



ANNUAL REPORT 2023



Sunshine Smiles Behind Every Hurdle



SUNSHINE SMILES BEHIND EVERY HURDLE...

As we completed 26 eventful years since starting operations in 1996, we have progressed, transformed and evolved to become strong, dynamic and versatile manufacturing Company-fabricating denim as our core business that has witnessed many business cycles through its entire journey, remaining committed on the values and principles and steady on innovation and the customers' desires and demands.

Harnessing our passion, agility and deep groundswell of resilience, we have withstood happily even the toughest of times. In fact, our ability to drive towards sustained performance over the years is a factor of our ability to adapt—the tougher it gets, the better we perform. As we bear in mind that every hurdle is a learning lesson where new opportunities are created to come up with new hope, new smile, new momentum.

This year was no different, as we forged ahead with purpose and resolve, embracing digitalization, launching new products and solutions, creating expanded manufacturing unit, introducing new garments factory and washing plant to get the greater conveniences to our customers.

At Shasha Denims, we have evolved with the ambitions and expectations of our clientele, empowering and assuring our

stakeholders as they pursue their dreams and aspirations. Our comprehensive suites of world class products and in good time services have been tailor-made to meet the fashion cravings of our customers, as they desire to make each moment memorable through every phase of their lives.

Shasha Denims Limited, a Company that is synonymous with progress, development, trust, solidity and reliability, we know that if we believe in ourselves, anything is possible. The hurdle is an opportunity to be seized in future to have a lucrative outcome and we remain relentless in our quest for leadership and domination in our endeavors to become the market leader in the nation's denim manufacturing industries.

When uncertainty arises, unexpected event occurs; we never get ourselves aside from our goal. Rather, inspired by our bold leadership, a robust team effort, innovative products and services, and a vibrant digital culture; we are well-set for our next drive.

We always stand on a philosophy that has led us to shine in the past and will continue to keep us on shining in the future as we believe-'***Sunshine Smiles behind Every Hurdle***'.





BLUE IS THE NEW GREEN...

BLUE STANDS FOR DENIM AND GREEN IS SUSTAINABILITY

The natural world is the greatest source of excitement, visual beauty and also the intellectual interest. It is the greatest source of so much in life that makes our life worth living.

Blue is the new Green is a part of Shasha's philosophy and unique trademark that sets it apart from the global and local industry leaders. More than policy-it's a step towards the future promises improvement and innovation with a thought to consumers, the world and its resources.

Since start, Shasha Denims Ltd. (SDL) is highly conscious on sustainability. As such, it leads the way 'Blue is the New Green' through extensive research, where in every level of the denim making process, we think of the direct and indirect effect on nature our activities may lead to.

Going a step further than using organic cotton, reused cotton and environment friendly fabrics such as Tencel, our chemical treatment methods, reducing the percentage of water loss by 60% - 80% are truly a breakthrough in garments manufacturing and also carrying out the slogan '**blue is the new green**' in an utmost weight of it.

Realizing the importance of a living friendly planet, the Company is continuously making its efforts to harmonize green preservation and pollution control through some green endeavors.

SDL strictly complies with environment-related laws and regulations in each & every step of its green business operations. As such, Shasha's '**Blue Is The New Green**'.





WE MAKE EVERY EFFORT...

Shasha Denims Ltd.

We in Shasha, make every effort, above all, to pamper the world best clients through manufacturing world class products to meet their fashion cravings.

We make every effort to value our social obligations. We owe our shareholders and make every effort to protect their capital as well as ensure utmost return and growth of their assets.

We make every effort to have the best compensation for the entire workforces who constitute the back bone of the organization and solidify its operational strength through a pay-package composing salary/wages, allowances, bonuses, profit participation, leave/leave encashment facility, PF and gratuity benefits and other emergency grants & gratis.

We make every effort to provide our level best co-operation to the creditors & debtors, the banks & financial institutions who are always there for us with their financial support when need arises; the suppliers of raw materials & supplies who offer the best prices at the opportune moments; the providers of utilities - power, gas & water etc. and the customers who buy our products & services by redeeming their claim in time by making prompt payment and by distributing proper product within the stipulated dates.

We make every effort to ensure transparency and accountability in all levels of doing business and fulfillment of our responsibility to the Government through settling payment

of entire range of due taxes, duties and claims to various public agencies.

In doing business, we make every effort to apply the guidelines set by the BSEC, BEPZA, Bangladesh Textile Mills Association (BTMA) and other regularity bodies.

We make every effort to become a responsible citizen for a social order devoid of malpractices, anti-environmental behaviors, unethical and immoral activities and corruptive dealings.

We make every effort to keep ourselves away from any discriminatory practices between sexes, races, religions, colors or political beliefs.

We make every effort to practice good governance in every sphere of activities covering amongst the things, not being limited to, disclosure & reporting to shareholders holding AGM in time, distribution of dividends and other benefits to shareholders, reporting /dissemination of price sensitive information, acquisition of shares by insiders, recruitment & promotion of staff, procurement & supplies, sale of assets etc.

All those directly and indirectly hold the interest of concerned groups-the shareholders, the creditors, suppliers, employees, government and the society at large.



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LETTER OF TRANSMITTAL

November 22, 2023

All Shareholders,
Bangladesh Securities and Exchange Commission (BSEC)
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited and
Registrar of Joint Stock Companies and Firms

Subject: Annual Report-2023

Dear Sir (s),

We forward herewith the Annual Report-2023 which includes the Audited Financial Statements for the year ended on June 30, 2023 of Shasha Denims Ltd. and its subsidiary Companies. This report also contains all documents, regulatory requirements, Directors' Report and other information which is essential for all the stakeholders.

Sincerely Yours,



Aslam Ahmed Khan FCA
Company Secretary

CORPORATE FRAMEWORK

| | | |
|--------------------------------------|---|-------------------------------------|
| Registered Name | : | Shasha Denims Ltd. |
| Legal Status | : | Public Limited Company |
| Date of Incorporation | : | October 28, 1996 & C-31649 (770)/96 |
| Commencement of Commercial Operation | : | July 2000 |
| Business | : | Denim Fabric Manufacturer |
| Present Production Capacity | : | 28.80 Million Yards Per Year |

| | | |
|--|---|--------------------------------------|
| Chairman | : | Barrister Anisul Islam Mahmud |
| Chairman-Audit Committee | : | Md. Shahadat Hossain FCA |
| Chairman-Audit Nomination and Remuneration Committee | : | MBM Lutful Hadee LL.B LL.M M.Com FCA |
| Managing Director | : | Shams Mahmud |
| Director (Operation) | : | Mohammad Jamal Abdun Naser |
| Director (Finance) | : | Md. Ahasanul Haque |
| Company Secretary | : | Aslam Ahmed Khan FCA |
| Chief Financial Officer | : | Md. Ahasanul Haque |

| | | |
|---|---|-----------------------|
| Authorized Capital (Ordinary Share Capital) | : | BDT. 2,000 million |
| Paid up Capital | : | BDT. 1,410.36 million |
| Date of Approval for IPO | : | November 05, 2014 |
| Date of Listing with DSE | : | February 18, 2015 |
| Date of Listing with CSE | : | January 17, 2015 |

| | | |
|----------|---|--|
| Auditors | : | M/S Pinaki & Company. Chartered Accountants Ahsandell, 2/A, Mymensingh Road, (2nd Floor), Shahbag, Dhaka-1000. |
|----------|---|--|

| | | |
|---------------|---|-------------------------|
| Legal Adviser | : | Barrister Sameer Satter |
|---------------|---|-------------------------|

| | | |
|---------------|---|------------------------------------|
| Rating Agency | : | Credit Rating Agency of Bangladesh |
|---------------|---|------------------------------------|

| | | |
|-------------------|---|---|
| Registered Office | : | House # 07, Road # 117, Gulshan, Dhaka. Tel: 88- 02-222264144 |
|-------------------|---|---|

| | | |
|------------------|---|---|
| Corporate Office | : | House # 23, Road # 129, Gulshan-1, Dhaka-1212. Phone: 88-02-222260548, 222264679, 222291632, 222290659 Fax: 88-02-222284761 |
|------------------|---|---|

| | | |
|-----------------|---|--|
| Factory Address | : | Plot # 183-193 & 277, DEPZ (Ext.) Savar, Dhaka. Tel: 88-02-996689302-8, 996689188, 996690320 |
|-----------------|---|--|

| | | |
|-------------|---|--|
| Web Address | : | www.shashadenims.com |
|-------------|---|--|

| | | |
|---------------|---|--|
| Email Address | : | info@shashabd.com |
|---------------|---|--|

| | | |
|--------------|---|---------------------------------------|
| LEAD BANKERS | : | The Premier Bank Ltd., Bank Asia Ltd. |
|--------------|---|---------------------------------------|

COMPANY OVERVIEW

With a motto to work as a growth partner of the economy, Shasha Denims Limited (SDL), a 100% export oriented denim manufacturing Company started its journey in 1996. Gradually, marching forward with vigor, now took the position of one of the leading denim manufacturers of Bangladesh.

Since inception, the Company never compromises with its quality; rather emphasizes on the production of delivering superior quality denim to its valued clientele. Currently, Shasha Denims became stronger and more confident than before to compete with any other denim companies of the nation. The Company produces denim fabrics weighing from 4oz/yd² to 15oz/yd² for denim jeans.

The Company reaches and retains its customers through manufacturing and exporting trendy denim in diverse shade, quality, color, weight, and style, as such Shasha's customer-based and market share is progressively being enriched.

Subsidiary Associates Companies

At present, Shasha Textiles Limited & EOS Textile Mills Ltd. are two (2) subsidiary companies; and Energies Power Corporation Ltd. (EPCL) & Shasha Garments Ltd. (SGL) are two (2) associates companies under Shasha Denims Ltd.

Our Products & Renowned Buyers

SDL is a trusted source for the world renowned buyers; in many cases, it is the only nominated supplier to a number of eminent buyers. Currently, SDL manufactures fabrics for the following world reputed brands i.e,

H&M, O'STIN, Esprit, Debenhams, Marks & Spencer, LPP, Pull & bear, S. oliver, Zara, Bestseller, River island etc.

Its premium design and enriched diversified product portfolio have made the Company special and distinctive to its customers. Again many such new and unique products are still in its plan to introduce shortly. The Company exports its products through export oriented RMG. The final destination of the products is EU, Australia and many more countries.

Current Production Capacity

Under its maximum volume, the Company's current production capacity is 28.8 million yards of denim per year. The Company meets the clients' additional requirements through making contract with its subsidiaries and other sources. Besides, recently it has expanded its factory to fulfill the additional growing demand.

Social Causes Programs

For ensuring the highest security to the lives of common people; the Company every time puts its effort to enrich the economic and social indicators of the society by supporting and contributing in the following sectors: **Education, Poverty Elimination, Standard of Living, Healthcare, Environmental Issues** as well as **Various Community Development Programs** through its charitable **Shasha Foundation** which is formed only for the wellbeing of the nation's underprivileged people.

The Company also contributes in health care support through providing financial assistance to the society's poor people and also critical medical treatment to its staff, workers and others who are financially in challenging situation.

In a word, SDL always thinks and cares for the sustainable development of the society through its relentless endeavors and active CSR initiatives.

Awards & Recognition

SDL celebrated its glorious silver jubilee in 2021-2022. As a token of recognition its conformity in compliance regulation, governance & transparency; the Company has received numerous prestigious awards and accolades from home and abroad those have been spotted as the landmark of the Company.

Shasha Denims is the winner of prestigious '**National Export Trophy (Gold)**' three times for the three consecutive years (FY, 2011-12, 2012-13 & 2013-14) for its outstanding contribution in denim exporting. In the financial year 2015-2016 and 2019-2020 again we achieved '**National Export Trophy (Silver)** and **National Export Trophy (Bronze)** respectively.

Another national award '**ICSB National Award (Silver), (Bronze)** and **(Gold)**' was achieved for Corporate Governance Excellence in 2016, 2018 and 2019 respectively.

We had an accreditation as the '**Gold Supplier-2017**' of H&M (one of the world leaders in fashion and outfits).

