on financial reporting and disclosure etc. The Company always very much conscious to disclosure issues so that the financial statements reflects true and fair views and establishes transparency in all aspects within the Company which is also the ultimate motto of the Company.

### ***Internal Controls***

Details of internal control system have been given in Directors report of the company.

### ***Evaluation of the Board***

The board of directors of the company has developed criteria's for evaluation of the board as per the recommendation of the NRC committee of the company.

### ***Communication with Stakeholders:***

The Company encourages communications with shareholders throughout the year and welcomes their participation at shareholders' meeting. Four times each year, Stylecraft Limited presented financial reports to its stakeholders regarding its business, financial position and earnings etc. The Company holds its Annual General Meeting within the stipulated time frame according to regulatory requirements in each year. Among other things, the members present decided in the Annual General Meeting regarding adoption of financial statements, declaration of dividend and election of the Board members and the appointment of the statutory and compliance auditors.

# Management Discussion & Analysis

A Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements are given below as per condition No 1.5 (XXV) of Corporate Governance Code dated on June 03, 2018:

## **Accounting Policies and estimation for preparation of financial statements**

The financial statements of the company have been prepared in accordance with the International Financial Reporting Standards (IFRS), the Companies act 1994, the securities and exchange rules 1987 and other applicable rules and regulations applicable in Bangladesh.

The financial statements of the company have been prepared on accrual basis under historical cost convention and in accordance with generally accepted accounting principles.

The following IASs and IFRS's are applicable for the financial statements for the period under review:

- IAS-1 Presentation of financial statements
- IAS-2 Inventories
- IAS-7 Statement of Cash Flows
- IAS-8 Accounting policies, Changes in Accounting Estimates and Errors
- IAS-10 Events after the reporting period.
- IAS-12 Income Taxes
- IAS-16 Property, Plant and Equipment
- IAS- 19 Employee Benefits
- IAS-21 The Effect of Changes in Foreign Exchange rates
- IAS-23 Borrowing costs
- IAS-24 Related Party Disclosures
- IAS-33 Earnings per Share
- IAS-36 Impairment of Assets
- IAS-37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS-7 Financial Instruments: Disclosures
- IFRS-9 Financial Instruments
- IFRS-15 Revenue from contracts with customer

## **Changes in Accounting Policies and Estimation**

There were no changes in accounting policies and estimations in Financial Statements for the year ended 2019-20.

## **Financial Performance with immediate proceeding 5 (five) years:**

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Turnover	2053.94	3,519.78	3,254.26	3,090.34	1,129.70	3,631.70
Gross profit	143.71	223.12	191.87	168.84	66.59	209.22
Net profit	6.69	39.10	15.54	28.86	10.71	41.70
EPS	0.53	3.10	3.08	29.15	19.48	75.94
NAV	26.96	26.43	58.33	508.04	462.95	443.47
NOCFPS	(8.42)	5.91	16.39	89.44	49.82	108.33

## **Comparison of Financial Performance with peer industry**

Since, Stylecraft Limited is the only publicly listed woven garments manufacturing companies; it is not possible comparing financial performance with peer industry.

## **Financial & economic scenario of the country and the globe**

Covid-19 pandemic have increased uncertainty about the future of the global trading system more generally, taking a toll on business, confidence, investment decisions and global trade. World Economic Outlook Update (June 2020) has projected negative global growth of a higher magnitude (-4.9%) in 2020. According to WTO, global trade will experience considerable negative growth (-13%) due to pandemic, which will contribute to the projected negative global growth as well.

On the other hand, Bangladesh has recorded an impressive 5.24% GDP growth (provisional) in FY 2019-20, despite the devastating impact of covid-19. As of June 2020, FDI has declined by 42.5%, Bangladesh received 10.84% more remittance compared to the previous year, manufacturing dropped to 5.48%.

When the RMG industry of Bangladesh were fighting with increasing labour costs, lower prices from buyer, BDT appreciation against EURO, inadequate road, port and air infrastructure, insufficient backward linkages etc., pandemic covid-19 have made RMG business more difficult with order cancellations, delayed shipments, long lockdown and consequent financial disruptions.

However, the RMG industry of the country had somehow managed to cope up with the first wave of global pandemic covid-19 with the direct intervention of the prime minister where BDT 10,500 crore stimulus loan support given by the government and deferral of loan instalments.

Timely initiative of government is needed for the sustainability of this sector in Bangladesh.

#### ***Risks and concerns issues and mitigation plan***

The details of risks and concerns as well as mitigation plan of the company have been explained in Director's Report under the heading "Risks and Concerns".

#### ***Future plan or projection or forecast***

Stylecraft Limited wishes to continue with the same zeal that it had started 37 years ago. The company is committed to improve its export earnings and contribution to national exchequer as well as socio-economic development of the country in the coming year. From this year, the company is reporting on its sustainability for fulfilling increasing demand of its buyer and others.

Sincerely Yours



**Shams Almas Rahman**  
Managing Director & CEO





*The Board of Directors with CFO and Company Secretary present at 36th AGM*



*Shareholders Participated in Dua*



*Chairperson of the Meeting*

*MD and CEO of The Company*



*A glimpse of Shareholders attending the Meeting*



*Sharing Greetings With Shareholders*



*Board of Directors With Employees of the Company*

## Declaration of CEO & CFO to the Board of Directors'

The Board of Directors,  
Stylecraft Limited  
House # 17 (Level-14), RCC Tower,  
Mohakhali C/A, Dhaka-1212.

**Subject: Declaration of CEO & CFO's to the Board of Directors for the year ended on 30th June, 2020.**

**Dear Sir,**

Pursuant to the condition no. 1(5) (xxvi) imposed vide the commission's Notification No. BSEC/CMR-RD/2006-158/207/Admin/80, Dated: June 03, 2018 under section 2cc of the securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Stylecraft Limited. for the year ended on 30th June, 2020. have been prepared in compliance with International Accounting Standard (IAS) or International Financial Reporting Standard (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 reasonable basis;
- (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;
- (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 30th June, 2020 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 my 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,



**Shams Almas Rahman**  
Managing Director & CEO



**ABM Lutfor Rahman**  
Chief Financial Officer



## Stylecraft Limited

Certificate of Compliance  
Under condition I(5)(xxvii)

Annexure-II

We have examined the compliance status to the Corporate Governance Code by Stylecraft Limited for the year ended on June 30, 2020. This code relates to the Notification No: BSEC/CMRRD/2006-I 58/207/Admin/80, Dated: June 03, 2018 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:

- (a) 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 or not complied (if not complied, specify non-compliances);
- (b) The company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this code or not complied (if not complied, specify non-compliances);
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws or not complied (if not complied, specify non-compliances);
- (d) The governance of the Company is satisfactory.

Dhaka  
November 07, 2020

  
**Ahsan Kamal Sadek & Co.,**  
Chartered Accountants

## Compliance Report on Corporate Governance Code

Status of Compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission, Pursuant to the Notification no. BSEC/CMRRD/2006-158/207/Admin/80, Dated: June 03, 2018 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969:

Condition No.	Title	Status	Remarks (If any)
I.0	<b>Board of Directors</b>		
I(1)	Board's Size: Board members shall not be less than 5 (Five) and more than 20 (Twenty)	Complied	SCL Board is comprised of 05 (Five) Directors excluding one independent director
I(2)	<b>Independent Directors:</b>		
I(2)(a)	Number of Independent Director: At least 1/5th	Complied	There is 1 (one) ID in the Board of SCL
I(2)(b)	<b>For the purpose of this clause "Independent Director" means a Director-</b>	The ID have declared their compliances	
I(2)(b)(i)	Independent Director do not hold any share or less than 1% (one) percent share	Complied	
I(2)(b)(ii)	Independent Directors is not connected with the company's sponsor or director or shareholder who holds 1% or more share	Complied	
I(2)(b)(iii)	Who has not been an executive of the company in immediately preceding 2 (two) financial years	Complied	
I(2)(b)(iv)	Independent Directors do not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated company	Complied	
I(2)(b)(v)	Independent Directors are not the members or TREC holder, directors or officers of any stock exchange	Complied	
I(2)(b)(vi)	Who is not the shareholder, directors excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	Complied	
I(2)(b)(vii)	Independent Directors are/were not the partners or executives during preceding three years of any statutory audit firm	Complied	
I(2)(b)(viii)	They are not the Independent directors in more than five listed companies	Complied	
I(2)(b)(ix)	Who is not convicted by a court of competent jurisdiction as a defaulter in payment of any loan to bank or a non-bank financial institution	Complied	
I(2)(b)(x)	Who is not been convicted for a criminal offence involving moral turpitude	Complied	
I(2)(c)	The independent directors shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting	Complied	
I(2)(d)	The post of independent directors cannot remain vacant for more than 90 days	Complied	
I(2)(e)	The tenure of office of an independent director shall be for a period of three years which may be extended for one term only & Independent director shall not be subject to retirement by rotation as per companies Act, 1994. After completing two term e.g. six (6) years, a time gap of one (1) tenure e.g. three (3) years independent director may be considered for reappointment.	Complied	
I(3)	<b>Qualification of Independent director (ID)</b>		
I(3)(a)	Independent Director shall be knowledgeable individual with integrity	Complied	
I(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 million or any listed company or a member of any national or international chamber of commerce or business association		Not Applicable
I(3)(b)(ii)	Corporate leader who is or was a top level executive not lower than CEO or MD or DMD or CFO 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 100 million or of a listed company.	Complied	

Condition No.	Title	Status	Remarks (If any)
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 (at least bachelor degree in economics or commerce or business or law)		Not Applicable
1(3)(b)(iv)	University teacher who has an educational background in economics or commerce or business studies or law.		Not Applicable
1(3)(b)(v)	Professional or who is or was an advocate practicing at least in the high court division of supreme court or a CA or CMA or CFA or CCA or CPA or CMA or CS or equivalent position.		Not Applicable
1(3)(c)	The Independent Director shall have at least 10 years of experience in any field mentioned in clause (b)	Complied	
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the commission		Not Applicable
<b>1.4</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:</b>		
1(4)(a)	The Chairman of the Board and the Managing Director (MD) and /or Chief Executive Officer (CEO) shall be different individuals.	Complied	
1(4)(b)	The MD and/or CEO of a listed company shall not hold the same in another listed company	Complied	
1(4)(c)	The Chairman of the board shall be elected from among the non-executive Directors of the company	Complied	
1(4)(d)	The board shall clearly define respective roles & responsibilities of chairperson and MD and/or CEO	Complied	
1(4)(e)	In the absence of chairperson of the board, remaining members may elect one of themselves from non-executive directors as chairperson & the reason of absence shall be duly recorded in the minutes	Complied	
<b>1.5</b>	<b>The Directors' Report to Shareholders</b>		
1.5 (i)	Industry outlook and possible future developments in the industry	Complied	
1.5 (ii)	Segment-wise or product-wise performance	Complied	
1.5 (iii)	Risk and Concern including external & internal risk factors threat to sustainability & negative impact on environment, if any	Complied	
1.5 (iv)	A discussion on cost of goods sold, gross profit margin and net profit margin	Complied	
1.5 (v)	Discussion on continuity of an Extra-ordinary gain or loss	Complied	
1.5 (vi)	Basis for related party transaction- a statement of all related party transactions should be disclosed in the annual report	Complied	
1.5 (vii)	Utilization of proceeds from public issues, right issues and or through any other instruments	Complied	
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for IPO,RPO, rights Offer, Direct Listing etc.	Complied	
1.5 (ix)	Explanation on significant variance occurs between quarterly financial performance and Annual Financial Statements	Complied	
1.5 (x)	A statement of Remuneration to directors including independent director	Complied	
1.5 (xi)	The financial statements prepared by the management of the issuer company present fairly state its affairs, the result of its operation, cash flows and changes in equity	Complied	
1.5 (xii)	Proper books of account of the issuer company have been maintained	Complied	
1.5 (xiii)	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	Complied	
1.5 (xiv)	International Accounting Standards (IAS)/ Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.	Complied	
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored	Complied	
1.5 (xvi)	Minority shareholders have been protected		Not applicable

Condition No.	Title	Status	Remarks (If any)
1.5 (xvii)	There are no significant doubts 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 the reasons thereof should be disclosed	Complied	
1.5 (xviii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reason thereof should be explained	Complied	
1.5 (xix)	Key operating and financial data of at least preceding five years shall be summarized	Complied	
1.5 (xx)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given	Complied	
1.5 (xxi)	No bonus share or stock dividend has been or shall be declared as interim dividend	Complied	
1.5 (xxii)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	Complied	
<b>1.5 (xxiii)</b>	<b>Report on the pattern of shareholding disclosing the aggregate number of share held by-</b>		
1.5(xxiii)(a)	Parents/Subsidiary/ Associated companies and other related parties (name wise details)	Complied	
1.5 (xxiii)b	Directors, Chief Executive Officer, Company secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	Complied	
1.5 (xxiii) c	Executives	Complied	
1.5 (xxiii)d	Shareholders holding ten percent or more voting interest in the company (name wise details)	Complied	
<b>1.5 (xxiv)</b>	<b>Disclosure on the appointment /reappointment of directors-</b>		
1.5 (xxiv)a	A brief resume of the director	Complied	
1.5 (xxiv)b	Nature of his/her expertise in specific functional areas	Complied	
1.5 (xxiv)c	Names of companies in which the person also holds directorship and the membership of committees of the board	Complied	
1.5 (xxv)	A management discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statement, among others focusing on:	Complied	
1.5(xxv)(a)	Accounting policies & estimation for preparation of financial statements	Complied	
1.5(xxv)(b)	Changes in accounting policies & estimation, if any clearly describing the effect on financial performance or results and financial position as well as cash flows in the absolute figures	Complied	
1.5(xxv)(c)	Comparative analysis (including effect of inflation) of financial performance or results and financial position as well as cash flows in the absolute figures	Complied	
1.5(xxv)(d)	Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario	Complied	
1.5(xxv)(e)	Briefly explain the financial and economic scenario of the country and the globe	Complied	
1.5(xxv)(f)	Risks & concerns issued related to the financial statements, explaining such risk and concerns mitigation plan of the company	Complied	
1.5(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position, with jurisdiction thereof, i.e. actual position shall be explained to the shareholders in the next AGM	Complied	
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;	Complied	
1.5(xxvii)	The report as well as certificate regarding compliance of conditions of the code as required under condition No.9 shall be disclosed as per Annexure-B & Annexure-C	Complied	
1(6)	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with BSS as adopted by the Institute of Chartered Secretaries of Bangladesh	Complied	

Condition No.	Title	Status	Remarks (If any)
<b>1(7)</b>	<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 based on the recommendation of the NRC at condition No.6 for the chairperson of the board, other board members & CEO of the company	Complied	
1(7)(b)	The code of conduct as determined by the NRC shall be posted in the website of the company among others prudent conduct & behavior; confidentiality; conflict of interest; compliance with laws , rules & regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency	Complied	
<b>2.00</b>	<b>Governance of Board of Directors of Subsidiary Company: The Company does not have any Subsidiary company</b>		
2 (a)	Provisions relating to the composition of board of holding company shall be made applicable to the composition of the board of subsidiary company		Not applicable
2 (b)	At least one (1) independent director of the board of the holding company shall be a director in the board of subsidiary company		Not applicable
2 (c)	The minutes of the subsidiary company shall be placed for review at the following board meeting of the holding company		Not applicable
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		Not applicable
2 (e)	The audit committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company		Not applicable
<b>3.</b>	<b>MD or CEO, CFO, HIAC and CS:</b>		
3(1)(a)	The Board shall appoint MD, CFO, HIAC and CS	Complied	
3(1)(b)	Position of MD, CFO, HICA and CS shall be filled by different individuals	Complied	
3(1)(c)	The MD or CEO, CFO, HIAC and CS shall not hold any executive position in any other company at the same time	Complied	
3(1)(d)	Board shall clearly define their respective roles, responsibilities and duties of CFO, HIAC & CS	Complied	
3(1)(e)	The MD or CEO, CFO, HIAC and CS shall not be removed from their position without approval of Board as well as immediate dissemination to the commission & stock exchange(s).	Complied	
3(2)	The MD or CEO, CFO, HIAC and CS shall attend Board of Directors meeting	Complied	
<b>3(3)</b>	<b>Duties of MD or CEO and Chief Financial Officer:</b>		
3(3)(a)	The MD or CEO and CFO shall certify to the board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:	Complied	
3(3)(a) (i)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	Complied	
3(3)(b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	Complied	
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the annual report	Complied	
4	Board of Directors' committee	Complied	
5	Audit Committee	Complied	
<b>5(1)</b>	<b>Responsibility to the Board of Directors</b>		
5 (1)(a)	Audit Committee shall be the sub-committee of the Board of Directors	Complied	
5 (1)(b)	The committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business	Complied	
5 (1)(c)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing	Complied	
<b>5 (2)</b>	<b>Constitution of the Audit Committee:</b>		
5 (2)(a)	The Audit Committee shall be composed of at least three members	Complied	

Condition No.	Title	Status	Remarks (If any)
5 (2)(b)	Board shall appoint members of Audit Committee from non-executive directors except chairperson including one independent director	Complied	
5 (2)(c)	All members of the audit committee should be financially literate and at least one member shall have accounting or related financial management experience and ten years of such experience.	Complied	
5 (2)(d)	When the terms of service of any committee member expires or there is any circumstances causing any committee member to be unable to hold before expiration of terms of service where number of Committee members falls short than the prescribed number the board shall fill the vacancy immediately or not later than 1 one month in Committee shall be filled	Complied	
5 (2)(e)	The company secretary shall act as the secretary of the committee	Complied	
5 (2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least one independent director	Complied	
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>		
5 (3)(a)	Chairman of the Audit Committee shall be an Independent Director	Complied	
5 (3)(b)	In the absence of the chairperson of the audit committee remaining members may elect one among themselves as Chairperson	Complied	
5 (3)(c)	Presence of Chairman of the Audit Committee in the Annual General Meeting	Complied	
<b>5 (4)</b>	<b>Meeting of the Audit Committee:</b>		
5 (4) (a)	Frequency of Meeting of the Audit Committee	Complied	
5 (4) (b)	Quorum of the Audit Committee Meeting	Complied	
<b>5 (5)</b>	<b>Role of Audit Committee:</b>		
5 (5) (a)	Oversee the financial reporting process	Complied	
5 (5) (b)	Monitor choice of accounting policies and principles	Complied	
5 (5) (c)	Monitor internal audit and compliance process, approval of internal audit and compliance plan and review of these reports	Complied	
5 (5) (d)	Oversee hiring and performance of external auditors	Complied	
5 (5) (e)	Hold meeting with external auditors for review of annual financial statements before submission to the board	Complied	
5 (5) (f)	Review along with the management, the annual financial statements before submission to the board for approval	Complied	
5 (5) (g)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval	Complied	
5 (5) (h)	Review the adequacy of internal audit function	Complied	
5 (5) (i)	Review the Management's discussion and analysis before disclosing in the annual report	Complied	
5 (5) (j)	Review statement of significant related party transactions submitted by the management	Complied	
5 (5) (k)	Review management letters/ letter of internal control weakness issued by statutory auditors and review of these		Not applicable
5 (5) (l)	Oversee the determination of audit fees and others for effective audit and evaluate performance of external auditors	Complied	
5 (5) (m)	Oversee proceeds raised through initial public offering/ repeat public offering/rights issue the company shall disclose to the audit committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital etc.), on a quarterly basis, as a part of their quarterly declaration of financial results	Complied	
<b>5 (6)</b>	<b>Reporting of the Audit Committee:</b>		
<b>5 (6) (a)</b>	<b>Reporting to the Board of Directors:</b>		
5 (6) (a) (i)	The audit committee shall report on its activities to the board of directors	Complied	
<b>5 (6) (a) (ii)</b>	<b>Audit committee immediately report to the Board on the following findings-</b>		
5 (6) (a) (ii) (a)	Report on conflict of interest	Complied	

Condition No.	Title	Status	Remarks (If any)
5 (6) (a) (ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal audit & compliance process or in the financial statement	Complied	
5 (6) (a) (ii)(c)	Suspected infringement of laws, including securities related law, rules and regulations	Complied	
5 (6) (a) (ii)(d)	Any other matter which deems necessary shall be disclosed to the board of directors immediately	Complied	
5 (6) (b)	Reporting to the authorities: If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and discussed accordingly with the Board and management but they unnecessarily ignored, then inform to commission regarding the findings, upon reporting of such matters to the Board for 3 times or completion of 6(six) months from the date of first reporting to Board, whichever is earlier.	Complied	No Such situation occurred
5 (7)	Reporting to the shareholders and general investors	Complied	
6(1)(a)	The company shall have a NRC as a sub-committee of the board	Complied	
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)-</b>		
6(1)(a)	Nomination committee is a sub-committee of the Board	Complied	
6(1)(b)	NRC shall assist the board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors & top level executives as well as considering remuneration of directors, top level executive	Complied	
6(1)(c)	TOR of NRC shall be set forth in writing	Complied	
<b>6 (2)</b>	<b>Constitution of the NRC</b>		
6(2)(a)	The committee shall comprise of at least 3 members including an independent director	Complied	
6(2)(b)	All members of the committee shall be non-executive directors	Complied	
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	Complied	
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the committee or any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) of occurring such vacancy	Complied	No Such situation occurred
6(2)(f)	The chairperson of the committee may appoint or co-opt any external expert or members of staff to committee who shall be non-voting member	Complied	No Such situation occurred
6(2)(g)	Company secretary shall act as the secretary of the committee	Complied	
6(2)(h)	Quorum of the NRC shall not constitute without attendance of at least an independent director	Complied	
6(2) (i)	No member of the NRC shall receive any remuneration other than Directors' fees or honorarium from the company	Complied	
<b>6 (3)</b>	<b>Chairperson of the NRC:</b>		
6(3)(a)	The board shall select one member of the NRC to be chairperson of the committee who shall be an independent director	Complied	
6(3)(b)	In the absence of chairperson of NRC, the remaining members may elect one of themselves as chairman of the meeting.	Complied	
6(3)(c)	The chairperson of NRC shall attend the AGM and in the absence of regular chairperson, any member from the NRC shall be selected to attend in AGM	Complied	
<b>6 (4)</b>	<b>Meeting of the NRC</b>		
6(4)(a)	The NRC shall conduct at least 1 meeting in a financial year	Complied	
6(4)(b)	Chairperson may call emergency meeting upon request by member	Complied	
6(4)(c)	Quorum of the NRC	Complied	
6(4)(d)	Record and confirmation of minutes	Complied	
<b>6 (5)</b>	<b>Role of the NRC</b>		
6(5)(a)	NRC shall be independent and responsible or accountable to the board and shareholders	Complied	

Condition No.	Title	Status	Remarks (If any)
6 (5) (b)	NRC shall oversee among others the following matters and make report with recommendation to the Board-	Complied	
6(5)(b)(i)	Formulating the criteria for determining qualifications, positive attributes and independence of director and recommend policy to Board relating to remuneration of the directors, top level executive considering the following-	Complied	
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	Complied	
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks	Complied	
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 company and its goals	Complied	
6(5)(ii)	A policy on boards diversity considering age, gender, experience, ethnicity, educational background & nationality	Complied	
6(5)(iii)	Identifying persons who are qualified to become directors and top level executive in accordance with the criteria laid down and recommend their appointment and removal to the board	Complied	
6(5)(iv)	Formulating the criteria for evaluation of independent directors and the board		
6(5)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement or promotion criteria	Complied	
6(5)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies	Complied	
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.	Complied	
<b>7</b>	<b>External or Statutory Auditors-</b>		
<b>7 (1)</b>	<b>The Company shall not engage its external or statutory auditors to perform the following services-</b>		
7 (1) (i)	Non-engagement in appraisal or valuation services or fairness opinions	Complied	
7 (1) (ii)	Non-engagement in Financial information systems design and implementation	Complied	
7 (1) (iii)	Non-engagement in Book-keeping or other services related to the accounting records or financial statements	Complied	
7 (1) (iv)	Non-engagement in Broker-dealer services	Complied	
7 (1) (v)	Non-engagement in Actuarial services	Complied	
7 (1) (vi)	Non-engagement in Internal audit or special audit services	Complied	
7 (1) (vii)	Non-engagement in any other service that the audit committee determines	Complied	
7 (1) (viii)	Audit or certification services on compliance of corporate governance as required under condition: 9(1)	Complied	
7 (1) (ix)	Any other service that creates conflict of interest.	Complied	
7 (2)	No partner or employees and family members 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.	Complied	
7 (3)	Representative of external or statutory auditors shall remain present in the shareholders meeting (AGM or EGM) to answer the queries of the shareholders	Complied	
<b>8</b>	<b>Maintaining a Website by the Company-</b>		
8.(1)	The company shall have an official website linked with the websites of the stock exchange	Complied	
8.(2)	The company shall keep the website functional from the date of listing	Complied	
8.(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s)	Complied	
<b>9</b>	<b>Reporting and Compliance of Corporate Governance-</b>		
9.(1)	Obtaining Certificate from a professional accountant/ Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC on a yearly basis and disclose it in the Annual Report	Complied	
9(2)	The professional who will provide the certificate on compliance of the code shall be appointed by the shareholders in AGM	Complied	
9(3)	The directors of the company shall state, in accordance with the annexure attached, in the directors' report whether the company has complied with these conditions	Complied	

## Report of the Audit Committee

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The audit committee of Stylecraft Limited is one of the prime sub-committee of the board of directors' which is established and maintained in accordance with condition no.5 of the Bangladesh Securities and Exchange Commission Corporate Governance code, 2018. The primary purpose of the audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls, management of financial risks and compliance with the prevailing laws and regulations of the country.