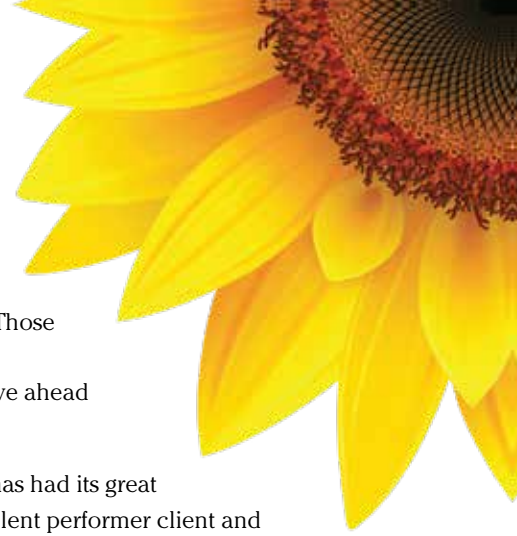
It's an acknowledgment of our remarkable effort in their good business. Those bring gratification and inspiration for us to move ahead towards a newer height.

Besides, the Company has had its great recognition as the excellent performer client and achieved the **Gold Award** from **Premier Bank Ltd.** and **Sonali Bank Ltd.** also from the **Agrani Bank Ltd.**

Credit Rating

The Credit Rating Agency of Bangladesh (CRAB) has rated Shasha Denims as AA3 (**long term credit rating**) and as ST2 (**short term credit rating**) till the date of rating declaration.

The report also stated that Shasha Denims has a stable outlook from the industrial point of view for overall industry growth and policy regulations implicated by the regulatory authority.



AWARD AND RECOGNITION



National Export Trophy (Gold) 2011-2012



National Export Trophy (Gold) 2012-2013



National Export Trophy
(Gold) 2013-2014



National Export Trophy
(Silver) 2016-2017



National Export Trophy
(Bronze) 2019-2020



ICSB National Award
2016 (Silver)



ICSB National Award
2018 (Bronze)



ICSB National Award
2019 (Gold)

CREDIT RATING

Shasha Denims Limited has been rated as AA3 (pronounced as Double A Three) long term credit rating and ST-2 short term credit rating by Credit Rating Agency of Bangladesh (CRAB) based on audited financial statements up to 30th June, 2022,

un audited financial statements up to 31 March, 2023, Bank liability position as on 31 May, 2023 and other available information up to the date of rating declaration. The date of rating was on 21 June, 2023. The outlook on the rating is Stable.

| Long term Rating | Short term Rating | Outlook | Date of Validity |
|------------------|------------------------------|---------|------------------|
| AA3 | ST-1 for SOD ST-2 for STL | Stable | 29 June, 2024 |

CRAB considered financial performance, revenue, export, receivable, payable, capital base, asset quality, liquidity position, management experience and prospect of the industry while assigning the rating reflects the strengths

of the company which is long operating history, moderate to high revenue growth, robust order book and track record of good repayment despite moderate to high leverage.



MEMBERSHIP AFFILIATION

SHASHA DENIMS IS AFFILIATED WITH
THE FOLLOWING CHAMBERS AND ASSOCIATIONS:



NOTICE OF THE 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Shareholders of Shasha Denims Limited will be held at **10:30 am on 21 December, 2023, Thursday** through Digital Platform at the link <https://shasha2023.digitalagmbd.net> to transact the following business:

Ordinary Agenda:

Following ordinary agenda to be passed by the shareholders as ordinary resolution -

1. To consider and adopt the Audited Financial Statements of the Company for the year ended on June 30, 2023 together with the reports of Directors and the Auditors thereon.
2. To declare dividend as recommended by the Board of the Directors.
3. To elect/appoint Directors/Independent Directors of the Company.
4. To appoint external auditors to conduct audit of the financial statements for the year 2023-2024 and fix their remuneration.
5. To approve appointment of compliance auditor and fix their remuneration.

Special Agenda:

Following Special Agenda to be passed by the shareholders as special resolution -

1. To issue Redeemable, Cumulative, Non-Convertible, and Non-participate Preference Shares amounting up to BDT. 1000 million to refinance the existing loans with preferences shares subject to approval of Bangladesh Securities and Exchange Commission.
2. To increase authorized capital from BDT. 225,00,00,000/= (divided into 20,00,00,000 ordinary share of Tk. 10/- each and 2,50,00,000 redeemable preference shares of Tk. 10/- each) to **BDT 300,00,00,000/= only (divided into 20,00,00,000 ordinary shares of Tk. 10/- each and 10,00,00,000 redeemable preference shares of Tk. 10/- each).**

Date: November 22, 2023

For and on behalf of the Board



Aslam Ahmed Khan FCA

Company Secretary

Notes:

- Annual Report-2023 is available in <https://shashadenims.com/investors/annual-reports/annual-report-2023>.
- Record date is 19th November, 2023. The Shareholders whose names would appear in the Register as members of the Company on the Record Date will be entitled for Dividend and eligible to attend and vote at the 26th AGM.
- A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf. Proxy Form must be affixed with requisite revenue stamp and must be submitted at the Head Office of the Company, not later than 48 hours before the time fixed for the meeting.
- Shareholders are requested to update their BO account with ETIN in their respective Brokerage House to avoid deduction of Tax @15% instead tax 10% for individual as per section 54 of the amended Income Tax Ordinance 1984.

To resonate our philosophy Blue is the New Green, we emphasize using organic cotton which is produced 100% naturally in its every level-spinning, dyeing even finishing of the yarn, all carried out using ecological procedures.

We also use branded fibers from Lenzing Modal and TENCEL[®] is just a natural fiber without applying the most pesticide and water intensive crop and accordingly makes our products exceptionally comfortable and sustainable.



VISION

- ✦ To be a prime denim manufacturer in the Country through maintaining the best quality and commitment

MISSION

- ✦ To continue endeavors for the development towards satisfaction of existing customers through quality denim products with innovations
- ✦ To expand business by increasing capacity of production using IPO fund and become premier denim manufacturer of the country

OBJECTIVES

- ✦ To give emphasis on continuous development endeavors and value addition to become a leading denim producer and holding its position in the country
- ✦ To focus on regular expansion of the project with advanced technology
- ✦ To protect shareholders' interest as well as maximize the wealth of the organization
- ✦ To maintain a congenial working environment and sustainable resources
- ✦ To practice good governance in every sphere of activities covering full disclosures and reporting to shareholders
- ✦ To fulfill the responsibility to the nation through regulatory compliance



CODE OF CONDUCT AND ETHICS

Since inception, Shasha Denims Ltd. (SDL) has been governed by integrity, honesty, fair dealing and fulfilment with all applicable laws. SDL believes that everyone can be benefited from practicing and promoting ethical behavior. Honesty and integrity foster a positive working environment that strengthens the confidence of all our stakeholders.

Our Code of Ethics and Business Conduct addresses moral handling in our working environment, business

practices and relationships with external stakeholders. We believe that as a result of consistently practicing our code of business conduct, SDL has registered sustainable growth and continuous development in every year.

The Code explains the standards of behaviour that Shasha Denims expects of its employees in their daily activities and dealing with others. It also identifies guiding principles to help them make decisions consistent with Shasha's values and reputation.

The Code of Ethics and Business Conduct of the Company



Compliance with Laws, Rules and Regulations

Shasha Denims Ltd. always respects the relevant laws and regulations associated with its business and others. Compliance with all applicable laws and regulations must never be compromised. Moreover employees are adhere to internal rules and regulations. All officials of SDL are instructed to abide by all applicable laws and regulation without creating any obstacle.

Confidential Information

SDL values and protects confidential information and respects the confidential information of others. Confidential information consists of any information that is not or not yet public information. It includes innovations, ideas, trade secrets, business, marketing and service plans, engineering and manufacturing ideas, product recipes, designs, databases, records, salary information and any non-published financial or other data. Continued success of SDL depends on the use of its confidential information and its nondisclosure to third parties. SDL may provide all confidential information as per requirement of regulatory authority with permission of the Board.



Accuracy of Records and Reporting

All of our books, records, accounts and financial statements are being maintained in reasonable details, appropriately reflecting our Company's transactions and conforming to all applicable legal requirements. SDL believes that accurate information and reports helps the management to take accurate decision. To keep and maintain maximum accuracy, SDL introduced effective internal control system. Official of the Company are instructed to report in time to DSE/CSE/BSEC as per their requirement.



Equal Employment Opportunity

Shasha Denims Ltd. creates equal opportunity of the employee in the organization. The Board of SDL ensures safe and secured working environment. The company also provides dormitory facilities for the workers. Health Insurance, Incentive Bonus, Provident Funds, Gratuity, Production Bonus and other facilities are also provided to the employees of Shasha Denims Ltd. The Company doesn't allow discrimination against any person on the basis of race, religion, color, gender, age, citizenship in recruiting, hiring, placement, promotion or any other condition of employment.

Corporate Opportunities

We are committed to advance Shasha's business. Employees shall not compete with the Company. Employees shall not take personal advantage of business opportunities that they discover during the course of their employment. Employees are prohibited from using corporate property, information or position for personal gain and/or benefits.



Antitrust and Fair Dealing

Employees of Shasha Denims shall behave decently and ethically with other people. They are conscious and vigilant with respect to deceive, undue preference, illegal activities committed within the office. Employees of Shasha Denims are prohibited to take any advantage or benefits through manipulation, concealment, abuse of privileged information and any other unfair practices. The company does not allow taking any benefits and advantage from others through discriminatory dealings.

Insider Trading

We respect and follow the Insider Trading Rules when buying or selling SDL's securities. Shasha prohibits the purchase and sale of its shares or securities on the basis of potential share prices and relevant information which is not yet public. Shasha aware its employees regarding the insider trading rules.



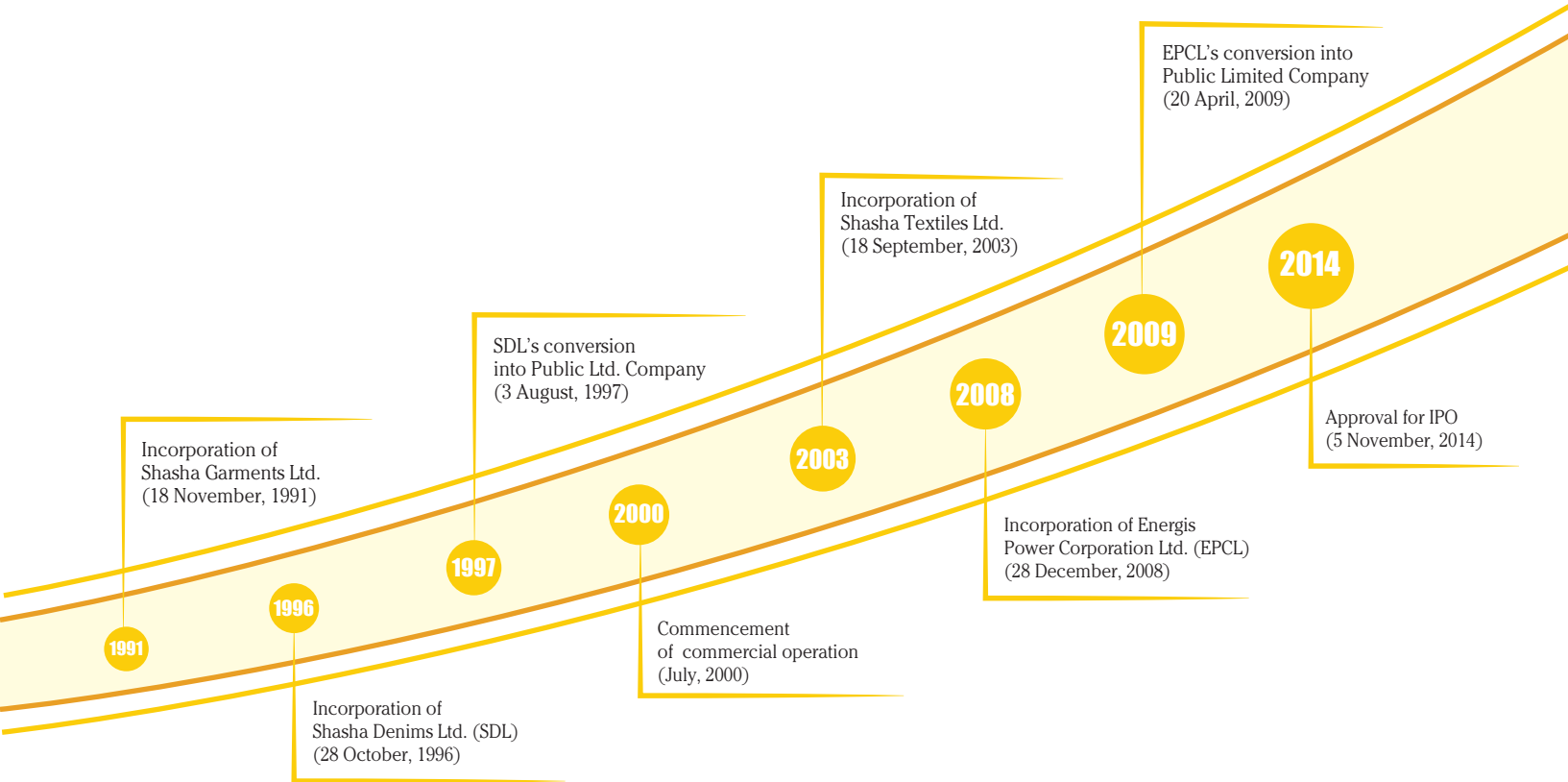
Conflict of Interest

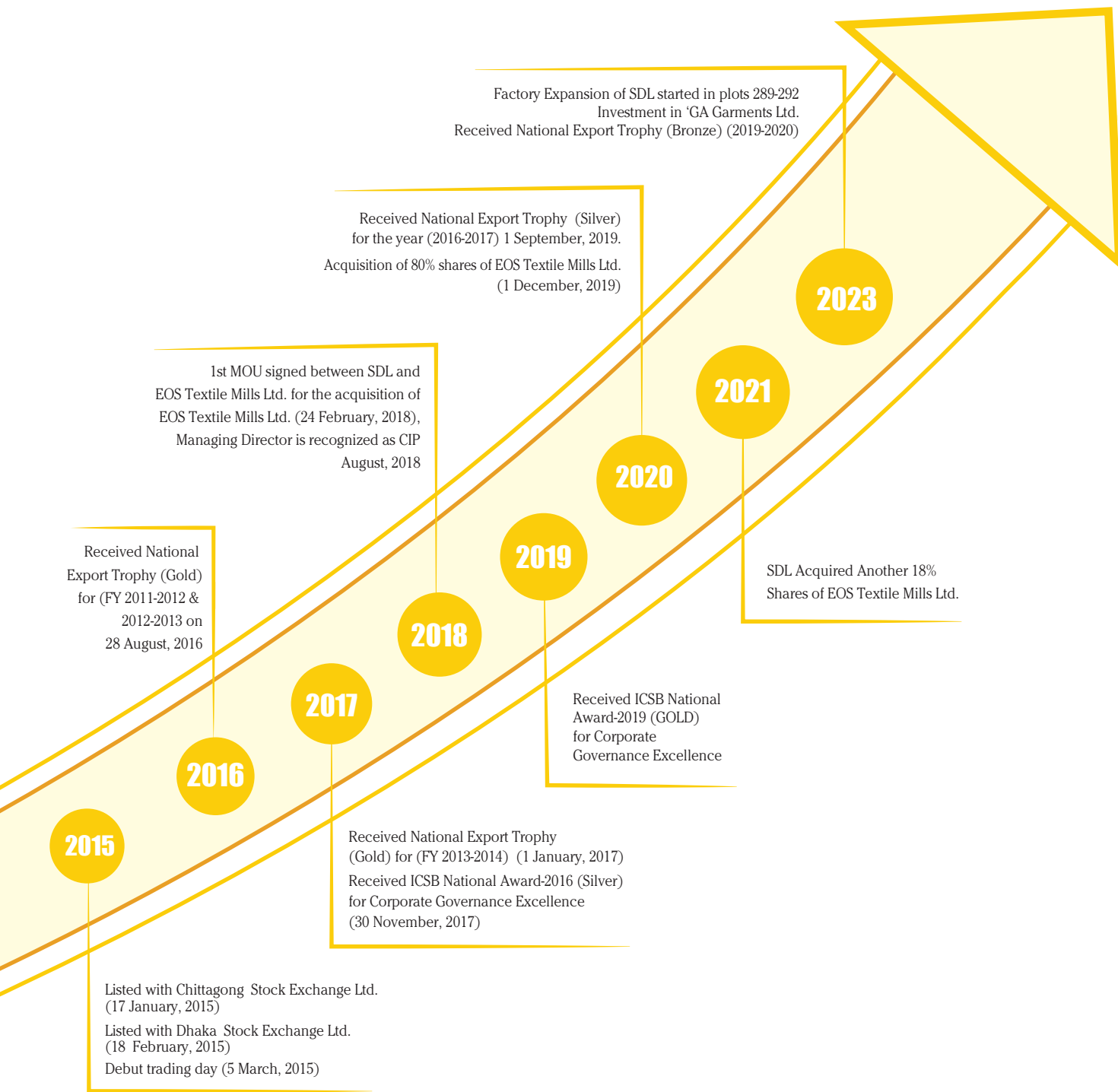
A Conflict of Interest occurs when personal interests of an employee or the interests of a third party compete with the interests of the Company. If a conflict of interest situation occurs or if an employee faces a situation that may involve or lead to a Conflict of Interest, then the employee discloses it to his or her reporting Manager and/or the HR or the Legal or Compliance Function to resolve the situation in a fair and transparent manner.

MAIN FOCUS & STRATEGIES



COMPANY'S LANDMARKS





**BOARD OF THE
DIRECTORS &
MANAGEMENT**



As the Company is highly concerned about its shareholders' interest, we proactively and thoroughly assess risk and accordingly reward through providing sustainable returns to our Shareholders over the time.



BOARD OF THE DIRECTORS

Barrister Anisul Islam Mahmud Chairman

An elite industrialist and entrepreneur Mr. Anisul Islam Mahmud is the Chairperson of the Board of Directors of Shasha Denims Ltd. He is the Sponsor Director of Shasha Denims Ltd., Shasha Garments Ltd., Shasha Textiles Ltd., and GA Garments Ltd.

He is also the Managing Director of EOS Textile Mills Ltd. and Fly Dhaka Airlines Ltd. In his versatile business career, he expands his business from textile to power generation sector.

A born leader Mr. Mahmud came from a noble Muslim family. Family legacy and his own inherent qualities give him a great sense of value and direction that create a bunch of success stories in every sphere of his life.

Mr. Mahmud, an Ex Faujian takes institutional education from University of Dhaka (BA Economics, 1969), Quaide Azam University in Karachi (MSc Economics) and the University of Essex (MA Economics, 1972).

He was called to the Bar at Lincoln's Inn in 1975. He was a Lecturer of Economics at the University of Dhaka from 1969 to 1970, a Senior Research Associate in Economics at the University of East Anglia from 1972 to 1973, and lecturer of economics at the University of Hertfordshire from 1973 to 1977.

He was elected to the parliament of Gov't of the People's Republic of Bangladesh (Jatiya Sangsad) in 1979, 1986, 1988 and 2008 and held the exalted position of the Hon'ble Minister of Ministry of Foreign Affairs, Ministry of Environment and Forest, Ministry of Water Resources and other important ministries in different courses of time under the Gov't of the People's Republic of Bangladesh.

Barrister Mahmud is a licensed pilot and served as the President of Bangladesh Flying Club Ltd. from 1987 to 1990. He was also the President of Bangladesh Cricket Control Board from 1989 to 1990.



Shams Mahmud Managing Director

Mr. Shams Mahmud has been actively engaged with the private sector since 2008, when he returned to Bangladesh after completing his education from the UK and USA. He currently holds the position of Managing Director of Shasha Denims Ltd, Shasha Textiles Ltd., GA Garments Ltd. and Shasha Spinnings Ltd. and he is also the Director of Shasha Garments Ltd., EOS Textile Mills Ltd, Aim Vision Ltd. and Fly Dhaka Airlines Ltd.

Mr. Shams Mahmud is appointed as the Honorary Consul of FDR Ethiopia to Bangladesh. He is a Capstone Fellow of the National Defence College (NDC) Bangladesh.

Mr. Mahmud serves as the Secretary General of Consul Corps in Bangladesh (CCB) and Vice President of Philippines Bangladesh Chamber of Commerce & Industry. Mr. Mahmud also served as the President of Dhaka Chamber of Commerce & Industry in 2020.

At present he serves as the President of Bangladesh Thai Chamber of Commerce and Industry.

He is the Chairman of the Standing Committee for Foreign Mission Cell in BGMEA and Co Chairman of the Standing Committee for Readymade Garments, Knitwear, and Sweater etc. in the FBCCI.

Mr. Mahmud had previously served as the Vice President of Bangladesh Philippines Chamber of Commerce & Industry and was a member of the Board of Directors in Bangladesh Textile Mills Association (BTMA) and Dutch Bangla Chamber of Commerce & Industry (DBCCI).



Zareen Mahmud Hosein FCA Director

Zareen Mahmud is a Director of Shasha Denims Ltd. She is the Founding Partner at Snehasish Mahmud & Co., Chartered Accountants and the Founder of CholPori and HerStory Foundation.

Ms. Mahmud has a BA from Smith College and an MPA from New York University in the USA. She qualified as a CPA and is a Fellow of the Institute of Chartered Accountants of Bangladesh and an Acumen Bangladesh Fellow.

Ms. Mahmud started her career in New York City at the NYC Mayor's Office of Management & Budget (OMB). She serves on Boards including Campaign for Popular Education (CAMPE) and is a General Body Member of Sajida Foundation, Micro Industries Development Assistance and Services (MIDAS) and Ghashful.

Previously she served as the President of Entrepreneurs' Organization Bangladesh and a Board Member of Aga Khan Foundation Bangladesh.



Md. Shahadat Hossain FCA Independent Director

Md. Shahadat Hossain FCA has been appointed as the Independent Director of Shasha Denims Ltd. in the 23rd AGM of the Company for 3 (three) years. He also holds the position of the Chairman of Nomination and Remuneration Committee (NRC) and the member of Audit Committee of the Company.

Md. Shahadat Hossain got qualified as a Chartered Accountant in 1993 from the Institute of Chartered Accountants of Bangladesh (ICAB) and became the Fellow Member in 1998. Since then, he has been actively associated with the Institute. He has been elected to the Council of ICAB for consecutive four terms since 2007.

Md. Shahadat Hossain FCA was the President of ICAB in 2022-2023. Earlier, He was the Vice President of ICAB for 2009 & 2011 and Chairman of different standing and non-standing committees of the Council of ICAB including Technical & Research Committee, Small and Medium Practitioners Committee.

Mr. Hossain received his Masters in Accounting from Jagannath College under University of Dhaka. He presented papers on different topics on IFRS, Macro Economic Performance of Bangladesh, Income Tax issues etc. He authored two books in English and Bengali - 'Accountability for Economic Development' and 'Bangabandhu O Bangladesher Arthonity'.

As passion, he contributes to Journals and Dailies quite often and participates in TV talk show, radio program and round table conference on various issues like finance, national economy, budgeting, fiscal policy, agriculture, education etc.

Mr. Hossain has long 28 years professional expertise in the field of audit, tax and advisory services. He is now the Senior Partner of MABS & J Partners, Chartered Accountants, a member firm of Nexia International UK. Mr. Hossain is very active with different business organizations and forums.

He was a Member of the Committee of Bangladesh Bank for development of Accounting framework and review of Internal Audit Manual, Member (Accounting) of National Wage and Productivity Commission 2015, Former Board Director of Bangladesh Cable Shilpa Limited and Horipur Power Plant, a strategic business unit of Bangladesh Power Development Board.

He is an Independent Director of Bangladesh Industrial Finance Company Limited as appointed by the Hon'ble High Court (Company Matter No.32 of 2020). He was an Accounting Advisor of Agrani Bank Ltd. from 2004 to 2007. He is now the Member of SAFA Committee on Anti Money Laundering.