The audit committee of Stylecraft Limited is comprised of three non-executive members of the Board of Directors including one independent director. Mr. Moslehuddin Ahmed is the Chairman of the committee who is an independent director. The Company Secretary is the Secretary of this Committee. Four (4) meetings of the audit committee held during the year.

As required, all members of the audit committee are "financially literate" and are able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as members of the audit committee.

### Responsibilities of the audit committee

The purpose, authority, composition, duties and responsibilities of the Audit Committee are delineated in its accordance with the corporate governance code, 2018.

### Activities carried out during the year

1. Reviewed the quarterly and half-yearly financial statements with the management before submission to the board for approval;
2. Discussed with management and external auditors and reviewed the audited financial statements before finalization;
3. Reviewed statements of significant related party transactions submitted by the management;
4. Reviewed depreciation rates of some assets of the company;
5. Reviewed the appointment of statutory and compliance auditors and determination of audit fees and others;
6. Reviewed Management's Discussion and Analysis report before disclosing in the annual report
7. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports and made suggestions for improvement.



**Moslehuddin Ahmed**

Chairman, Audit Committee

## Report of the Nomination and Remuneration Committee

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Stylecraft Limited has duly constituted a Nomination and Remuneration Committee (NRC) as a Sub-committee of the Board of Directors in accordance with the notification of Bangladesh Securities and Exchange Commission Corporate Governance Code, dated on June 03, 2018.

The NRC committee assists the Board of Directors in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives. The NRC also assists the board to formulate a policy for formal process of considering remuneration of directors and top level executives.

During the year, three non-executive members in the NRC Committee including one Independent Director were appointed by the board. The Independent Director is the Chairman of the Committee. The Company Secretary is the Secretary of this Committee. One (1) meeting of the NRC committee held during the year.

This report is prepared in accordance with the corporate governance code, 2018 issued by the BSEC. This report covers NRC policies, evaluation criteria and activities of NRC.

### Evaluation of the Board

The NRC is responsible for ensuring the effectiveness of the Board. The Board shall carry out an evaluation once a year of its work, functions, performance. The evaluation process is led by the Chair of the Board and assisted by the Company Secretary. Each Director is required to complete a confidential pre-set questionnaire. The evaluation includes a review of the administration of the Board and its committees covering their operations, agenda, reports, and information produced for consideration, and relationship with management.

### Top level executive selection and Remuneration policy

The performance of the Company mostly depends upon the quality of its Directors and Top Level Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and top level Executives. The recruitment process for Top Level Executives shall be transparent, non-discriminatory, diversified and in alignment with the Code of Conduct of the company. The objective of remuneration policy is to secure that reward for Top Level Executives shall contribute to attracting, engaging and retaining the right employees to deliver sustainable value for shareholders.

### Activities of NRC during the year

1. Considered the terms of reference of NRC as approved by the board;
2. Formulated a policy relating to the remuneration of the directors, top level executives and all employees of the company;
3. Formulated a criteria for determining qualifications, positive attributes and independence of directors;
4. Formulated a criteria for evaluation of performance of board members including independent directors;
5. Adopted a code of conduct for the Chairman, Directors and top level executives of the company.



**Moslehuddin Ahmed**  
Chairman of the NRC Committee

## ANNEXURE-VI

- ❖ The composition of the Board of Directors and their attendance in the meetings for the year ended June 30, 2020 are shown below:

Name of Directors	Position	Board Meeting		
		Meeting Held	Attended	Percentage (%)
Mr. Omar Golam Rabbany	Chairman	06	05	100.00
Mr. Shams Almas Rahman	Managing Director	06	06	100.00
Mrs. Dr. Almas Begum	Director	06	06	100.00
Mr. Sharif Almas Rahman	Director	06	06	100.00
Mr. M. Fazlur Rahman	Director	06	06	100.00
Mr. Mosleuddin Ahmed	Independent Director	06	06	100.00

N.B: The Director who could not attend in any meeting was granted leave of absence.

- ❖ The composition of the Audit Committee and the attendance of its members in the meetings for the year ended June 30, 2020 are shown below:

Name of Directors	Position	Audit Committee Meeting		
		Meeting Held	Attended	Percentage (%)
Mr. Mosleuddin Ahmed	Chairman	4	4	100
Mrs. Dr. Almas Begum	Member	4	4	100
Mr. M. Fazlur Rahman	Member	4	4	100

- ❖ The composition of the Nomination & Remuneration Committee and the attendance of its members in the meetings for the year ended June 30, 2020 are shown below:

Name of Directors	Position	Audit Committee Meeting		
		Meeting Held	Attended	Percentage (%)
Mr. Mosleuddin Ahmed	Chairman	1	1	100
Mr. Omar Golam Rabbany	Member	1	1	100
Mr. M. Fazlur Rahman	Member	1	1	100

## ANNEXURE-VII

❖ The pattern of shareholding as required by clause 1.5 (xxiii) of the BSEC notification dated on June 03, 2018 for the year ended June 30, 2020 state as below:

SL NO	Name of Shareholders	Status	Share Holding	Percentage (%)
i)	Parent/ Subsidiary/ Associated Companies and other related parties		-	-
ii)	<b>Directors &amp; their Spouses and Minor Children:</b>			
	Mr. Omar Golam Rabbany	Chairman	2,69,435	2.13%
	Mr. Shams Almas Rahman	Managing Director	16,44,877	13.03%
	Mrs. Dr. Almas Begum	Director	6,22,824	4.93%
	Mr. Sharif Almas Rahman	Director	10,03,402	7.95%
	Mr. Naveed Hashmet	Sponsor	9,01,935	7.15%
	Mr. M. Fazlur Rahman	Director	9,01,935	7.15%
	Mr. Mosleuddin Ahmed	Independent Director	Nil	-
	The minor children of all the Directors and spouses mentioned in the above list			Nil
iii)	<b>Company Secretary, CFO and Head of Internal Audit &amp; their Spouses and Minor:</b>			
	Mr. Edmund Guda	Company Secretary	Nil	-
	Mr. ABM Lutfur Rahman	CFO	Nil	-
	Mr. Md. Musa Tarique	Head of Internal Audit & Compliance	Nil	-
	Their Spouses & Minors			Nil
iv)	<b>Executives (Top 5 Salaried Employees):</b>			
	Mr. Mustaque Hossain	AGM, Export & Import		
	Mr. Feroz Kabir Khan	Head of People & Culture	Nil	-
	Mr. Ranjit Kumar Sarker	AGM, Production	Nil	-
	Mr. Md. Amir Hossain	AGM, Production	Nil	-
v)	<b>Shareholders holding 10% (Ten percent) or more voting interest in the Company:</b>			
	Mr. Shams Almas Rahman	Managing Director	16,44,877	13.03%

## INDEPENDENT AUDITOR'S REPORT

To  
The Shareholders of Stylecraft Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Stylecraft Limited, which comprise the statement of financial position as at June 30, 2020 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at June 30, 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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. For each matter below our description of how our audit addressed the matters provided in that context.

Risk	Our response to the risk
<p><b>Revenue Recognition</b> Revenue is the most financially significant item in the statement of profit and loss and other comprehensive income. The company has revenue of Taka 2,053,936,132 for the year ended 30 June 2020.</p> <p>Application of IFRS 15, including section of transaction method involves significant judgment in determining when control of the goods or services underlying the performance obligation is transferred to the customer and the transition method to be applied. As the revenue recognition, due to the significant of the balance to the financial statement as a whole, we regard this as a Key audit matter.</p> <p>Under IFRS 15 revenue is recognize when a performance obligation is satisfied by transferring a promised good or service.</p> <p><b>See note no. 2.23 and 20 to the financial statements.</b></p>	<p>Our procedures included obtaining and understanding of management's revenue recognition process. We tested a sample of transaction to verify whether the revenue was accounted for in accordance with the revenue accounting policy as disclosed in Note-2.23 and 20 of the financial statement. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards.</p> <p>For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions.</p> <p>With regard to the implementation of IFRS 15, We verified management's conclusion we assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on sample basis. In addition we verified the accuracy of IFRS 15 related disclosures.</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>We conducted substantive testing of revenue recorded over the year using sampling techniques by examining the relevant supporting</p>

<p><b>Valuation of inventory</b> Inventories are carried at the lower of cost and net realizable value. As a result, the Directors apply judgment in determining the appropriate values for slow-moving or obsolete items.</p> <p>Inventories are maintained by manual interfaces and inputs, there is a risk that inappropriate management override and/ or error may occur.</p> <p><b>See note no. 2.16 and 5.00 to the financial statements.</b></p>	<p>documents including sales invoice, bank reconciliation report, bank statement and also, we confirmed selected customers receivable balances at the financial position date, selected on sample basis by considering the amount outstanding with those customers.</p> <p>We specifically put emphasis on those transactions occurring close before or after the financial position date to obtain sufficient evidence over the accuracy of cut-off.</p> <p>Finally assessed the appropriateness and presentation of disclosure against relevant accounting standards.</p>
<p><b>Impairment of Property, Plant and Equipment's</b> The economic climate and levels of competition remain challenging for the Company. There is a risk that the impairment charge may be misstated.</p> <p>Determining the level of impairment involves forecasting and discounting future cash flows and estimation of recoverable amounts which are inherently uncertain. This is one of the key judgmental areas that our audit has concentrated on.</p> <p><b>See note no. 2.15.07 to the financial statements</b></p>	<p>We challenged the appropriateness of managements assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none"> <li>➤ Evaluating the design and Implementation of key inventory controls operating across the company;</li> <li>➤ Attending inventory counts and reconciling the count results to the inventory listings to test the completeness of data;</li> <li>➤ Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to the associated provision to assess whether inventory provisions are complete;</li> <li>➤ Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year.</li> </ul>
<p><b>IT systems and controls</b> Our audit procedures have a focus on information technology systems and controls. The large volume of transactions processed in numerous locations daily and the reliance on manual controls.</p> <p><b>See note no. 2.30.06 to the financial statements.</b></p>	<p>Our audit procedures included, among others, considering the impairment risk associated with the following different types of assets:</p> <ul style="list-style-type: none"> <li>➤ We critically assessed and challenged the company's impairment model. This included consideration of discounted cash flow forecast.</li> <li>➤ We have also considered the adequacy of the company's disclosures about the degree of estimation involved in determining the amount of impairment and the sensitivity to key assumptions involved.</li> </ul> <p>We tested the company's periodic review and where deficiencies were identified, we performed alternative procedures. In addition, we understood where relevant changes were made during the audit period and tested those changes that had a significant impact on financial reporting.</p>
<p><b>Long term &amp; Short-term loan</b> At the end of financial year, the position of loans remained amounting to Tk. 625,896,315 for the Company. In other words, approximately 65.91% of total liabilities for the Company.</p> <p>Evidently, the Company is using loans to operate the business and also, to acquire non-current assets. Therefore, it has been considered as key audit area.</p>	<p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over the loans. Our audit procedures included, among others, the followings:</p> <ul style="list-style-type: none"> <li>➤ Understanding and reviewing the nature and types of loans;</li> <li>➤ Reviewing the board minutes for arrangements of the loans;</li> <li>➤ Obtaining the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans;</li> <li>➤ Reviewing the mortgages, major covenants, guarantees and interest rates etc. attached to the loans;</li> <li>➤ Recalculating the interest related to loans;</li> <li>➤ Checking the adjustments or repayments of loans through bank statements as per repayment schedule;</li> <li>➤ Checking whether there is any overdue payments and penal interests; and</li> <li>➤ Finally, assessing the appropriateness and presentation of disclosures against relevant accounting standards.</li> </ul> <p>Our procedures above did not identify any issues with regard to the loans.</p>