Mr. Hossain is a widely-travelled man. He visited many countries including SAARC countries, Malaysia, China, Indonesia, Saudi Arabia etc. for attending professional meetings & conferences on several occasions.



MBM Lutful Hadee FCA Independent Director

Mr. MBM Lutful Hadee FCA is an Independent Director of the Board of Shasha Denims Limited since May 05, 2022. He is a council member and current Vice President of the Institute of Chartered Accountants of Bangladesh (ICAB).

Mr Hadee is the proprietor of Hadee Lutful & Co. (HLC), Chartered Accountants, a dynamic consulting and advisory firm established in November 2016. He qualified as a Chartered Accountant in 2007 and has 21 years' of work experience in reputed blue chip corporate and professional services firms. Before founding HLC, he was the Partner-in-Charge of Taxation & Legal Compliance Department of Howladar Yunus & Co. (HYC), Chartered Accountants, from January 2011 to October 2016. Prior to his time at HYC, he worked at Citycell (a SingTel Subsidiary), GP (a Telenor Subsidiary) and MFH Financial Services Ltd. (a Merchant Bank) for more than 10 years in the department of Finance, Taxation, Legal, Corporate and Secretarial Affairs.

As a professional accountant and legal expert, he has specialization on International Tax, Corporate and Individual Tax, VAT, Transfer Pricing, Customs, Foreign Investment, Company Matters, Legal Affairs and Regulatory Affairs (BSEC, BOI/BIDA, BBK, BTRC, RJSC, etc.).

Mr. Hadee obtained Bachelor of Law (LL.B), Master of Laws (LL.M) and Master of Commerce (Accounting) from reputed universities. He is a VAT Consultant and VAT Agent licensed by NBR. Mr. Hadee is also an adjunct faculty of Master of Accountancy in Taxation (MAT) Program, Department of Accounting and Information Systems, University of Dhaka.

He was awarded Tax Card 2018 for assessment year 2017-2018 by NBR, Bangladesh, in accountant category. Mr. Hadee has been serving on the Standing Committee of Dhaka Chamber of Commerce & Industry (DCCI) related to Customs, VAT, Taxation & NBR Related Issues since 2020 as Joint Convener. He is a facilitator for income tax and VAT training programs and also a contributor to the national budget proposal. Mr. Hadee has been serving as member of various committees of ICAB since 2008 and involved in different academic issues of ICAB.



MANAGEMENT PROFILE

Mohammad Jamal Abdun Naser Director (Operation)

Mr. Mohammad Jamal Abdun Naser is the Director (Operation) of Shasha Denims Ltd., having an experience of long twenty five years in the Textile Industry. He is a Textile Engineer and obtained the degree in Textile Engineering and Technology from DUTEX in 1998.

Mr. Jamal started his professional career in 1999. Before joining in Shasha Denims Ltd., he worked in many renowned textile companies i.e, Alltex, Sinha Textile, Nassa Taipei Denim etc. In his professional career, he got the opportunity to work with a good number of reputed foreign and local textile experts at home and abroad.

Mr. Jamal is a good speaker. He participates in many different textile fairs, exhibitions, events and seminars and also had the opportunity to deliver his valuable speeches there.

Mr. Jamal is an excellent writer too. Several of his articles have been published in different journals. He is a regular writer in 'Textile Today', a famous English Textile Magazine of Bangladesh. He visited many countries of the world, i.e, USA, Brazil, Turkey, Italy, Germany, UK, Indonesia, Australia, Japan, China etc.



Md. Ahasanul Haque Director (Finance) and CFO

Mr. Md. Ahasanul Haque, Director (Finance) and Chief Financial Officer (CFO) of Shasha Denims Ltd. joined the Company in 1996. He is an MBA. In his career, he obtained vast professional experiences in textile and garment sector.

Since start with Shasha Denims Ltd. he holds and successfully performs different top position of the organization in different capacity. Currently, he is performing the role of the group CFO from March, 2020.

A widely-travelled Mr. Haque visited various countries i.e, USA, UK, Germany, France, Indonesia, Australia, Italy, Switzerland, Norway, Turkey, UAE, Ethiopia, Singapore, Malaysia, Thailand, India and many more.





Aslam Ahmed Khan FCA **Company Secretary**

Mr. Aslam Ahmed Khan FCA joined Shasha Denims Ltd. as the Company Secretary in March 2015. He is the fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). He also obtained Masters on Professional Finance Degree from University of Dhaka.

Before joining Shasha Denims Ltd., he worked in different Banks and Financial Institutions. He also served in MIDAS Financing Ltd. as the General Manager (F&A) and Company Secretary for long 5 years.

Lt. Col. Md. Quaderuzzaman (Rtd.) **Sr. General Manager**

A veteran Freedom Fighter Lt. Col. Md. Quaderuzzaman (Rtd.) has been serving as the General Manager (Admin & HR) of Shasha Denims Ltd. since 2010. He has long thirty two years experiences of Leadership, Administration, Security, HR, Crisis Management and Staff Job sectors.

He passed out from BMA as a Second Lieutenant in 1976. He got his BA in 1995. After his retirement from army, he served Meghna Group of Industry, Senakalyan Sangstha and so on.



SDL has installed a fine technology environment friendly machine which allows to produce any kind of indigo shades in terms of tones and depth of colors which is a unique one.



CHAIRMAN'S DIALOGUE

Shasha
Denims

SHASHA

DENIMS LTD



IN THE NAME OF ALLAH, THE MOST MERCIFUL, THE MOST GRACEFUL!

DISTINGUISHED SHAREHOLDERS AND PARTNERS, ASSALAMU AALAIKUM!

Since the beginning of the civilization, each of the country has been trying to attract the world to its shores with respective legacies. Once upon a time, historical Rajshahi Silk, Dhakai Jamdani had made Bangladesh the land of Rich Fabrics.

Despite the decline of traditional textiles during the industrial revolution; we are today one of the largest denim fabrics manufacturer and exporter in the world as well as in the European Union & United States, we hold the position of one of the top denim producers and the exporters.

At Shasha denims, we take this denim forward with passion and pride. It has been our endeavor to make products that are market leaders in terms of quality and innovation. And as the market place evolves, new technologies and processes help us lead every challenge and opportunity.

In our journey since 1996, we have always been vigilant of our role towards our people and the planet. We believe each one of us is bound by a common thread cherishing sustainable practices.

It's a great pleasure for being the creator of master pieces of the world. And we look forward to delighting you with unflinching quality, innovation and passion every day.

At this joyous time, it makes me feel honored and privileged to welcome you all to the 26th Annual General Meeting (AGM) of Shasha Denims Ltd. (SDL) and present the financial performances and achievements of the Company for the year ended on June 30, 2023.

On behalf of the Board of Directors, my heartfelt thanks and gratitude to you all for being an integral part of Shasha Denims Ltd. We truly value your conviction and confidence. In fact, the way you reposed the trust and faith towards us is a groundswell of encouragement for us to do better in fostering a bigger and wider imprint on the development of Bangladesh Denim Industry.

Business Environment 2022-2023

It was an extraordinary time from a global perspective. The ongoing Russia-Ukraine war and related sanctions are

impacting all economies in the world. The euro has fallen below the dollar for the second time after 20 years when the first time it traded below the dollar was in December 2022. Similarly, BDT also lost value against the dollar by 10.08%

Bangladesh made a rapid recovery from the COVID-19 pandemic supported by prudent macroeconomic policies. But, the economy now faces considerable challenges with global economic uncertainty, rising inflationary pressure, energy shortages, a balance-of-payments deficit, and a revenue shortfall. Rising commodity prices and a surge in imports in the second half of FY22 resulted in a Balance of Payments (BoP) deficit, accelerating inflation and leading to a sharp depreciation of the exchange rate.

The volatility in the Foreign Exchange (forex) market has reached a new height. The supply and demand imbalance and panic purchases made it look harder. Reserve pressure can easily be felt by the numbers causing higher trade deficits during the first nine months (July-March) of the 2021-22 fiscal year where import payments increased by 44% whereas export income increased by 33% and remittances has fallen by 18%.

Economic down turn, inflationary pressure, price hike of the commodity, fuel etc. reduced the purchase power of the consumer which impacted reduced the world economic growth. Considering the overall situation business environment were not favorable to business and the entrepreneurs as well.

Company's Business Outlines during the Reporting Year 2022-2023

There is a pressure on foreign currency from multiple ends since borders were reopened such as higher foreign travel and avoiding formal channels of remittance along with regular debt servicing. As consequence, this led to higher costs to the businesses ultimately passing on to common consumers.

Being a trading country and highly import-dependent for fuel and industrial raw materials, many companies facing trouble in opening LCs since banks are unwilling to open LCs due to

forex shortages. Part of the crisis heightened due to the Bangladesh Bank's maintaining lags in exchange rates. Price stability largely depends on a stable exchange rate. Despite many efforts and initiatives by the government and Bangladesh Bank regarding forex management, the situation is still gloomy.

Regardless countless negativity, the Company was able to overcome all the hurdles with prudence and efforts and reached to a satisfactory level of export earnings. The best efforts and timely decision of the management made the company to attain the goals.

During the audited year (2022-2023), the Company made huge changes in its movement through reshuffling in plan, investment, arrangement, allocation, strategy etc. within SDL and its subsidiaries and other associates. Such as-

- SDL transferred a large number of shares of its subsidiary company EPCL to SGL to reduce SDL's burden as EPCL's operation was stopped with huge bank liability.
- To generate more revenue, Shasha Denims planned to establish new garments factory 'GA Garments Ltd.' jointly in DEPZ in which SDL will hold 86.67% shares.
- To increase more production capacity as well as revenue generation, SDL successfully started its expansion activities.
- Special arrangement also made for another subsidiary-EOS Textile Mills Ltd.; a washing plant is being set up there. Besides, changes are also done in its R&D and new marketing strategy. We are optimistic to have a blast in export earnings from all these initiatives in near future.

Performance evaluation in 2022-2023

Overall consolidated performance of Shasha Denims Ltd. in 2022-2023 was not in our satisfactory level. We couldn't achieve our export target as worldwide demand and buyers' cautious mode forced to reduce our export target.

On the other hand, extremely increasing of fuel bill, frequent upturn in gas, electricity bill and price hike of other material forced the company for counting higher cost of production. However, during the year 2022-2023, the Company managed to higher gross profit and operating profit compared to last year.

During the year, gross profit and operating profit of the Company were registered BDT. 1,476.07 million and 1209.55 million respectively, as against BDT. 1134.04 million and BDT. 888.63 million respectively in previous year.

Dollar fluctuation suffered the Company very much as it had to count huge amount of exchange loss. As a result, financial expenses increased to BDT. 966.91 million as against BDT. 704.69 million in previous year. The govt. also

took adverse decision for the exporters regarding the taxation matter. AIT on Export proceeds had increased to 1% from 0.60%.

As a result, overall tax expenses increased by 76% to BDT. 96.55 million in current year from 54.86 million in comparative year. Accordingly consolidated earning per shares of the Company stood at BDT. 1.40. During the audited year, EOS Textile Mills Ltd. kept good contribution to overall earning of the Company.

During the year, SDL transferred six crore (6 crore) shares of EPCL to SGL. Accordingly, Shareholders approval had been taken in the 25th AGM. As a result of share transfer, EPCL turned into associate company instead of subsidiary company. This decision was taken to lessen the burden of SDL as the company has large amount of bank loan with no operation. By doing this, we hope that it will bring a positive outcome to the company in future.

As the Company is highly concerned about its shareholders' interest, accordingly Management of the Company proactively and thoroughly assesses risk and takes decision in advance to overcome the situation.

Continuation with successful existence in the market for more than two decades, I am proud to announce that we have positioned ourselves nationally and globally as one of the leading Denim manufacturers and exporters in the industry by maintaining every bit of passion, persistence and rigorousness throughout our entire journey.

Focus and Strategy

Growth requires vision and long-term targets. Bangladesh is still one of the fastest growing economies in the world. To accelerate its growth, the public and private sectors should make their strategy through prioritizing investments over profits that will yield greater returns in this growing economy.