## **Other Information:**

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appeared to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **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 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 auditors' 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 other rules and regulations, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

Dated: Dhaka  
October 29, 2020

  
**Mohammad Anwarul Hoque FCA**  
Engagement Partner  
S.K. Barua & Co.  
Chartered Accountants

**STYLECRAFT LIMITED**  
Statement of Financial Position  
AS AT JUNE 30, 2020

	Notes	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>ASSETS</b>			
<b>Non-Current Assets:</b>			
Property, Plant and Equipments-Net	3.00	638,332,629	671,216,861
Investment in Shares - Long Term	4.00	5,138,890	5,138,890
		<b>643,471,519</b>	<b>676,355,751</b>
<b>Current Assets:</b>			
Stock at Stores	5.00	360,821,609	354,649,749
Export Bills Receivable	6.00	177,963,927	218,532,123
Advances, Deposits & Pre-Payments	7.00	8,591,359	7,952,308
Advance Income Tax	8.00	66,205,888	52,635,754
Cash and Cash Equivalents	9.00	32,844,420	69,778,573
		<b>646,427,203</b>	<b>703,548,507</b>
<b>Total Assets</b>		<b>1,289,898,722</b>	<b>1,379,904,258</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Equity:</b>			
Share Capital	10.00	126,225,000	50,490,000
Retained Earnings	11.00	214,058,712	283,102,601
		<b>340,283,712</b>	<b>333,592,601</b>
<b>Non-Current Liabilities:</b>			
Long Term Loan - Secured	12.00	132,337,198	221,565,690
Deferred Tax Liability	13.00	17,004,324	10,095,838
		<b>149,341,522</b>	<b>231,661,528</b>
<b>Current Liabilities:</b>			
Import Bills Payable	14.00	196,834,351	436,507,867
Accounts Payable	15.00	8,082,171	9,490,311
Liabilities for Expenses	16.00	68,701,507	70,499,269
Liabilities for Tax	17.00	33,096,342	19,630,290
Long Term Loan - Current Portion	18.00	220,415,670	117,982,827
Short Term Loan	19.00	273,143,447	160,539,565
		<b>800,273,488</b>	<b>814,650,129</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>1,289,898,722</b>	<b>1,379,904,258</b>
<b>Net Assets Value Per Share</b>		<b>26.96</b>	<b>26.43</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**Shams Almas Rahman**  
Managing Director & CEO

  
**Sharif Almas Rahman**  
Director


  
**Dr. Almas Begum**  
Director

As per our report of same date.

**Dated: Dhaka**  
October 29, 2020

  
**Edmund Guda**  
Company Secretary

  
**ABM Lutfor Rahman**  
Chief Financial Officer

  
**Mohammad Anwarul Hoque FCA**  
Engagement Partner  
**S.K.Barua & Co.**  
Chartered Accountants

# STYLECRAFT LIMITED

## Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended June 30, 2020

Particulars	Notes	Amount in BDT	
		June 30, 2020	June 30, 2019
Turnover	20.00	2,053,936,132	3,519,775,685
Cost of Goods Sold	21.00	(1,910,222,109)	(3,296,658,688)
<b>Gross Profit</b>		<b>143,714,023</b>	<b>223,116,997</b>
<b>Operating and Financial Expenses</b>		<b>(119,283,649)</b>	<b>(163,694,916)</b>
Administrative Expenses	22.00	(49,858,442)	(72,988,886)
Selling Expenses	23.00	(13,025,888)	(37,869,201)
Financial Expenses	24.00	(56,399,319)	(52,836,829)
<b>Operating Profit</b>		<b>24,430,374</b>	<b>59,422,081</b>
Other Income	25.00	3,988,557	4,054,148
<b>Profit before contribution to WPPF</b>		<b>28,418,931</b>	<b>63,476,229</b>
Contribution to WPPF	26.00	(1,353,282)	(1,051,359)
<b>Profit before tax</b>		<b>27,065,649</b>	<b>62,424,870</b>
<b>Taxation</b>		<b>(20,374,538)</b>	<b>(23,325,048)</b>
Current Tax	27.00	(13,466,052)	(19,630,290)
Deferred Tax	28.00	(6,908,486)	(3,694,758)
<b>Net Profit After Tax for the Period</b>		<b>6,691,111</b>	<b>39,099,822</b>
<b>Earning Per Share (EPS)</b>	29.00	<b>0.53</b>	<b>3.10</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**Shams Almas Rahman**  
Managing Director & CEO

  
**Sharif Almas Rahman**  
Director

  
**Dr. Almas Begum**  
Director

As per our report of same date.

**Dated: Dhaka**  
October 29, 2020

  
**Edmund Guda**  
Company Secretary

  
**ABM Lutfor Rahman**  
Chief Financial Officer

  
**Mohammad Anwarul Hoque FCA**  
Engagement Partner  
**S.K.Barua & Co.**  
Chartered Accountants

**STYLECRAFT LIMITED**  
Statement of Changes in Shareholders' Equity  
For The Year Ended June 30, 2020

Particulars	Amount in Taka		
	Share Capital	Retained Earnings	Total
Opening Balance as on 01 July 2019	50,490,000	283,102,601	333,592,601
Net Profit/(Loss) During the Period		6,691,111	6,691,111
Issue of Stock Dividend (2018-2019)	75,735,000	(75,735,000)	-
Balance as on June 30, 2020	<b>126,225,000</b>	<b>214,058,712</b>	<b>340,283,712</b>

**STYLECRAFT LIMITED**  
Statement of Changes in Shareholders' Equity  
For The Year Ended June 30, 2019

Particulars	Amount in Taka		
	Share Capital	Retained	Total
Opening Balance as on 01 July 2018	9,900,000	284,592,779	294,492,779
Net Profit/(Loss) During the Period		39,099,822	39,099,822
Issue of Stock Dividend (2017-2018)	40,590,000	(40,590,000)	-
Balance as on June 30, 2019	<b>50,490,000</b>	<b>283,102,601</b>	<b>333,592,601</b>

The annexed notes 1 to 36 form an integral part of these financial statements.



**Shams Almas Rahman**  
Managing Director & CEO



**Sharif Almas Rahman**  
Director



**Dr. Almas Begum**  
Director

As per our report of same date.

**Dated: Dhaka**  
October 29, 2020



**Edmund Guda**  
Company Secretary



**ABM Lutfor Rahman**  
Chief Financial Officer



**Mohammad Anwarul Hoque FCA**  
Engagement Partner  
**S.K.Barua & Co.**  
Chartered Accountants

# STYLECRAFT LIMITED

## Statement of Cash Flows For The Year Ended June 30, 2020

Particulars	Notes	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>A. Cash Flows From Operating Activities</b>			
Collection from Turnover and Other Income		2,056,792,035	3,523,829,833
Payments for Costs & Expenses		(2,163,114,553)	(3,449,266,455)
<b>Net Cash Provided by/(Used in) Operating</b>		<b>(106,322,518)</b>	<b>74,563,378</b>
<b>B. Cash Flows From Investing Activities</b>			
Acquisition of Tangible Fixed Assets		(1,153,203)	(8,605,957)
<b>Net Cash Provided by/(Used in) Investing Activities</b>		<b>(1,153,203)</b>	<b>(8,605,957)</b>
<b>C. Cash Flows From Financing Activities</b>			
Received/(Payment) of Long Term Loan		(89,228,492)	29,151,356
		102,432,843	3,834,827
Received/(Payment) of Short Term Loan		112,603,882	7,033,510
Payment of Bank Interest		(56,399,319)	(52,836,829)
<b>Net Cash Provided by/(Used in) Financing</b>		<b>69,408,914</b>	<b>(12,817,136)</b>
<b>D. Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>(38,066,807)</b>	<b>53,140,285</b>
<b>E. Cash and Cash Equivalents at the Opening</b>		<b>69,778,573</b>	<b>16,638,288</b>
<b>F. Effects of Exchange rate changes in foreign currency</b>		<b>1,132,654</b>	<b>-</b>
<b>Cash and Cash Equivalents at the Closing</b>		<b>32,844,420</b>	<b>69,778,573</b>
<b>Net Operating Cash Flow Per Share (Restated)</b>		<b>(8.42)</b>	<b>5.91</b>

The annexed notes 1 to 36 form an integral part of these financial statements.

  
**Shams Almas Rahman**  
Managing Director & CEO

  
**Sharif Almas Rahman**  
Director

  
**Dr. Almas Begum**  
Director

As per our report of same date.

**Dated: Dhaka**  
October 29, 2020

  
**Edmund Guda**  
Company Secretary

  
**ABM Lutfor Rahman**  
Chief Financial Officer

  
**Mohammad Anwarul Hoque FCA**  
Engagement Partner  
**S.K.Barua & Co.**  
Chartered Accountants

# STYLECRAFT LIMITED

## Notes to the Financial Statements For the Year Ended 30 June, 2020

### I. COMPANY AND OVERVIEW OF ITS OPERATIONAL ACTIVITIES:

#### 1.01 Legal Status and Corporate Address

Stylecraft Limited (the Company) was incorporated as a Public Limited Company on January 25, 1983 and commenced its commercial production in 1984. The shares of the Company are publicly traded on the Dhaka Stock Exchange Ltd.

The Company has its registered office at Red Crescent Concord Tower (14th Floor), 17 Mohakhali C/A, Dhaka-1212. The factory is located at Chandana, Joydebpur and Gazipur.

#### 1.02 Summary of Operational Activities

The main objective of the Company is to carry on the business of manufacturing all kinds of readymade garments. Now, the Company is engaged in manufacturing and export of readymade garments to EU, USA, Japan and many other countries.

### 2. Basis of Preparation and Presentation of Financial Statements and significant accounting policies:

#### Basis of preparation and presentation of Financial Statements:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), the Companies Act 1994, the Securities and Exchange Rules 1987, relevant guidelines issued by the Bangladesh Securities and Exchange Commission and other applicable laws and regulations in Bangladesh. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with those of the previous year.

These financial statements, except statement of cash flows have been prepared on accrual basis under historical cost convention.

The accounting standards that underpin the policies adopted by the company can be found in the following:

IAS 1 Presentation of Financial Statements  
IAS 2 Inventories  
IAS 7 Statement of Cash Flows  
IAS 8 Accounting Policies, Changes in Accounting estimates & Errors  
IAS 10 Events after the Reporting Period  
IAS 12 Income Taxes  
IAS 16 Properties, Plant and Equipment  
IAS 19 Employee Benefits  
IAS 21 The effects of changes in Foreign Exchange Rates  
IAS 23 Borrowing Costs  
IAS 24 Related Party Disclosure  
IAS 33 Earnings per share  
IAS 36 Impairment of Assets  
IAS 37 Provisions, Contingent Liabilities and Contingent Assets  
IFRS 7 Financial Instruments: Disclosures  
IFRS 9 Financial Instruments  
IFRS 15 Revenue from contracts with customers

#### 2.01 Other Regulatory compliance :

As required, the Company also complies with the following major regulatory provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance, 1984  
The Income Tax Rules, 1984  
The Value Added Tax Act, 1991  
The Value Added Tax rules, 1991  
The Customs Act, 1969;  
Bangladesh Labour Law, 2006;  
The Securities and Exchange Commission Ordinance, 1969  
The Securities and Exchange Rules, 1987; and  
The Securities and Exchange Commission Act, 1993

**2.02 Functional and Presentational Currency :**

These financial statements have been presented in Bangladeshi Taka (Taka/Tk/BDT), which is both functional and presentation currency of the Company. All financial information presented in BDT has been rounded off to the nearest Taka.

**2.03 Date of Authorization :**

The Board of Directors of the Company have approved this financial Statement on October 29, 2020.