During the year under review; our focus and strategy was concentrated on sustainable long-term growth of business and investment to ensure maximum outcome for all the stakeholders through fine execution of the business strategy and the followings:

- To improve the assets quality, operational efficiency and productivity of resources. To make it happen, SDL successfully done its expansion plan for increasing more production capacity and the revenue generation accordingly
- To rationalize operating cost and thoughtful investment in the areas that matter most to our stakeholders

For this, special arrangement has also made for another subsidiary-EOS Textile Mills Ltd.; a washing plant is being set

up there. Besides, changes are also done in its R&D and new marketing strategy. We hope those initiatives of EOS would be another ground-breaking for Shasha in export earnings and revenue generation

We want to be the nation's leader in the denim industry that matters and innovates its way towards the peak.

Research and Development (R&D)

From fiber to fashion, the full journey of the denim fabrics is, directly or indirectly, observed & monitored by the R&D team. They overview every steps of making a product, which is material, process, equipment, manpower, time etc. and they can finally find out the cost of the product by using their every steps calculation. Finally, they can set the final price of the product for the particular buyer.

Bearing that into mind, the Company already made a good investment in its research and development (R&D) & established a laboratory equipped with modern machineries and state-of-the-art technology inside the factory premises for exploring various colors, textures, thicknesses, elasticity and environment-conserving production procedures to reduce the waste thereby supporting the Company's goal of being green that boost more potential market possibilities.

Our supply chain procedure is based on sustainability concept. Our experienced team provides valuable insights in washing, garment design, cost control and marketing.

The suppliers of dyes and chemical are always concerned to reduce the consumption of dyes, chemicals, water, steam etc. to have an environment friendly fabric manufacturing system. Those areas complete solution for our customers to meet their fashion cravings and as such sustain in the ever changing market environment.

Dividend

Well-timed and prudent strategic investments have led the Company to maintain a sustainable business momentum as well as hold a balance profit margin of all of its endeavors.

In spite of a series of mistunes' attacks throughout the reporting year, Shasha Denims Ltd. made a sustainable performance in compared with peer organization's performance in export earnings in 2022-2023. Considering the profits and prospects, the Board of Directors of the Company declared 10% cash dividend for the year 2022-2023 for the shareholders in its meeting held on 26 October, 2023.

Investments and Expansion

To make a blast in production, SDL already started to set up a new extended factory of denim at our plot no. 289-292 at DEPZ where 210 loom machines will be installed. It will open up an opportunity to make an additional yearly

turnover of US\$ 12 million engaging new employment of 148 persons.

On the other hand, SDL decided to invest in a new readymade garments factory in plot no. 94-101 where 1200 people will get the chance to be employed with an expected yearly turnover BDT. 4,000 million. However, the Management of the Company also decided to install washing plant at EOS Textile Mills Ltd. to earn additional revenue of the Company.

We are optimistic that through all of these efforts, the sun will again be shining in our sky very soon.

A Sustainable Journey

Sustainability refers to the ability to maintain or support a process continuously over time. In the corporate world, sustainability is an approach aiming to create long-term stakeholder value through the implementation of a business strategy that focuses on the ethical, social, environmental, cultural, and economic dimensions of doing business.

Sustainability promotes a better economy where there is little waste and pollution, fewer emissions, more jobs, and a better distribution of wealth.

At Shasha Denims Ltd. 'Corporate Sustainability' is embedded within the principles and values of the Company fixed by the regulatory bodies through focusing on social, environmental and financial factors.

The Company is able to generate better earnings, reduce material usage, energy expenditures and wastes, and increase social contribution enriching and empowering communities that are an inherent part of our social footprint.

Institutionalizing sustainable practices into our business and operations in line with our broader sustainability framework has enabled us to achieve our goals through the following ways:

State-of-the Art Technology

To have optimum utilization of materials and energy for having utmost level of production, at SDL, we focus on the usage of the most modernized State-of-the Art Technology in our entire possible business arena.

Our state of the art production facility is well equipped with upgraded technologies and machineries that are energy efficient and environmental friendly as well.

Along the lines of installing new and essential machineries; we are the pioneer of installing an exclusive and up-dated indigo dyeing machine for more production that saves 60% water and 40% chemicals in its process in comparison to any other conventional dyeing machines which is the first time ever in Asia.

Dipping Occupational Hazards

We ensure that our factory workers always follow the safety protocols necessary to ensure a hazard free working environment and uninterrupted operations. In regards to health and safety issue, proper training and awareness instructions are provided to all the production employees.

Crafting Product Diversity

Starting as only a blue denim fabricator; gradually we moved on playing with the 'blue'. Now we are the nation's successful manufacturer and exporter of the top class denims in diverse shades, quality, colors, weight and fashions as our clients' demand. Product Diversity has made the Company itself a brand to its valued clientele.

Heading towards Sustainable Development Goals (SDGs)

In response to the universal call in implementing UNDP's Sustainable Development Goals (SDGs) Program, SDL is designed to cope up with the changing societal expectations considering the Government's wider environmental and social issues of attaining that Sustainable Development Goals (SDGs).

Our focus on enriching and empowering communities is well-demonstrated through our CSR initiative-charitable 'Shasha Foundation'. The foundation contributes significantly in education, healthcare, sports, art-culture and also environment shows how sensibly we drive our business to improve the social and economic indicators of the country.

Strengthening Company-wide sustainability is an ongoing endeavor of us with a vision to delivering value for shareholders today while investing for tomorrow. As a whole, going green and being socially responsible is our main strategic priorities.

Mitigating Risks

A strong risk management framework is the prerequisite to continue as an efficient manufacturing organization.

I can proudly say that Shasha Denims Ltd. is organized with a robust risk management architecture which is not only to identify the risks but also monitor the report and review about those risks inherent to the business so that we can handle the situation effortlessly when a single crisis occurs. At the same time we also ensure sustainable asset quality and quantity to face any economic disaster or other difficulties.

Shasha Denims Ltd. is committed to manage various risks that arise through different courses of the business to an acceptable level to reduce both the possibility of a risk occurring and its potential impact.

Converting Human Resources into Human Capital

Satisfied, highly-motivated and loyal employees represent

the basis of competitive company. Always putting emphasize on the right placement of the right people, we strongly believe that the efficient management & skilled workers are our greatest assets, our biggest strength.

We take great pride saying that Shasha Denims Ltd. is one of the preferred organizations in the country to its workforces.

As the Company always recognizes its people are the most valuable assets, we cherish our devoted workforce practicing best HR practices and rewarding them accordingly. We continue investing in our people to enhance and upgrade their skills sets through conducting research and development and on-the-job training programs.

We encourage & motivate our employees by providing them various financial & non-financial benefits.

In addition to the regular benefits; the Company offers its permanent employees-Contributory Provident Fund, Gratuity, Production Bonus, Incentive Bonus along with Health Insurance Coverage, Group Term Insurance and also the dormitory facility for its workers.

Future Outlook

The Ready-Made Garment (RMG) industry is a mainstay of the economic success story of Bangladesh. The RMG sector accounts for more than 84% of Bangladesh's exports. The key challenge of the apparel sector now is holding on to the competitiveness amid global higher inflation, a hike of the prices of yarn, chemicals, fuels, gas, and electricity, and a spike in container freight costs.

The industry players should focus further to diversify customer countries and move to more complex products and value-added services. The companies in the RMG industry are struggling with higher tax deducted at source as this is contributing to the shortage of working capital. The sub-contractors who operate smaller factories are struggling with higher tax deducted at source.

Definitely, 2023-2024 would be a challenging year in terms of sustainability for ongoing Russia-Ukraine war. The increased export-import charges and other daily commodities resulted for the hike of fuel price seems to be long lasts. Considering the situation, we have planned to tackle all adversities head on. Our focus for the year ahead would be on-

- Go with the advanced technology and process improvements
- Proper utilization of the bank loans
- Lessen the size of the liability basket
- Increase exports through meeting up all the criteria of the clients' demand
- Expansion of existing factory and come up with new products

- Commitment to create long-term sustainable value for all our stakeholders.
- Leveraging on the capital market by providing new asset management solutions but remaining cautious; and
- Contribution to the community

Although risks and challenges remain; scopes and opportunities are also there. Shasha will stand by its people as a committed corporate citizen and work together with the Government making a commitment to take initiative for removal of unemployment problem of the country.

Our afresh investment in 50% expansion project of denim factory at plot no. 289-292 will give us a momentum in generating additional yearly turnover of US\$ 12 million creating new employment opportunity of 148 workers.

Further expansion plan of establishment of new readymade garments factory at plot no. 94-101 gives us another excitement to make an annual turnover of BDT. 400 million where 1200 people is being assumed to be employed.

Besides, we have taken new initiatives and accordingly rearranged the marketing strategy of EOS Textile Mills Ltd. and now confidently waiting to get to see the positive outcomes of the efforts.

However, a good number of our loyal buyers and the relationship that so happily exists amongst us will pave the way to make a blast in our endeavors in the days to come.

All these initiatives will help the Company to improve its

business performances in all areas, boost up profits and ultimately create value for shareholders who are the main driving force behind all of our efforts.

Heartfelt Thanks

Our resilience is the result of many factors, not least being a shared vision and values, but prudently overcame the challenges that surfaced during this prolonged pandemic and ongoing war and emerged more determined than ever to achieve its goals.

I am thankful for the continued support from our customers in our products and services. I would like to acknowledge the contributions of our Board members, our Management Team and all employees for coming together at a time when this was really needed, further building the Company into an organization we can all be proud of.

I would also like to thank all other stakeholders—customers, shareholders, regulators as well as our partners. All of you are important to Shasha Denims, and we will continue giving our effort to be a value-multiplier for you.

Thank you for making us your trustworthy partner.



Anisul Islam Mahmud
Chairman

MANAGING DIRECTOR'S DIARY



IN THE NAME OF ALLAH, THE MOST MERCIFUL, THE MOST GRACEFUL!

DISTINGUISHED SHAREHOLDERS, ASSALAMU AALAIKUM!

When the COVID-19 hit economy was just trying to revive the world, it was again stricken by another blow-Ukraine-Russia war. A series of severe and mutually reinforcing shocks-the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency-battered the world economy in 2022-2023. The tensions amongst the super powers created uncertainty for international trade.

In this worldwide turmoil situation, we did not lose our hope, rather became more confident and stronger through uniting ourselves.

In the year 2022-2023, we have deeply committed in underpinning the trust of our stakeholders with utmost sincerity and have focused in ensuring the highest satisfaction of our valued customers. Throughout the year, we have reposed our strong belief on our employees and have unified to grow together. Our achievements and successes are the shadow of our wholehearted aspirations and efforts we have applied so far.

In the year 2022-2023, the Company makes a bit less profit compared to the previous year. But SDL takes it satisfactorily considering the unstable global situation, dollar crises, and excessive price hike of utilities along with various adverse conditions throughout the year.

A glimpse of our Annual Report-2023 has been arrayed to have our experience of the Company's financial operating results and financial positions

At this pleasurable moment, I am honored and privileged to connect with you through the pages of this Annual Report to have a summarized version of the journey where I share my thoughts and views on the Company's performance for the year 2022-2023 and its future prospects with some of the other important aspects of the reporting story.

Financial Drawing of Shasha Denims Ltd. during the FY 2022-2023 compared to previous year

The global inflation rate was the highest in 2022 with a rate of more than 9%. Starting from necessary commodities to utilities, everything experienced a price hike during the period. Again we were forced to face new challenges such as geopolitical tensions of Ukraine-Russia war resulted in a downward global economy, fears of another recession, etc.

In the coming days, Bangladesh once again has to combat both local and global challenges to maintain the growth momentum we have achieved and excel even further. Sudden increase of raw materials and fuel price was the big challenges for SDL, but we were successful to overcome the challenges through applying a number of wise techniques.

A Comparative Business Preview of Shasha Denims Ltd.