**2.04 Reporting Period:**

The financial period of the Company covers the activities from July 01, 2019 to June 30, 2020.

**2.05 Use of Estimates and Judgment :**

The preparation of these financial statements, in conformity with IASs/IFRSs, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**2.05.01 Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Revenue recognition

**2.05.02 Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2020 is included in the following notes:

- Property, plant and equipment
- Inventories /Stock of Goods
- Deferred tax liabilities
- Provision for tax

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company, on regular basis, reviews the inputs and valuation judgments used in measurement of fair value and recognize transfers between level of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

**2.06 Presentation of Financial Statements :**

The presentation of the financial statements is in accordance with the International Accounting Standards (IAS)-I "Presentation of Financial Statements". According to the International Accounting Standards (IAS)-I the complete set of financial statements includes the following components;

1. Statement of Financial Position as at 30 June, 2020.
2. Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June, 2020.
3. Statement of Changes in Equity for the year ended 30 June, 2020.
4. Statement of Cash Flows for the year ended 30 June, 2020.
5. Notes to the Financial Statements comprising summary of significant accounting policies, explanatory information & disclosures.

## **2.07 Current versus non-current classification:**

The company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realised or intended to be sold or consumed in normal operating cycle, or
- ii) expected to be realised within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

### **All other assets are classified as non-current.**

A liability is current when it is:

- i) expected to be settled in normal operating cycle, or
- ii) due to be settled within twelve months after the reporting period, or
- iii) held primarily for the purpose of trading, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **2.08 Offsetting:**

The Company reports separately both assets and liabilities, and income and expenses, unless required by an applicable accounting standard or offsetting reflects the substance of the transaction and such offsetting is permitted by applicable accounting standard.

## **2.09 Comparative Information :**

Comparative Information have been disclosed in respect of previous year for all numerical information in the Financial Statement and also the narrative and descriptive information where it is relevant for understanding current period's Financial Statements.

### **2.09.01 Re-arrangement :**

Comparative figures have been rearranged where ever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the Financial Statements.

### **2.09.02 Re-statement :**

In finalizing the Financial Statements for the year ended 30 June, 2020, figures of previous period were restated wherever considered necessary to ensure comparability with the current year.

### **2.09.03 Reclassification:**

During the period, figures wherever considered necessary, have been reclassified, for the purpose of comparison with current year's presentation without any impact on the profit and value of assets and liabilities as reported in the financial statements.

## **2.10 Foreign Currency Transactions :**

Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.

## **2.11 Going Concern**

At each year end management of the Company makes assessment of going concern as required by IAS-1. The company has adequate resources to continue its operation for the foreseeable future and has wide coverage of its liabilities. The management continues to adopt going concern assumption while preparing the financial statements.

**2.12 Materiality And Aggregation**

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

**2.13 Sources of Information:**

During our course of preparation and presentation of the financial statements, relevant financial documents and collected information throughout the accounting period ended 2019-2020 has been considered.

**2.14 Statement of Cash Flows :**

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flows from operating activities have been presented under Direct Method.

**2.15 Property, plant and equipment:****2.15.01 Recognition and measurement :**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Particulars	2020	2019
Land & Land Developments	0%	0%
Machineries	10%	10%
Building & Civil Construction	2.5%	2.5%
De Humidifier Machine Inst.	10%	10%
Electrical Installation	10%	10%
Tools & Equipment	10%	10%
Vehicles	20%	20%
Factory Furniture	10%	10%
Office Furniture	10%	10%
Crockery's & Utensils	25%	25%
Telephone & Intercom Installation	10%	10%
Iron & Boiler	10%	10%
Transformer Installation	10%	10%
Embroidery Machine	20%	20%
Computer Installation & Software Developments	10%	10%
Fire Door	10%	10%
Fire Hydrant & Detection System	10%	10%
Generator	10%	10%
Gas Generator	10%	10%
Gas Line Installation	10%	10%
CC Camera Installation	10%	10%

**2.15.02 Subsequent costs :**

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 flow to the Company and its cost can be measured reliably. The costs of the day-to day servicing of property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

**2.15.03 Depreciation of fixed assets :**

No depreciation has been charged on the Land and land development. Depreciation is charged on all other assets on Reducing balance method. Depreciation of assets begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of asset ceases at the earlier of the date that the assets is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the assets are derecognized. Depreciation methods, useful lives are reviewed at each reporting date and adjusted if appropriate.

**2.15.04 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 derecognition 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 profit or loss.

**2.15.05 Property Plant & Equipment pledged as security for liabilities:**

The company pledged/mortgaged its land and building to the bank as a security for term loan.

**2.15.06 Capitalization of borrowing costs:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset as per International Accounting Standard (IAS) - 23, borrowing cost. The capitalisation of such borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

**2.15.07 Impairment of Assets :**

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognizing an impairment loss if, and only if, the recoverable amount of the asset is less than its carrying amount. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

**2.16 Inventories/Stock of goods :**

Inventories comprise fabrics and accessories. Inventories/Stock of goods is measured at lower of cost and net realizable value. The cost of inventories includes expenditure incurred in acquiring these inventories and bringing them to their existing location and condition.

Previous year's raw materials balance is rearranged due to transfer some materials to WIP which are related to WIP.

**2.17 Inventory Written off as an expenses:**

There are no such incident occurred during the course of business period. So the company didn't write off any inventories/stocks of goods during the year.

**2.18 Inventory pledged as security for liabilities:**

No inventory has pledged as security against any liabilities.

**2.19 Financial Instrument:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**2.19.01 Recognition and initial measurement:**

Export Bills Receivable are initially recognised at the transaction price when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**2.19.02 Classification and subsequent measurement:****Financial assets- Policy applicable from 1 July 2018**

On initial recognition, a financial asset is classified as:

- amortised cost;
- Fair Value Through Other Comprehensive Income (FVOCI) – debt investment;
- Fair Value Through Other Comprehensive Income (FVOCI) – equity investment;
- Fair Value Through Profit or Loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

#### **Financial assets – Business model assessment**

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

#### **Financial assets-Subsequent measurement and gains and losses; Policy applicable from 1 July 2018**

##### **Financial assets at FVTPL**

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

##### **Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

##### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

**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 amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

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 or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

**Measurement of Expected Credit Losses (ECL)**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

**(a) Export Bills Receivable :**

These are carried at original invoice amount converted by the exchange rate prevailing on the last day of the financial year. These are against valid export L/Cs and are considered good. None of them has been considered to be doubtful as per "expected credit loss" (ECL) model and as such no provision for bad and doubtful debts has been made in the financial statements.

**(b) Cash and Cash Equivalents :**

Cash and cash equivalents comprise cash in hand and cash at bank, which were held and available for use by the company without any restriction and are readily convertible to a known amount of cash and that are subject to an insignificant risk of change in value.

**(c) Investment in Shares :**

Investment is the purchase of share from Central Depository (BD) Ltd. The investment is shown at cost since the above shares are not traded in the active market. At the time of beginning of investment the number of share was 2.

**2.19.03 Financial Liability:**

All financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

**(a) Import Bills Payable :**

These represent Bills accepted but not paid as on the last day of the financial year and converted into functional currency by the exchange rate prevailing on the last day of the financial year. Bank L/C limit is secured by first charge on the fixed asset & book debts of the Company and also by personal guarantees of the Directors.

**(b) Accounts payable and liabilities for Expenses :**

Liabilities are recognized for amounts to be paid in future for goods and services, whether or not billed by the suppliers.

**(c) Long Term Loan - Secured :**

Secured long term loan is from Pubali Bank Ltd. A part of the loan facility is used during the Year.

**2.20 Advances, Deposits and Prepayments :**

Advances, Deposits & Pre-payments are unsecured but considered good.

**Advances:**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or changes to other accounts heads.

**Deposits:**

Deposits are measured at payment value.

**Prepayments:**

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charge to the Statement of profit or loss and other comprehensive income.

## **2.21 Provisions :**

A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

And the nature of the obligation and the expected time of any resulting outflows of economic benefit of the company in case of wages, salary and other obligations against expenses will be paid within the next twelve months.

## **2.22 Contingencies :**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

Contingent liabilities and assets are not recognised in the statement of financial position of the company. These are disclosed in the notes to the financial statements.

There are no such contingent events during the period as per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

## **2.23 Revenue Recognition :**

Revenue during the year represents revenue arising from sales of readymade garment items. Revenue is recognized when performance obligations are satisfied and also after satisfying all the conditions for revenue recognition as provided in IFRS 15 "Revenue from Contracts with Customers".

## **2.24 Other income :**

All other income is recognized when the Company's right to receive such income has been reasonably determined and all conditions precedent is satisfied.

## **2.25 Taxation :**

### **2.25.01 Income Tax :**

Income Tax has been for the FY 2019 - 2020 @ 1% & 0.25% of export of finished goods at sources as per Income Tax Ordinance-1984 (Ordinance No. XXXVI of 1984) under Section-53BB, which is treated as final discharge of tax liability regarding export during the year.

### **2.25.02 Deferred Tax :**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

## **2.26 Earnings per Share :**

The company calculates Earning 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 the computation of EPS is stated in Note –No. 29 of the financial statements.

### **2.26.01 Basic Earnings per Share:**

Basic earnings per share are calculated by dividing the profit or loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### **2.26.02 Diluted Earnings Per Share:**

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no dilutive potential ordinary shares during the relevant periods

## **2.27 Dividend Income on Share:**

Dividend income on shares is recognized during the period in which it is declared and ascertained. During the Year the company received dividend from investment in shares of CDBL.

## **2.28 Contribution to workers Profit Participation/ welfare Fund :**

According to Bangladesh Labour Law 2006 u/s 232:

Application of the 15th Chapter:

(1) This Chapter shall apply to a company or establishment which fulfils any one of the following conditions, namely:

(a) The amount of its paid up capital on the last day of an accounting year is not less than taka 1 (one) crore;

(b) The value of its permanent assets on the last day of an accounting year is not less than taka 2 (two) crore.

(2) The Government may, by notification in the official Gazette, also apply this Chapter to any other company or establishment specified therein.

(3) Notwithstanding anything contained in sub-sections (1) and (2), the Government shall, in the cases of hundred percent export oriented industrial sectors or hundred percent foreign exchange investing sectors, make, by rules, the provisions for constitution of a fund, constitution of the fund management board, determination of the amount of grant and manner of its collection and utilization of the fund and the necessary provisions for other ancillary matters, centrally in each such sector, consisting of the buyers and employers, for the beneficiaries working in the respective sectors: Provided that such board may, subject to the prior approval of the Government, make regulations for carrying out the proposes of this section.

According to Bangladesh Labour Rules 2015 u/s 212:

Formation of central fund integrating the buyer and owner in hundred percent export oriented industrial sector.-

(1) within 6 (six) months from the date of Act comes into force, the Government, for fulfilling the purposes of sub-section (3) of Section 232, will create a separate fund namely central fund for the hundred percent export oriented industry to sector wise fund management.

(2) For the management of the funds described in sub-section (1) the government will form Board of Directors by coordinating the representative of owner and worker of concerned export industries by notification in the official gazette.

(3) Provisions of Rule 212 of to Rule 226 will be applicable for hundred percent export oriented industrial sector.

According to Bangladesh Labour Rules 2015 u/s 214:

Sources of the fund.-

(1) After the commencement of these rules fund will be recoverable by the following rate and way, namely: -

(A) 0.03% of the total amount against each work order fully export oriented industries;

(B) Voluntary donations from buyer or work order provider organizations;

(C) Voluntary made by the Government;

(D) Voluntary donations from foreign individuals or organizations; And

(E) Profit from the investment of fund.

(2) The owner of the hundred percent export oriented industry will inform buyers or work order providers about the donation at the time of receiving order.

(3) Lien bank of each organization will deposit the money with separate statement in the fund by collecting as government payment from money export orders stated in clause (a) of sub-rule (1).

(4) For fulfilling the purposes of this rule, instruction issued by the Bangladesh Bank from time to time should be followed.

(5) Voluntary donations described in clause (b), (c) and (d) of sub-rule (1) may be deposited in the fund directly.

Bank has already deducted 0.03% against each sales order of SCL. Management of SCL is not in a position to understand that what they will implement for the Company as Bank has already deducted 0.03%. In this case management is not sure whether they will implement all the laws of Chapter 15 or not.

However management has made a WPPF provision of 5% but not yet disbursed according to the laws as management is unsure what the exact solution is in the above case. In addition management wants to take an help from the regulatory authority.

## **2.29 Events after 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. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

## **2.30 Financial risk management & others risk management :**

The company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse these risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adhere to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The Company has exposure to the following risk:

- a. Credit risk
- b. Interest Rate Risk
- c. Market Risk
- d. Liquidity risk
- e. Internal Control and Compliance Risk
- f. Information and Communication Technology Security Risk

**2.30.01 Credit risk :**

Credit risk is the risk of a financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets are nominal.

**2.30.02 Interest Rate Risk :**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are however, not significantly affected by fluctuations in interest rates.

**2.30.03 Market Risk :**

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**2.30.04 Liquidity risk :**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the company may get support from the related company in the form of short term financing.

**2.30.05 Internal Control and Compliance Risk :**

Internal controls ensure systematic and orderly flow of various operational activities within the company. To protect and safeguard the company from any means of fraud, error as well as loss, the Company has introduced the Internal control and Compliance guideline and also established a separate department called "Internal Control and Compliance Department (ICCD)" at Head Office staffed with some experienced senior officers rest with the power and duties to train the employees of the company, give direction, monitor, audit and establish control on day to day operational procedures and statutory and non-statutory compliances. ICCD collects different periodical reports, check list of departmental control function etc. for documentation and also undertakes periodical and special audit of the branches and departments at Head Office for review of the operation and compliance of statutory requirements and the Audit Committee reviews the reports.

The Board of Directors has constituted an Audit Committee consisting of three (03) members. The Audit Committee is headed by the Mr. Mosleh Uddin Ahmed, Independent Director who is the chairman of the audit committee.

**2.30.06 Information and Communication Technology Security Risk :**

ICT policies have been newly introduced at the Company. The prime objective of such policies is to protect data properties of the company from any means of loss, unauthorized use, forgery and destruction as well as documentation of all ICT related tasks to reduce man dependency and increase process dependency. According to this guideline an ICT department responses, monitors, trains and co-ordinates the total IT matter with other departments so that man and machine could effectively co-opt on timely fashion. The ICT department ensures necessary guidelines / instructions to other Departments and monitors status of implementation strictly.

**2.31 Employee Benefit:**

**2.31.01 Short Term Employee Benefits:**

This relates to leave encashment and is measured on an undisclosed basis and expensed as the related service is provided. Provision is made for the annual leave encashment based on the latest basic salary. This benefit is applicable for employees as per services rule.

**2.31.02 Festival Bonus:**

Each employee is entitled to get festival bonus as per terms of service rules.

**2.31.03 Final Payment:**

Where a permanent worker resigns his services under this section, he shall be paid by the employer compensation as per Bangladesh Gadzet on September 28, 2015,

a) At the rate of fourteen days wages for his every completed year of service, if he completes 5 years of continues service or more but less than 10 under the employer.

b) At the rate of Thirty days wages for his every completed year of service, if he completes 10 years of continues service or more under the employer.

**2.32 Changes in Significant accounting policies:**

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It replaces IAS 18: Revenue, IAS 11: Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment. However, adoption of IFRS 15 does not have any significant impact in recognition of revenue for the company.

**IFRS 9 Financial Instruments**

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. However, adoption of IFRS 9 does not have any significant impact on the financial statements of the company.

**2.33 Changes in accounting estimates :**

During this year management has estimated that the useful life of building & civil construction and machineries are increased which is not matched with the Company's current depreciation rates. Therefore management has made a decision through the approval of the board that the estimated useful life for these respective assets is revised. In both current and future periods the revised depreciation rates will be followed for the respective assets.

Besides future periods effect for this change can't be exactly point out as there may be addition or disposal of assets in the future periods.

**2.34 Related Party:**

There is no transaction with related parties in the normal course of business operation during the financial period of the company.

**2.35 Key Management Personnel Compensation Package:**

Key management personnel compensation package has been disclosed in the preparation of financial statement as per IAS-24, Para-I

Key Management Personnel							
For The Year Ended on 30 June, 2020							
Name	Designation	Short term benefits		Post Employment benefit	Other long term benefit	Termination benefit	Share based benefit
		Remuneration/salary (taka)	Bonus				
Mr. Shams Almas Rahman	Managing Director	1,200,000	N/A	N/A	N/A	N/A	N/A
Mr. Edmund Guda	Company Secretary	1,282,810	N/A	N/A	N/A	N/A	N/A
Mr. Iqbal Faruk Milky	Head of operations	421,000	N/A	N/A	N/A	N/A	N/A
Mr. Feroz Kabir Khan	Head of People & Culture	2,294,184	N/A	N/A	N/A	N/A	N/A
Mr. MD. Amir Hossain	Assistant General Manager, Production	2,313,302	N/A	N/A	N/A	N/A	N/A
Mr. Ranjit Kumar Sarker	Assistant General Manager, Production	2,272,103	N/A	N/A	N/A	N/A	N/A
Mr. Md. Musa Tarique	Head of Internal Audit & Compliance	1,290,146	N/A	N/A	N/A	N/A	N/A
Mr. Lutfor Rahman	Chief Financial Officer	1,241,799	N/A	N/A	N/A	N/A	N/A

### 2.36 Others :

(a)

SL. No.	Particulars	Figures in BDT
		June 30, 2020
I	Debts exceeding 6 months	
II	Debts less than 6 months	177,963,927
	<b>Total</b>	<b>177,963,927</b>

(b)

SL. No.	Particulars	Figures in BDT
		June 30, 2020
I	Receivables considered good in respect of which the company is fully secured	177,963,927
II	Receivables considered good in respect of which the company hold no security other than debtor personal security	
III	Receivables considered doubtful or bad	
IV	Receivable due by common management	
V	The maximum amount of receivable due by any director or other officer of the company	

Note	Particulars	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>3.00</b>	<b>Property, Plant and Equipments Tk. 638,332,629</b>		
	<b>A. Cost</b>		
	Opening Balance at Cost	1,195,737,783	1,187,131,826
	<b>Add:</b> Addition during the year	1,153,203	8,605,957
		<b>1,196,890,986</b>	<b>1,195,737,783</b>
	<b>Less:</b> Disposal during the year	-	-
	<b>Closing Balance at Cost</b>	<b>1,196,890,986</b>	<b>1,195,737,783</b>
	<b>B. Depreciation</b>		
	Opening Balance	524,520,922	487,855,384
	<b>Add:</b> Charge during the year	34,037,435	36,665,538
		<b>558,558,357</b>	<b>524,520,922</b>
	<b>Less:</b> Adjustment during the year	-	-
	<b>Accumulated Depreciation</b>	<b>558,558,357</b>	<b>524,520,922</b>
	<b>Carrying Value (A-B)</b> <b>(Schedule - A, may kindly be seen for details)</b>	<b>638,332,629</b>	<b>671,216,861</b>
<b>4.00</b>	<b>Investment in Shares - Long Term Tk. 5,138,890</b>		
	11,42,361 Ordinary Shares of Tk.10/each including Bonus Share in CDBL	5,138,890	5,138,890
		<b>5,138,890</b>	<b>5,138,890</b>
<b>5.00</b>	<b>Stock at Stores Tk. 360,821,609</b>		
	Raw Materials	246,727,181	198,991,264
	Work in -Process	19,247,861	28,547,859
	Finished Goods	94,846,567	127,110,626
		<b>360,821,609</b>	<b>354,649,749</b>
<b>6.00</b>	<b>Export Bills Receivable Tk. 177,963,927</b>		
	Pubali Bank Ltd. <b>(Note-6.01)</b>	177,963,927	218,532,123
	Cash Incentive Receivable	-	-
		<b>177,963,927</b>	<b>218,532,123</b>
<b>6.01</b>	<b>Details of Export Bills Receivable Tk. 177,963,927</b>		
	Not more than 3 months	177,963,927	218,532,123
	More than 3 months but not more than 6 months	-	-
	More than 6 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		<b>177,963,927</b>	<b>218,532,123</b>
<b>7.00</b>	<b>Advances, Deposits and Pre-Payments Tk. 8,591,359</b>		
	Security Deposit (Titas Gas)	4,485,343	4,485,343
	Cash Security (DESA)	163,590	163,590
	Workers Profit Participation Fund (WPPF)	3,572,926	2,933,875
	Security Deposit for Car Fuel (Southern)	100,000	100,000
	Advance Rent	269,500	269,500
		<b>8,591,359</b>	<b>7,952,308</b>
<b>8.00</b>	<b>Advance Income Tax Tk. 66,205,888</b>		
	Opening Balance	52,635,754	56,727,624
	<b>Less:</b> Adjusted with Last Year Tax Liability	-	23,925,871
		<b>52,635,754</b>	<b>32,801,753</b>
	<b>Add:</b> Tax Deduction at Source During the Year <b>(Note- 8.01)</b>	13,570,134	19,834,001
		<b>66,205,888</b>	<b>52,635,754</b>
<b>8.01</b>	<b>Tax Deduction at Source During the Year Tk. 13,570,134</b>		
	Tax Deduction at Source on Motor Vehicle	240,000	347,500
	Tax Deduction at Source on Dividend Income of CDBL	571,181	571,181
	Tax Deduction at Source on Cash Incentive	2,374,970	2,306,300
	Tax Deduction at Source on Export Sales	10,383,983	16,609,020
		<b>13,570,134</b>	<b>19,834,001</b>

Note	Particulars	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>9.00</b>	<b>Cash and Cash Equivalents Tk. 32,844,420</b>		
	Cash in Hand	12,252,368	6,518,661
	Cash at Bank (Note - 09.01)	20,592,052	63,259,912
		<b>32,844,420</b>	<b>69,778,573</b>
<b>9.01</b>	<b>Cash at Bank Tk. 20,592,052</b>		
	Sonali Bank Ltd. - A/C No. 3543	201,860	5,715
	Pubali Bank Ltd. - A/C NO. 34255	521,253	106,425
	Pubali Bank Ltd. - A/C NO. 910-901-37091	973,262	986,812
	Pubali Bank Ltd. - F.C. Account-11497	4,393,018	3,398,017
	Pubali Bank Ltd. Cash Incentive A/C No. 290590147546	10,251	9,696
	Pubali Bank Ltd. (Foreign Margin)	8,931,259	48,580,076
	Pubali Bank Ltd. (Local Margin)	3,356,448	7,519,194
	Pubali Bank Ltd. (EDF Margin)	178,786	904,624
	City Bank Ltd - A/C NO. 1101600201001	48,618	49,308
	Mercantile Bank Ltd. - A/C No. 161774	1,576,589	1,286,418
	Standard Chartered Bank- A/C NO.01 1146111 01	400,708	413,627
		<b>20,592,052</b>	<b>63,259,912</b>
<b>10.00</b>	<b>Share Capital Tk. 126,225,000</b>		
	<b>Authorized Share Capital</b>		
	(50,000,000 Ordinary Shares @ Tk. 10 each)	<b>500,000,000</b>	<b>10,000,000</b>
	<b>Issued, Subscribed and Paid-up Capital</b>		
	(1,26,22,500 Ordinary Shares @ Tk. 10 each)	<b>126,225,000</b>	<b>50,490,000</b>

Details of shareholdings position are as under:

(a) Composition of Shareholdings:

Group	No. of Shares		Percentage	
	2020	2019	2020	2019
Sponsors and their associates	5,344,408	2,353,982	42.34%	46.62%
Institutions	515,729	154,580	4.09%	3.06%
General Public	6,762,363	2,540,438	53.57%	50.32%
<b>Total</b>	<b>12,622,500</b>	<b>5,049,000</b>	<b>100%</b>	<b>100%</b>

(b) Classification of shareholders by holding (Regulation 37 of the Listing Regulation of DSE Ltd.):

Shareholding Range	No. of Shareholders		Percentage	
	2020	2019	2020	2019
Less than 500 shares	9410	8624	77.36%	91.37%
500 to 5000 shares	2562	774	21.06%	8.20%
5001 to 10000 shares	130	20	1.07%	0.21%
10001 to 20000 shares	38	8	0.31%	0.08%
20001 to 30000 shares	9	1	0.07%	0.01%
30001 to 40000 shares	4	1	0.03%	0.01%
40001 to 100000 shares	2	4	0.02%	0.04%
over 100000 shares	9	7	0.07%	0.07%
<b>Total</b>	<b>12,164</b>	<b>9,439</b>	<b>100%</b>	<b>100%</b>