Amount in Million

| Particulars | 2022-2023 | 2021-2022 | Incr./Dec) | % |
|---|-----------|-----------|------------|----------|
| Revenue | 7,880.57 | 8,570.49 | (689.92) | (8.05%) |
| Cost of Goods Sold | 6,611.58 | 7,591.22 | (979.64) | (12.90%) |
| Gross Profit | 1,268.99 | 979.26 | 289.73 | 29.58% |
| Operating Profit | 1,049.93 | 782.55 | 267.38 | 34.17% |
| Net Financial Expenses | 813.54 | 426.24 | 387.30 | 90.86% |
| Profit after Financial Expenses | 236.38 | 356.31 | 119.93 | (33.65%) |
| Non-operating and impairment exp. /loss | 34.22 | 1047.05 | | |
| Profit Before Tax | 202.16 | (691.38) | | |
| Profit After Tax | 117.40 | (747.20) | | |

Business Effects of the Reporting Year 2022-2023

Overall export of Shasha Denims Ltd. had decreased during 2022-2023 by 8.65% from the previous year due to decline of export orders of buyers. Exports during the third and fourth quarter decreased significantly as against first and second

quarter. On the other hand, Gas bill, Electricity bill increased about double from previous year. Utilities expenses and other production materials and direct production related cost increased excessively during the year. In spite of increase of raw material cost, utilities bills, other production

materials, SDL was able to reduce cost of goods sold as the company used previously purchased raw materials. Accordingly Gross Profit and Operating Profit increased remarkably to BDT. 1,268.99 million and BDT. 1049.93 million respectively during the year as against BDT. 979.26 million and 782.55 million respectively in the last year.

Net financial expenses increased significantly during the year. Financial expenses increased by 91% compared to last year which worn the performance of the company. Financial expenses increased due to increase of dollar price which directly affected company's financial expenses. Major financial expenses incurred for payment of import liability in higher rate which was earlier made provision at lower rate. Besides SDL recorded an extraordinary loss due to investment in EPCL which also affect the profitability of the Company.

The Government of the Country also increased tax rate on export proceeds from 0.60% to 1.00% during the year which increased tax expenses tremendously. Accordingly current tax expenses increased to BDT. 81.85 million during the year as against BDT. 45.26 million. As a result SDL's bottom line profit reached to BDT. 117.40 million.

Sensible Methods against the Odd

The question constantly in our minds were how do we support and serve our clients and help them building resilience to tide over the difficult time, how we show solidarity in their efforts through supplying their orders in due time.

As we firmly believe in achieving long term goal through ensuring safe and seamless production and export, we always keep a constant eye on the market and analyze the market behavior very rigorously. After threadbare calculation, we went for a risk taking approach which is now the demand of the time.

As such, we focus on improvement the relationships and commitment amongst our stakeholders, development of service delivery channels, increase of asset, upswing of production, profit and the product quality, reduce liability, expansion of business with diversified product portfolio in a viable manner.

Smart Marketing Strategy

Every company has different needs, goals, budgets and ideas. We have intensified our marketing efforts to explore new business opportunities at the same time diversified market risks and took appropriate steps accordingly.

We arranged frequent industrial visits for buyers, went for product and process diversification and modernization through fulfilling international compliance requirements. Moreover, maintained vertical integration through backward linkage, made adequate investment in R&D, managed a harmony in Customer Relationship with Buyers.

Through digital platform, we have tried to contact with lot of new customers in different countries. With virtual meeting, presentations and proper business following up procedures, we have been successful in grabbing more clients and

starting business with those new ones. As such, our export base has been expanded by adding new territories that brings new hope and opportunity for the Company.

Take off towards New Business

Bangladesh's dominance in the global denim market has continued thanks to a surge in demand driven by the trade tension between the US and China. Owing to higher demand, denim product manufacturers have surpassed their Chinese counterparts in Europe and the US, the two major export destinations for Bangladesh.

That opportunity encouraged us to have more investment in factory expansion as well as grabbing new businesses.

Accordingly, to make a blast in production, we already started setting up a new extended factory of denim at our plot no. 289-292 at DEPZ where 210 loom machines will install. It opens up an opportunity to make an additional yearly turnover of US\$12 million engaging new employment of 148 persons.

On the other hand, SDL decided to invest in GA Garments Ltd., which will be subsidiary of SDL, a new readymade garments factory in plot no. 94-101, DEPZ where 2000 people will get the chance to be employed with an expected yearly turnover BDT. 4000 million.

Compliance Practices

Our governance framework is premised on competent leadership, effective internal controls, a strong risk culture and ownership and accountability to all of our stakeholders, including our customers, shareholders, employees, society and regulators.

Shasha Denims has an active Board that plays a key role in setting our governance standards to meet stakeholders' expectations, while our leadership and operating model ensures an appropriate balance of power, accountability and independence in decision making across various function of the Company.

The Board is collectively engaged in ensuring that corporate governance processes are structured to direct the Company's actions, assets and resources to achieve this purpose while upholding all governance norms- in letter and in spirit.

We remain committed to the highest standards of corporate governance in terms of disclosure, with accountability, transparency and business ethics aimed at adding value to our stakeholders' expectations.

We always try to follow the guidelines set by the regularity authority-Bangladesh Textile Mills Association (BTMA) and other regularity bodies-BSEC, BEPZA to maintain the highest standards of corporate governance.

Prioritize the Workforce

We have been trying to build the capabilities of our people to shape a next-generation workforce or a workforce that is fit for the future.

In line with our purpose of nurturing a productive workforce, we seek to equip our employees with the right

tools and skills to effectively and successfully drive transformation as per the Company's strategy and in adherence to its policies that guide any decision-making, while enabling a work environment that fosters closer collaboration.

We carry forward one of the best HR practices towards our devoted workforce. At SDL, we have created an environment where employees get valued for their skills and performances, enjoy the people they work with; hence feel encouraged to work within the team.

We have always focused on the growth of our employees in both ways through rewarding them as well as honing their skills they need to deliver as their topmost performances.

Looking Forward

Due to start of the war between Russia-Ukraine and the sanctions imposed on the direct supply chains with Russia and Ukraine not only impacted badly the chains within the countries, but also broke down the chains via Russia to Asia. As a result, prices for many raw materials, energy, intermediate products and transportation services have increased significantly. Fuel prices, for example, have doubled and the price of gas has tripled. Prices are also expected to rise further in the medium term.

For this reason, companies are now required to identify potential savings and priorities digitization projects.

The Economic impact of war is so bad on this integrated inter dependent economy is more costly than the war itself. With the responses of many countries, the situation emerged with uncertainties and challenges from many fronts. Being an import dependent country, Bangladesh's economy was mostly affected negatively which also hampered the recovery from pandemic stress.

Bangladesh has already lost its market in Russia as financial transaction was totally disrupted for the sanction on Russia. We have left behind the economic comfort zone of low inflation, foreign currency exchange rate and interest rate stability.

Although all instability, export of denim garments to the US market grew by 36.23 percent to US\$ 839.13 million in January-October period in 2022. The figure was \$ 615.95 million in the corresponding period in 2021. On the other hand, shipments of denim products to the European Union fetched \$ 1.0 billion from January to August, marking a 40.20 percent growth.

A number of favorable conditions have sparked to have this blast. Of them the dominant ones are a surge in global demand amid US-China trade spat, Covid-19 disruptions in China, state-of-the-art technology adopted to produce value-added items etc.

RMG exports are increasing in USA, South Korea, Japan, Middle East etc. as buyers shifted their orders from China. It is expected that war between Russia and Ukraine will be ended up shortly and fuel price will be declined ahead of forecasting world recession expected to be hit in the coming days.

Competitive cost and all other positive indications make us confident to have a massive explosion in export earnings of RMG through covering all the losses even breaking up previous records.

Despite all odds, we see silver line behind the clouds with our new investment in 50% expansion project of denim factory at plot no. 289-292, DEPZ, Dhaka. We are very close to make an explosion in generating additional yearly turnover of US\$ 12 million.

On the other hand, our further investment for establishment of new readymade garments factory at plot no. 94-101, DEPZ gives us new hope new excitement to make an annual turnover of BDT. 4,000 million.

Besides, we have taken new initiatives and accordingly rearranged the marketing strategy of EOS Textile Mills Ltd. and now confidently waiting to get see the positive outcomes of the efforts.

However, our long standing relationship with our loyal buyers is one of the most significant factors to our existence and growth as well. Thus, we have become a reliable and trustworthy partner of many of our international buyers and frequently receiving orders from them which makes us more confident in our capacity and capability.

In shaa Allah, we will be reciprocal in returning their love and care.

Thanks and gratitude

My sincere thanks and heartfelt gratitude goes to our respected Chairman and the Board of the Directors for their unwavering guidance and support which has enabled us to stay afloat in the storm and emerge stronger than ever. Their strategic vision and foresight have not only led us to navigate through the challenging times but also enabled us to seize opportunities for growth and innovation.

I am deeply grateful and thankful to the entire stakeholders, including our clients and customers, shareholders, regulators, business partners and members of the society for having faith in us as well as extending their support and cooperation to the Company. We will continue keeping effort to remain worthy of it and be the best denim manufacturer in Bangladesh.

In the coming year, we look forward to having an impactful year to define ourselves in a new light. We are confident that by staying true to our values and remaining agile, we will be able to set a benchmark for the nation's denim industry.

Thank you for being so much affectionate to us.



Shams Mahmud
Managing Director

SHASHA DENIMS LIMITED AND ITS SUBSIDIARY

FINANCIAL HIGHLIGHTS ON CONSOLIDATED FINANCIAL POSITION

Amount in million except ratios and per share data

| Particulars | 2022-2023 | 2021-2022 | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Assets | 11,765 | 15,487 | 15,537 | 15,131 | 12,426 | 12,077 | 10,879 |
| Paid up Capital | 1,410 | 1,410 | 1,410 | 1,343 | 1,279 | 1,196 | 1,128 |
| Number of Shares | 141 | 141 | 141 | 134 | 128 | 120 | 113 |
| Shareholders' Equity | 5,722 | 5,674 | 5,919 | 5,840 | 5,945 | 5,940 | 5,527 |
| Long Term Loan | 738 | 2,479 | 1,760 | 1,138 | 520 | 721 | 888 |
| Total Debts | 3,889 | 8,194 | 6,178 | 5,682 | 3,779 | 3,879 | 4,259 |
| Total Revenue | 8,749 | 9,374 | 9,010 | 7,333 | 7,923 | 7,511 | 6,257 |
| Gross Profit | 1,476 | 1,134 | 1,099 | 1,029 | 986 | 1,239 | 1,208 |
| Operating Profit | 1,210 | 889 | 778 | 794 | 732 | 1,005 | 1,010 |
| Profit after net Int. Exp. | 250 | 187 | 230 | 235 | 334 | 623 | 659 |
| Profit before Impairment loss | 284 | 226 | 241 | 354 | 441 | 636 | 665 |
| Profit before Tax | 284 | (1,000) | 241 | 354 | 441 | 636 | 665 |
| Profit after Tax | 186 | (1,071) | 179 | 300 | 379 | 556 | 592 |

Liquidity Ratio

| | | | | | | | |
|----------------------------|------|------|------|------|------|------|------|
| Current Ratio | 1.25 | 1.33 | 1.30 | 1.27 | 1.33 | 1.33 | 1.41 |
| Time Interest Earned Ratio | 2.31 | 2.32 | 2.52 | 2.51 | 2.97 | 3.68 | 3.75 |
| Debt Equity Ratio | 0.68 | 1.44 | 1.04 | 0.97 | 0.64 | 0.65 | 0.77 |

Operating Ratio

| | | | | | | | |
|--------------------------|------|------|------|------|------|------|------|
| Inventory Turnover Ratio | 3.13 | 2.44 | 2.79 | 2.13 | 3.12 | 2.76 | 2.78 |
| Assets Turnover Ratio | 0.74 | 0.61 | 0.58 | 0.48 | 0.64 | 0.62 | 0.58 |

Profitability Ratio

| | | | | | | | |
|----------------------------|-------|---------|-------|-------|-------|-------|-------|
| Gross Margin Ratio | 16.87 | 12.10 | 12.20 | 14.03 | 12.45 | 16.50 | 19.30 |
| Operating Income Ratio | 14.44 | 9.94 | 9.25 | 11.49 | 9.97 | 14.10 | 16.88 |
| Return on Assets (ROA) | 1.45 | (5.23) | 0.93 | 2.10 | 3.19 | 4.83 | 5.74 |
| Return on Equity (ROE) | 4.76 | (17.66) | 2.86 | 5.76 | 7.70 | 11.41 | 13.35 |
| Return on Investment (ROI) | 3.43 | (12.23) | 2.24 | 4.95 | 6.86 | 9.79 | 11.01 |

| | | | | | | | |
|--|-------|--------|-------|-------|-------|-------|-------|
| Basic Earning Per Share | 1.40 | (5.75) | 1.02 | 2.23 | 2.97 | 4.65 | 5.25 |
| Fully Diluted Earning Per Share | 1.40 | (5.75) | 1.02 | 2.12 | 2.69 | 3.94 | 4.20 |
| Net Assets Value Per Share | 40.57 | 40.23 | 41.97 | 43.48 | 46.47 | 49.69 | 49.00 |
| Fully Diluted Net Assets Value per Share | 40.57 | 40.23 | 41.97 | 41.41 | 42.15 | 42.12 | 39.19 |

| | | | | | | | |
|----------|-------|-------|-------|-----------|-----------|------------|------------|
| Dividend | C-10% | C-10% | C-10% | C-5% B-5% | C-5% B-5% | C-15% B-7% | C-25% B-6% |
|----------|-------|-------|-------|-----------|-----------|------------|------------|

SHASHA DENIMS LIMITED

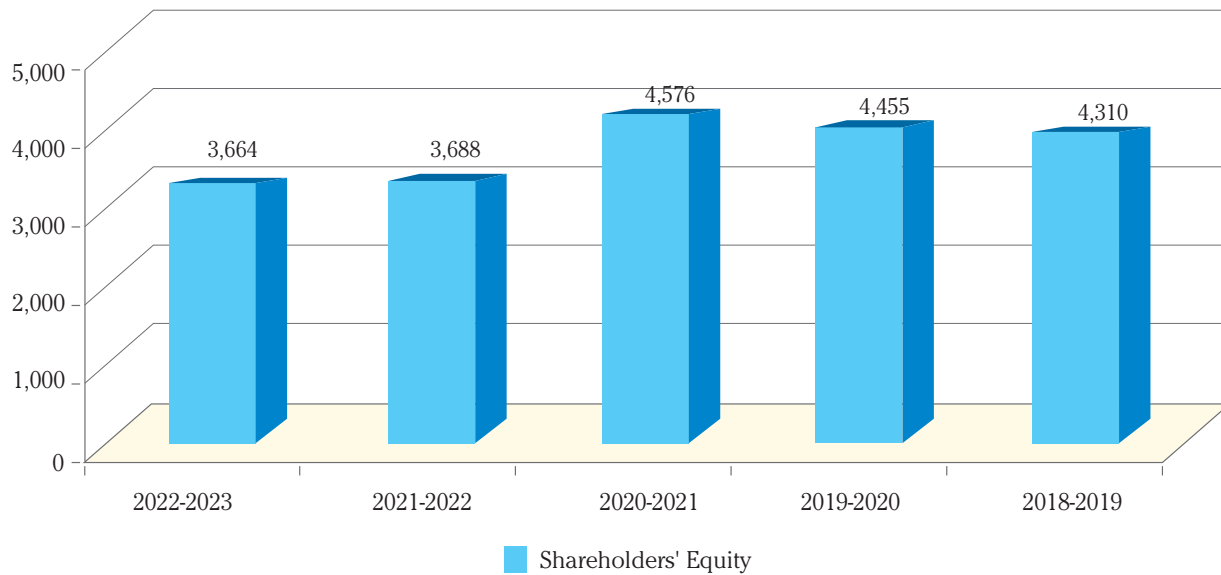
FINANCIAL HIGHLIGHTS ON FINANCIAL POSITION OF SHASHA DENIMS LTD.

Amount in million except ratios and per share data

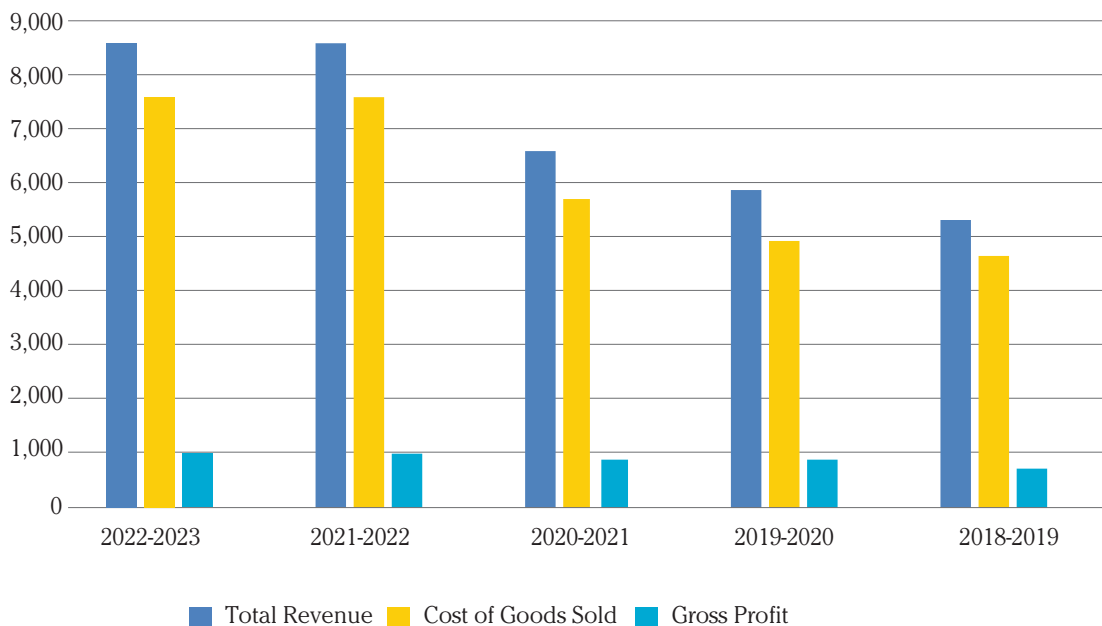
| Particulars | 2022-2023 | 2021-2022 | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Assets | 9,008 | 10,433 | 10,732 | 10,172 | 8,411 | 8,589 | 7,112 |
| Paid up Capital | 1,410 | 1,410 | 1,410 | 1,343 | 1,279 | 1,196 | 1,128 |
| Number of Shares | 141 | 141 | 141 | 134 | 128 | 120 | 113 |
| Shareholders' Equity | 3,664 | 3,688 | 4,576 | 4,455 | 4,310 | 4,328 | 4,046 |
| Long Term Loan | 598 | 964 | 1,012 | 484 | - | - | - |
| Total Debts | 3,504 | 5,468 | 4,942 | 4,362 | 2,816 | 2,694 | 2,702 |
| Total Revenue | 7,881 | 8,570 | 6,554 | 5,828 | 5,326 | 5,141 | 4,333 |
| Gross Profit | 1,269 | 979 | 883 | 890 | 695 | 878 | 834 |
| Operating Profit | 1,050 | 783 | 665 | 715 | 509 | 707 | 681 |
| Profit after Interest Expenses | 236 | 356 | 234 | 259 | 208 | 492 | 524 |
| Profit before Impairment Loss | 202 | 363 | 231 | 250 | 212 | 497 | 526 |
| Profit before Tax | 202 | (691) | 231 | 250 | 212 | 497 | 526 |
| Profit after Tax | 117 | (747) | 188 | 209 | 161 | 423 | 459 |
| Liquidity Ratio | | | | | | | |
| Current Ratio | 1.07 | 1.08 | 1.08 | 1.02 | 1.29 | 1.29 | 1.42 |
| Time Interest Earned Ratio | 2.34 | 2.92 | 2.63 | 2.65 | 2.83 | 4.31 | 4.80 |
| Debt Equity Ratio | 0.96 | 1.48 | 1.08 | 0.98 | 0.65 | 0.62 | 0.67 |
| Operating Ratio | | | | | | | |
| Inventory Turnover Ratio | 4.27 | 2.82 | 2.90 | 2.37 | 2.45 | 2.28 | 2.84 |
| Assets Turnover Ratio | 0.87 | 0.82 | 0.61 | 0.57 | 0.63 | 0.60 | 0.61 |
| Profitability Ratio | | | | | | | |
| Gross Margin Ratio | 16.10 | 11.43 | 13.47 | 15.26 | 13.04 | 17.09 | 19.24 |
| Operating Income Ratio | 13.32 | 9.13 | 10.15 | 12.27 | 9.56 | 13.75 | 15.72 |
| Return on Assets (ROA) | 1.21 | (7.06) | 1.80 | 2.25 | 1.90 | 5.39 | 6.69 |
| Return on Equity (ROE) | 3.19 | (18.08) | 4.17 | 4.77 | 3.74 | 10.10 | 11.57 |
| Return on Investment (ROI) | 2.63 | (14.59) | 3.58 | 4.52 | 3.74 | 10.10 | 11.57 |
| Basic Earning Per Share | 0.83 | (5.30) | 1.34 | 1.56 | 1.26 | 3.54 | 4.07 |
| Fully Diluted Earning Per Share | 0.83 | (5.30) | 1.34 | 1.48 | 1.14 | 3.00 | 3.26 |
| Net Assets Value Per Share | 25.98 | 26.15 | 32.44 | 33.16 | 33.69 | 36.20 | 35.87 |
| Fully Diluted Net Assets Value per Share | 25.98 | 26.15 | 32.44 | 31.58 | 30.56 | 30.68 | 28.68 |