Share Price Tk. 146.03 as on 30.06.2020

<b>11.00</b>	<b>Retained Earnings Tk. 214,058,712</b>		
	Opening balance	283,102,601	284,592,779
	Less: Issue of Stock Dividend	75,735,000	40,590,000
		<b>207,367,601</b>	<b>244,002,779</b>
	Add: Net Profit/(Loss) During the Year	6,691,111	39,099,822
		<b>214,058,712</b>	<b>283,102,601</b>
<b>12.00</b>	<b>Long Term Loan - Secured Tk. 132,337,198</b>		
	Pubali Bank Ltd.	132,337,198	221,565,690
		<b>132,337,198</b>	<b>221,565,690</b>

Note	Particulars	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>13.00</b>	<b>Deferred Tax Liability Tk. 17,004,324</b>		
	Opening Balance	10,095,838	6,401,080
	<b>Add:</b> Deferred Tax Provision During the Year	6,908,486	3,694,758
		<b>17,004,324</b>	<b>10,095,838</b>
	<b>Less:</b> Adjusted for During the Year	-	-
		<b>17,004,324</b>	<b>10,095,838</b>
<b>14.00</b>	<b>Import Bills Payable Tk. 196,834,351</b>		
	Pubali Bank Ltd. (Note-14.01)	196,834,351	436,507,867
		<b>196,834,351</b>	<b>436,507,867</b>
<b>14.01</b>	<b>Details of Import Bills Payable Tk. 196,834,351</b>		
	Not more than 3 months	196,834,351	436,507,867
	More than 3 months but not more than 6 months	-	-
	More than 6 months but not more than 1 year	-	-
	More than 1 year but not more than 5 years	-	-
	More than 5 years	-	-
		<b>196,834,351</b>	<b>436,507,867</b>
<b>15.00</b>	<b>Accounts Payable Tk. 8,082,171</b>		
	Star Cargo	5,744,294	4,068,623
	TKS	353,291	327,174
	Paragon Shipping Agency	1,984,586	5,094,514
		<b>8,082,171</b>	<b>9,490,311</b>
<b>16.00</b>	<b>Liabilities for Expenses Tk. 68,701,507</b>		
	Liability for Salary (H.O)	3,351,436	2,152,649
	Liability for Salary (Factory)	6,183,042	16,332,743
	Liability for Wages	43,987,745	44,275,377
	Liability for Overtime	6,047,926	3,206,192
	Liability for Postages & Telephone	19,111	19,394
	Liability for Gas Charges	545,834	780,703
	Liability for Oil, Fuel Expenses	79,466	103,305
	Liability for Internet Bill	72,800	-
	Liability for Insurance Expenses	3,086,773	161,894
	Liability for WPPF	4,287,157	2,933,875
	Liability for Electricity Bill	774,018	285,637
	Liability for Dividend	24,699	-
	Liability for Audit Fee	241,500	247,500
		<b>68,701,507</b>	<b>70,499,269</b>
<b>17.00</b>	<b>Liabilities for Tax Tk. 33,096,342</b>		
	Opening Balance	19,630,290	23,925,871
	<b>Less:</b> Adjusted with Advance Income Tax	-	23,925,871
		<b>19,630,290</b>	-
	<b>Add:</b> Provision for Tax Made During the Year	13,466,052	19,630,290
		<b>33,096,342</b>	<b>19,630,290</b>
<b>18.00</b>	<b>Long Term Loan - Current Portion Tk. 220,415,670</b>		
	This represents current portion of long term loans from financial institutions which are repayable within next 12 months and consists of as follows:		
	Pubali Bank Limited	220,415,670	117,982,827
		<b>220,415,670</b>	<b>117,982,827</b>
<b>19.00</b>	<b>Short Term Loan - Secured Tk. 273,143,447</b>		
	Pubali Bank Ltd.	245,143,447	160,539,565
	Loan from BGMEA	28,000,000	-
		<b>273,143,447</b>	<b>160,539,565</b>
<b>20.00</b>	<b>Turnover (Export of Finished Goods) Tk. 2,053,936,132</b>		
	Sales in Taka	2,008,710,637	3,461,797,975
	Cash Incentive	45,225,495	57,977,710
		<b>2,053,936,132</b>	<b>3,519,775,685</b>

Note	Particulars	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>21.00</b>	<b>Cost of Goods Sold Tk. 1,910,222,109</b>		
	Opening Stock of Raw Materials	198,991,264	154,139,917
	Add: Raw Materials Purchased (Note-21.01)	1,327,978,968	2,570,258,919
	<b>Raw Materials Available for Consumption</b>	<b>1,526,970,232</b>	<b>2,724,398,836</b>
	Less: Closing Stock of Raw Materials	246,727,181	198,991,264
	<b>Raw Materials Consumed</b>	<b>1,280,243,051</b>	<b>2,525,407,572</b>
	Add: Manufacturing Overhead (Note-21.02)	588,415,001	820,116,481
	<b>Manufacturing cost</b>	<b>1,868,658,052</b>	<b>3,345,524,053</b>
	Add: Opening work in-Process	28,547,859	24,060,759
	Less: Closing work in-Process	(19,247,861)	(28,547,859)
	<b>Cost of Goods Manufactured</b>	<b>1,877,958,050</b>	<b>3,341,036,953</b>
	Add: Opening Stock of Finished Goods	127,110,626	82,732,361
	<b>Cost of Goods Available for Sales</b>	<b>2,005,068,676</b>	<b>3,423,769,314</b>
	Less: Closing Stock of Finished Goods	94,846,567	127,110,626
	<b>Total Cost of Goods Sold</b>	<b>1,910,222,109</b>	<b>3,296,658,688</b>
<b>21.01</b>	<b>Raw Materials Purchased During the Year Tk. 1,327,978,968</b>		
	Purchase Against B/B, L/C-Fabric	1,111,227,168	1,891,333,278
	Purchase Against B/B, L/C-Accessories	167,280,359	596,690,599
	Insurance Premium	7,788,581	13,312,054
	C & F Expenses	20,725,489	40,254,886
	Bank Charge	8,188,379	12,896,790
	Transportation Expenses- Import	3,933,923	3,251,975
	L/C Commission & Other Charge	8,835,069	12,519,337
		<b>1,327,978,968</b>	<b>2,570,258,919</b>
<b>21.02</b>	<b>Manufacturing Overhead Tk. 588,415,001</b>		
	Salary and Wages	485,453,493	680,941,751
	Overtime	17,063,990	20,957,591
	Bonus	24,354,826	47,219,831
	Maternity Benefit	8,109,708	6,777,344
	Consumable Stores	313,002	745,064
	Maintenance-Car	296,790	634,247
	Gas Charges	9,715,208	10,349,004
	Electricity Charges	6,836,401	10,132,097
	Electrical Expenses	489,110	1,173,246
	Labour Wages	399,392	997,851
	Washing Charges	174,220	570,103
	Generators Oil & Mobil	580,500	742,420
	Tiffin Expenses	154,085	292,604
	Stationary	207,815	348,912
	Local Conveyance	261,530	260,813
	Lab Test Bill	3,757,905	5,391,139
	Depreciation (Production)	30,247,026	32,582,464
		<b>588,415,001</b>	<b>820,116,481</b>
<b>22.00</b>	<b>Administrative Expenses Tk. 49,858,442</b>		
	Salary & Allowances	30,193,504	37,458,216
	Senior Management Salary & Allowance	2,000,000	6,330,000
	Bonus	1,693,455	2,618,850
	Board Meeting Fees	180,000	505,500
	Stationery	236,605	279,920
	Courier Charges-Foreign	578,013	891,787
	Books, Forms & Periodicals	10,079	13,493
	Staff Welfare Expenses	580,086	1,456,062
	Bank Charges	5,745,177	10,145,703
	Maintenance-Car	209,554	443,864
	Local Conveyance	392,220	839,865
	Fuel and Lubricants	493,564	1,251,893
	AGM Expenses	284,630	532,542
	Charity & Donation-Thalassemia	527,388	1,291,640
	Stamp Charges	492,171	715,758

Note	Particulars	Amount in BDT	
		June 30, 2020	June 30, 2019
	BGMEA Expenses (Utilization)	476,437	718,124
	Audit Fees	241,500	247,500
	Legal Fees	20,000	20,000
	EPB Expenses	564,580	1,054,300
	Internet Expenses	352,800	490,800
	Telephone Bill	112,202	262,693
	Tiffin Expenses-Office	254,530	649,429
	CDBL Charge	262,408	494,873
	Mobile Bill	167,130	193,000
	Depreciation (Administration)	3,790,409	4,083,074
		<b>49,858,442</b>	<b>72,988,886</b>
<b>23.00</b>	<b>Selling Expenses Tk. 13,025,888</b>		
	Terminal Handling Charges/BL Charges	2,453,071	5,221,621
	Freight Charges-Air	927,068	2,851,150
	Advertisement	76,332	97,306
	Forwarding Charges	9,569,417	29,699,124
		<b>13,025,888</b>	<b>37,869,201</b>
<b>24.00</b>	<b>Financial Expenses Tk. 56,399,319</b>		
	Interest on Bank Loan	56,399,319	52,836,829
		<b>56,399,319</b>	<b>52,836,829</b>
<b>25.00</b>	<b>Other Income Tk. 3,988,557</b>		
	Exchange Gain/(Loss)	1,132,654	1,198,245
	Dividend Income	2,855,903	2,855,903
		<b>3,988,557</b>	<b>4,054,148</b>
<b>26.00</b>	<b>Contribution to WPPF Tk. 1,353,282</b>		
	Expense for WPPF	1,353,282	1,051,359
		<b>1,353,282</b>	<b>1,051,359</b>
<b>27.00</b>	<b>Current Taxation Tk. 13,466,052</b>		
	(i) Tax on Export Business	12,758,953	18,915,320
	(ii) Tax on Dividend Income	571,181	571,181
	(iii) Tax on Exchange Gain	135,918	143,789
		<b>13,466,052</b>	<b>19,630,290</b>
<b>28.00</b>	<b>Deferred Tax Provision Tk. 6,908,486</b>		
	Depreciation Charged as Per 3rd Schedule of Income Tax Ordinance-1984	91,608,150	67,455,184
	Depreciation Charged as Per Financial Statement	34,037,435	36,665,538
	<b>Difference</b>	<b>57,570,715</b>	<b>30,789,646</b>
	Current Tax Rate	12%	12%
	<b>Deferred Tax Provision Made During the Year</b>	<b>6,908,486</b>	<b>3,694,758</b>
<b>29.00</b>	<b>Basic Earning Per Share Tk. 0.53</b>		
	The computation of EPS is given below		
	a. Profits Attributable to the		
	Ordinary Shareholders (Net Profit After Tax for the year)	6,691,111	39,099,822
	b. Number of Ordinary Shares during the year	12,622,500	5,049,000
	<b>c. Earning Per Share (EPS)</b>	<b>0.53</b>	<b>7.74</b>
	<b>d. Basic Earning Per Share (Comparative restated)</b>	<b>0.53</b>	<b>3.10</b>

Note	Particulars	Amount in BDT	
		June 30, 2020	June 30, 2019
<b>30.00</b>	<b>Net Assets Value (NAV) Per Share Tk. 26.96</b>		
	Total Assets	1,289,898,722	1,379,904,258
	Total Liabilities	949,615,010	1,046,311,657
	<b>Net Assets Value (NAV)</b>	<b>340,283,712</b>	<b>333,592,601</b>
	Number of Ordinary Shares during the year	12,622,500	5,049,000
	<b>Net Assets Value (NAV) Per Share</b>	<b>26.96</b>	<b>66.07</b>
	<b>Net Assets Value (NAV) Per Share Restated</b>	<b>26.96</b>	<b>26.43</b>
<b>31.00</b>	<b>Net Operating Cash Flow (NOCFPS) Per Share Tk. (8.42)</b>		
	Net Operating Cash Flow (Note-31.01)	(106,322,518)	17,559,484
	Number of Ordinary Shares during the year	12,622,500	5,049,000
	<b>Net Operating Cash Flow (NOCFPS) Per Share</b>	<b>(8.42)</b>	<b>3.48</b>
	<b>Net Operating Cash Flow (NOCFPS) Per Share Restated</b>	<b>(8.42)</b>	<b>5.91</b>
	<b>N.B:</b> NOCFPS is negative because of excess payment compare to collection and such excess fund raises through bank loan.		
<b>31.01</b>	<b>Net Operating Cash Flow</b>		
	Net Income	5,558,457	39,099,822
	Depreciation Expenses	34,037,435	36,665,538
	(Increase)/Decrease in Stock at Stores	(6,171,860)	(93,716,712)
	(Increase)/Decrease in Export Bills Receivable	40,568,196	1,233,742
	(Increase)/Decrease in Advance Income Tax	(13,570,134)	4,091,870
	(Increase)/Decrease in Financial Expense	56,399,319	52,836,829
	(Increase)/Decrease in Advances, Deposits and Pre-payments	(639,051)	38,758,768
	Increase/(Decrease) in Accounts Payable	(1,408,140)	2,308,310
	Increase/(Decrease) in Import Bill Payable	(239,673,516)	(1,866,031)
	Increase/(Decrease) in Liabilities for Expenses	(1,797,762)	(4,247,935)
	Increase/(Decrease) in Liability for Tax	13,466,052	(4,295,581)
	Increase/(Decrease) in Deferred Tax Liability	6,908,486	3,694,758
		<b>(106,322,518)</b>	<b>74,563,378</b>
<b>32.00</b>	<b>Production and Stock Position during the Period:</b>		
	Details of Stock Position in Dozen		
	a) Production during the Year	413,716 Dozen	602,682 Dozen
	b) Opening Stock	22,438 Dozen	16,944 Dozen
	c) Closing Stock	41,013 Dozen	22,438 Dozen
<b>33.00</b>	<b>Amount of Foreign Exchange Earned during the Period on Account of Export on F.O.B. Basis:</b>		
	Details of Export in US Dollar		
	Export on F.O.B.	US\$ 23,989,174	US\$ 41,773,474
<b>34.00</b>	<b>Number of Employees During the Period:</b>		
	Employee Group as per Salary Wise		
	a) Salary below Tk. 3,000.00 per month	-	-
	b) Salary above Tk. 3,000.00 per month	3,327	5,252
	<b>Total Number of Employees</b>	<b>3,327</b>	<b>5,252</b>

### 35.00 Production Capacity and Utilization:

Capacity of a garment industry varies and the same depends on various factors like style, design of fabric, making requirements, etc. It is difficult to quantify the actual production capacity and to compare the same with utilized capacity. However, considering the above factors we may estimate our optimum production capacity to be 728,000 dozen per year. But during the current year Style craft produced 413,716 dozen of readymade garments in different styles and designs, as against 602,682 dozen during the FY 2018-2019.

### 36.00 Other Disclosures

#### a) Staff Welfare Expenses

Staff Welfare Expenses comprise mainly of Tiffin expenses for providing Tiffin to employees (working beyond 7.00 p.m.), health care expenses, annual picnic expenses and child care expenses, etc.

#### b) Royalty, Technical Experts & Professional Advisory Fees

Expenses such as royalty, technical experts & professional advisory fee were not incurred in foreign exchange during the year.

#### c) Audit Fees

The auditors of our company were not paid any other amount except the audit fee of Tk. 241,500.00 including corporate governance audit fees & vat approved at the A.G.M and as shown in the accounts.

#### d) Brokerage or Discount

No brokerage or discount against sales has been paid during the period.

#### e) Non-Resident Shareholder

There was no non-resident shareholder at the year end June 30, 2020.

#### f) Capital Expenditure Commitment

There is no ongoing capital expenditure which has remained undisclosed.

#### g) Reconciliation

All Bank Balances shown in the accounts are as per Bank Statements and the amount is matched with the Bank Statements and amounts are reconciled where necessary.

#### h) Director's Interest in Contracts with the Company / Transaction with Related Parties

There is no amount due to the Company by the Directors, officers and associates of the Company.

#### i) General

- i) All shares have been fully called up and paid up
- ii) Bank Balances shown in the accounts are duly reconciled



**Shams Almas Rahman**  
Managing Director & CEO



**Sharif Almas Rahman**  
Director



**Dr. Almas Begum**  
Director

**STYLECRAFT LIMITED**

Schedule of Property, Plant and Equipments  
FOR THE YEAR ENDED JUNE 30, 2020

Schedule - A

Name of Assets	Cost			Rate of Dep.	Depreciation			Written Down Value As At 30.06.2020
	Balance as on 01.07.2019	Addition During the Year	Disposal during the Period		Balance as on 30.06.2020	Charged during the Period	Disposal during the Period	
Land & Land Development	116,573,345	-	-	0.0%	116,573,345	-	-	116,573,345
Building & Civil Construction	414,842,528	-	-	2.5%	414,842,528	-	7,470,001	291,330,035
Machineries	374,954,804	-	-	10.0%	374,954,804	-	12,516,808	112,651,271
De Humidifier Machine Inst.	2,149,075	-	-	10.0%	2,149,075	-	142,858	1,285,723
Electrical Installation	85,323,022	65,403	-	10.0%	85,388,425	-	4,980,917	44,844,466
Tools & Equipment	15,023,302	-	-	10.0%	15,023,302	-	739,326	6,653,936
Motor Vehicles	45,571,375	-	-	20.0%	45,571,375	-	1,774,042	7,096,169
Factory Furniture	27,317,236	-	-	10.0%	27,317,236	-	1,209,303	10,883,722
Office Furniture	15,489,337	-	-	10.0%	15,489,337	-	444,735	4,002,618
Crockeries & Utensils	340,447	-	-	25.0%	340,447	-	4,749	14,248
Telephone & Intercom Installation	2,415,145	9,340	-	10.0%	2,424,485	-	91,208	821,305
Iron & Boiler	3,334,475	-	-	10.0%	3,334,475	-	69,946	629,511
Transformer Installation	2,390,579	-	-	10.0%	2,390,579	-	73,803	664,225
Embroidery Machine	2,874,993	-	-	20.0%	2,874,993	-	764	3,054
Computer Installation	21,513,196	578,460	-	10.0%	22,091,656	-	1,052,931	9,632,563
Software Installation	4,026,258	-	-	10.0%	4,026,258	-	300,554	2,704,984
Fire Door	2,238,185	-	-	10.0%	2,238,185	-	163,164	1,468,472
Fire Hydrant & Detection System	19,234,345	500,000	-	10.0%	19,734,345	-	1,454,618	13,143,617
CC Camera Installation	3,981,810	-	-	10.0%	3,981,810	-	290,274	2,612,465
Gas Line Installation	4,161,000	-	-	10.0%	4,161,000	-	303,337	2,730,032
Generator	7,651,567	-	-	10.0%	7,651,567	-	234,769	2,112,917
Gas Generator	24,331,759	-	-	10.0%	24,331,759	-	719,328	6,473,951
<b>Total for 30 June, 2020:</b>	<b>1,195,737,783</b>	<b>1,153,203</b>	<b>-</b>		<b>1,196,890,986</b>	<b>-</b>	<b>34,037,435</b>	<b>638,332,629</b>

<b>Total for 30 June, 2019:</b>	<b>1,187,131,826</b>	<b>8,605,957</b>	<b>-</b>		<b>1,195,737,783</b>	<b>-</b>	<b>36,665,538</b>	<b>524,520,922</b>
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**Allocation of Depreciation for the period:**

- (1) Depreciation (Production)
- (2) Depreciation (Administration)

**Total**

30,247,026
3,790,409
<b>34,037,435</b>

**STYLECRAFT LIMITED**  
Statement of Deferred Tax Calculation  
For the period ended June 30, 2020

Year	Carrying amount of fixed assets as per Accounts	Carrying amount of fixed assets as per Tax Base	T.T.D	Tax rate 12% up to year ending	Deferred tax (asset)/ liability during the year
Year 2020	521,759,284	380,056,590	141,702,694	17,004,323	17,004,324
					<b>17,004,324</b>

**Deferred Tax Liability**

Opening Balance	10,095,838
Deferred Tax Provision Made During the Year	6,908,486
<b>Closing Balance</b>	<b><u>17,004,324</u></b>

**Deferred Tax**

Depreciation Charged as Per 3rd Schedule of Income Tax Ordinance-1984	91,608,150
Depreciation Charged as Per Financial Statement	34,037,435
T.T.D	<b>57,570,715</b>
Deferred Tax Provision Made During the Year	<b><u>6,908,486</u></b>

**Calculation of Tax Base Carrying Value June 30, 2020**

Particulars	Opening Balance	Addition	Total	Rate of Depreciation	Depreciation	Carrying Value 30.06.2020
Land & Land Development	116,573,345	-	116,573,345	0%	-	116,573,345
Building & Civil Construction	278,109,627	-	278,109,627	20%	55,621,925	222,487,702
Machineries	96,548,412	-	96,548,412	20%	19,309,682	77,238,730
De Humidifier Machine Inst.	1,100,326	-	1,100,326	20%	220,065	880,261
Electrical Installation	31,866,960	65,403	31,932,363	20%	6,386,473	25,545,890
Tools & Equipment	4,499,222	-	4,499,222	20%	899,844	3,599,378
Motor Vehicles	8,870,211	-	8,870,211	20%	1,774,042	7,096,169
Factory Furniture	12,070,390	-	12,070,390	10%	1,207,039	10,863,351
Office Furniture	4,447,354	-	4,447,354	10%	444,735	4,002,619
Crockeries & Utensils	24,786	-	24,786	20%	4,957	19,829
Telephone & Intercom Installation	1,472,210	9,340	1,481,550	20%	296,310	1,185,240
Iron & Boiler	425,470	-	425,470	20%	85,094	340,376
Transformer Installation	448,933	-	448,933	20%	89,787	359,146
Embroidery Machine	3,818	-	3,818	20%	764	3,054
Computer Installation	3,412,417	578,460	3,990,877	30%	1,197,263	2,793,614
Software Installation	1,508,762	-	1,508,762	30%	452,629	1,056,133
Fire Door	1,631,636	-	1,631,636	10%	163,164	1,468,472
Fire Hydrant & Detection System	14,098,235	500,000	14,598,235	10%	1,459,824	13,138,411
CC Camera Installation	2,038,686	-	2,038,686	20%	407,737	1,630,949
Gas Line Installation	2,130,432	-	2,130,432	20%	426,086	1,704,346
Generator	1,428,068	-	1,428,068	20%	285,614	1,142,454
Gas Generator	4,375,582	-	4,375,582	20%	875,116	3,500,466
	<b>587,084,882</b>	<b>1,153,203</b>	<b>588,238,085</b>		<b>91,608,150</b>	<b>496,629,935</b>

As there is no difference between accounting base and tax base of provisions so no deferred tax is calculated on this.



Red Crecent Concord Tower, (14th Floor), 17, Mohakhali C/A, Dhaka-1212

**PROXY FORM**

I/We .....of  
.....o being a member of Stylecraft Limited do hereby appoint  
Mr./Mrs/Miss ..... of  
.....

as my/our proxy, to attend on my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be hold on Sunday the December 15, 2020 at 11:00 A.M. Virtually through Digital Platform and at any adjournment thereof.

As witness my hand this day of ..... December ....., 2020

Affix  
Revenue  
Stamp  
Tk. 20.00

.....  
(Signature of the Proxy)  
Dated .....

.....  
(Signature of the Member)  
Register Folio/BO ID No.....  
Dated .....

Note: A member entitled to attend an vot at the Annual General Meeting may appoint a proxy to attend and vot in his/her stead. The proxy form should reach the secretariat of the Company not less than 84 hours before the time fixed for the meeting.

Signature Verified

.....  
Authorized Signature  
STYLECRAFT LIMITED



as my/our proxy, to attend on my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be hold on Sunday the December 15, 2020 at 11:00 A.M. Virtually through Digital Platform and at any adjournment thereof.

**ATTENDANCE SLIP**

Name of Member(s).....  
Register Folio/BO ID No. ....Holding of .....ordinary Shares of  
Stylecraft Ltd.

Signature(s) of Shareholder(s)

- Note: 1. Please note that AGM can only be attended by the honourable shareholder or by a properly constiuted proxy, therefore, any friend or children accompanying with an honourable shareholder or proxy cannot be allwed into the meeting.  
2. Please present this slip at the reception desk.





# stylecraft limited

RED CRESCENT CONCORD TOWER (14TH FLOOR)  
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