GRAPHICAL PRESENTATION OF FINANCIAL PERFORMANCE OF SHASHA DENIMS LIMITED

Shareholders' Equity



Comparison of Revenue, Cost of Goods Sold and Gross Profit



Profitability Performance

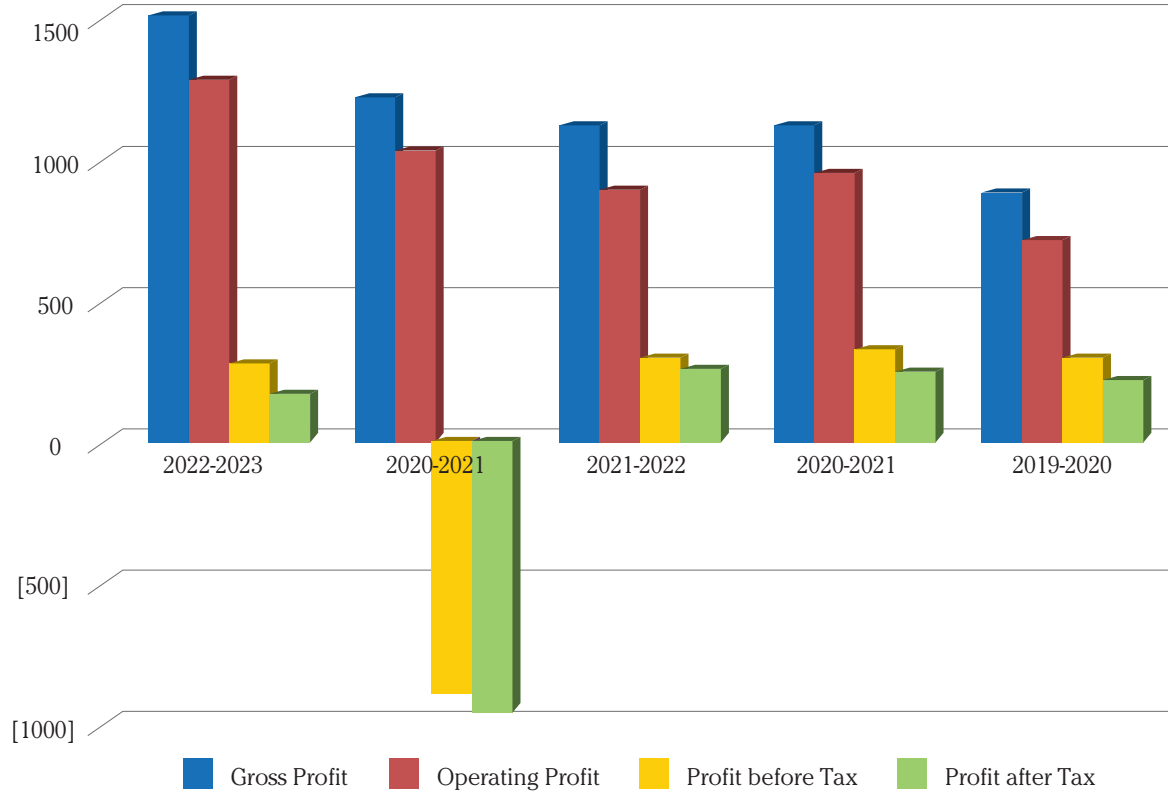
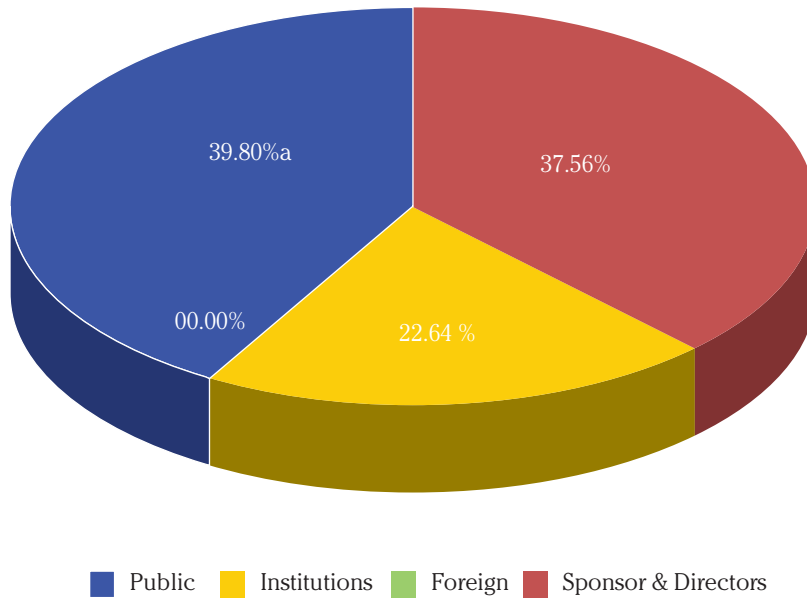


Chart Title



DIRECTORS' REPORT

As we completed 26 momentous years since starting operations in 1996, we have progressed, transformed and evolved to become a strong, dynamic and versatile Company that has witnessed many business cycles in its journey, remaining steadfast on its values and principles and stable on innovation and customer value.

Still the Company operates and moves ahead having concerned its valued clientele, all the stakeholders and their highest returns, commitment to the society, sound corporate governance, robust compliance system in parallel avoids malpractices and corruptive dealings.

The Company always chases challenges through adventure such as diversity, expansion in business, reshuffling within the departments and organization to have a sustainable business momentum and become an inclusive leader of this industry.

Harnessing our passion, agility and deep groundswell of resilience, we have withstood even the toughest of times. In fact, our ability to drive sustained performance over the years is a factor of our capacity to adapt—the tougher it gets, the better we perform.



Bismillahir Rahmanir Rahim Honourable Shareowners, AssalamuAalaikum!

At the outset, let me gratefully thank you for making me the leader of this prestigious organization. On the eve of celebration of long 26 years journey, it's a privilege and honor for me to welcome you all to the 26th Annual General Meeting (AGM) and to present before you the Annual Report for the year ended June, 2023.

With utmost respect, we acknowledge the kind supports and wholehearted cooperation of thousands of Shareholders who were always there for us with their trust and affection.

This report provides relevant disclosures and explanations pertaining to the issues to ensure compliance, transparency, and good corporate governance practices along with the details of the business performance, operations, and achievements of the company and its subsidiaries for the year ended on June 30, 2023.

A review of this report would reveal consolidation of growth of the Company in a very stiff competitive environment that ultimately leads the Company towards a sustainable tomorrow.

The Key Factors behind the performance

Throughout its operation for last 26 years, SDL has differentiated itself as a leader in products and services to its customers by reaching the latest technology and quality services through well-timed digital platform; and as such, the Company has tried to contact with lot of new customers in different countries.

During the year under review; our focus and strategy was concentrated on sustainable long-term business growth and investment to ensure maximum outcome for all the stakeholders and the proper execution of the business strategy along with the followings:

- We are improving quality of assets, operational efficiency and productivity of resources
- We are trying to rationalize operating cost and thoughtfully invested in the areas that matter the most for well running its business
- Activated superior and faster customer service within the stipulated time frame
- For better outcome, we invested adequate amount in R&D
- All the risk management procedures are tactfully applied to minimize its impacts
- Business has been expanded along with launching new products
- Right people are been engaged in the right places encouraging with various facilities, incentives, recognition, job security and so on
- Finally secrecy are been maintained strictly through ensuring highest level of compliance

We are committed to empower our customers through meeting up their fashion cravings and our digital-physical

strategy advances this objective and is the centerpiece of our strategy to emerge as the denim leader of Bangladesh. In line with our deeply cherished vision of a progressive and developed Bangladesh, we recommit ourselves to the country's journey towards achieving the Sustainable Development Goals by 2030 and developed nation status by 2041.

Global Economy in 2022-2023

A series of severe and mutually reinforcing shocks — the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency — battered the world economy in 2022. Against this backdrop, world output growth is projected to decelerate from an estimated 3.0 per cent in 2022 to 1.9 per cent in 2023, marking one of the lowest growth rates in recent decades, according to the United Nations World Economic Situation and Prospects (WESP) 2023.

Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

However, this is highly dependent on the pace and sequence of further monetary tightening, the course and consequences of the war in Ukraine, and the possibility of further supply-chain disruptions.

Gloomy Economic Outlook for both Developed and Developing Economies

Amid high inflation, aggressive monetary tightening and heightened uncertainties, the current downturn has slowed the pace of economic recovery from the COVID-19 crisis, threatening several countries — both developed and developing — with the prospects of recession in 2023. Growth momentum significantly weakened in the United States, the European Union and other developed economies in 2022, adversely impacting the rest of the global economy through a number of channels.

Tightening global financial conditions coupled with a strong dollar exacerbated fiscal and debt vulnerabilities in developing countries. Over 85 per cent of central banks worldwide tightened monetary policy and raised interest rates in quick succession since late 2021, to tame inflationary pressures and avoid a recession. Global inflation which reached a multi-decade high of about 9 per cent in 2022 is projected to ease but remain elevated at 6.5 per cent in 2023.

Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected; reducing the need for tight monetary policy, and domestic demand could again prove more resilient.

In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthen financial supervision and risk monitoring.

Bangladesh Economy 2022-2023

In recent years, Bangladesh has achieved remarkable economic progress in many areas despite multiple odds. There has been a sea change in the global image of Bangladesh in the last few decades. Once portrayed as the epitome of poverty and hunger, its gradual success with decent GDP growth turns her into a dynamic enterprise. The sound financial management, strong ready-made garment (RMG) exports, remittances, and macroeconomic stability have been key to bringing striking outcomes. The coronavirus pandemic that poses a major risk to the global economy has also had negative effects on Bangladesh's economy. In our experience, after a downturn during the pandemic, the country's financial status has been revamped and succeeded in some cases. Bangladesh managed a 6.94 % growth in FY 2020-21 facing the adverse impact of pandemic lockdowns, and has achieved 7.10 % GDP growth in the latest fiscal year, FY 2021-22. The gross domestic product (GDP) grew by 6.03% in the fiscal year, ending in June, 2023.

However, the collective economic stability of Bangladesh has come under tremendous pressure recently due to the ongoing global economic and political instability. The recent global crisis following the Russia-Ukraine war impeded the country's course of economic recovery caused by the pandemic. The war raised the prices of food products, fuel, and raw materials to an exorbitant level in the international market. Bangladesh's economy also feels the impact of soaring prices as the country imports significant amounts of food grains, cooking oil, petroleum, and industrial raw materials. As import spending rose recently, the trade deficit is growing remarkably. The depleting trend of foreign reserves and foreign debt burden raise concern that the country may face the Sri Lanka like economic meltdown. Only good governance and fiscal prudence can protect Bangladesh from the threat of financial woes now experienced by Sri Lanka.

Recent Issues that Raise Concern

Bangladesh, a victim of global circumstances, is now experiencing the negative impacts of recent international financial unease. Hence, the government is now facing a multitude of economic crises. The high price of fuel

and other import items, and the heat of the Russia-Ukraine war are greatly affecting the country's economy in various ways. The challenges Bangladesh faces now are bigger than that of the pandemic.

Currently, the biggest challenge for the national economy is the high inflation and the balance of foreign payment deficit. Inflation has become a great cause of concern among the rising prices of essential commodities.

Bangladesh inflation rate remains elevated. In June 2023, the annual inflation rate in Bangladesh showed 9.74% which was 7.56% in June, 2022.

The prices of essential commodities began surging up, import spending rose, remittances have fallen, and reserves are under pressure due to the higher expending of dollars on imports. The soaring price of fuel and fertilizer in the global market is putting extra pressure.

Industry Outlook (2022-2023)

At present, Bangladesh is the second position as apparel exporter of the world. Bangladesh regained that position in 2021 with export earnings of \$35.81 and retained the position in 2022 as well. Also, Bangladesh's market share in the global apparel market has increased to 7.9 percent.

According to WTO's World Statistical Review 2023, Bangladesh ranks second in garment exports as a single country with apparel export of \$45 billion in 2022. As usual China is in the number one position. However, in this sector, Bangladesh is constantly challenged by another country in Asia, Vietnam, has also retained the third position.

Bangladesh has retained its position as the world's second largest apparel exporter after China, coping with rising production costs due to a slowdown in global markets and rising prices of raw materials and energy, which is really inspiring. Exporters attributed this growth to the country's efforts to go for value-added products and shifting orders from China.

Exporters expect exports to grow further if they get the necessary support from the government such as uninterrupted energy supply and favorable taxes and duties.

To keep up with the rapidly expanding global denim market and the shifting trends, Bangladeshi fabric manufacturers have launched a significant innovation to bring perfection. Currently, Bangladesh is the world's second-largest exporter of garments, and is already a leading source of denim goods for the US and European markets. In fact, one out of every three denim products sold in Europe is produced there.

Bangladesh has achieved a 40 percent increment in production capacity in the last 5 years and currently 40 denim mills are manufacturing 280 lakh meters of denim fabric each year. Speculation by industry analysts says that, by 2026, the global denim market will spike to \$76.1 billion, which was \$57.3 billion in 2020.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has set a target of exporting \$100

billion worth readymade apparels by 2030 where Denim will play a significant role. Bangladeshi denim manufacturers are currently taking part in international fairs to promote Bangladeshi made products.

Back In 2020, Bangladesh has exported Denim products worth more than \$500 million to the United States alone. Also, Bangladesh generates more than \$1 billion from Denim exports to the European region. As the global Denim market was 60.8 billion in 2021.

As we know, Bangladesh is currently just behind China but it has all the possibility and capacity to compete with the big one. However, the country's manufacturers are lacking in diversification and quality issues. Except for a few, most of the Bangladeshi denim production houses are still producing basic level garments. These production houses need to scale up the quality and production.

To achieve the goal by 2030, significant innovations can be implemented in this sector. For example—coping up with market demand and introducing new technology. Most manufacturers are using slub yarn to produce denim but as they are moving towards stretched denim as per market requirement, some of them are facing issues.

Moreover, technologies like adding new liquid washing plants with nanotechnology that can save 60 percent water during laundry. Energy saving machineries can also be introduced as these play an effective role in saving energy and managing waste chemicals properly.

Experts believe that, with investing more in R&D, manufacturers can ultimately achieve the projected goals.

Shasha Denims Ltd.

Always chasing to maintain a global standard, SDL's vision is to bloom up as a green and sustainable denim manufacturer; after formation in 1996, the Company started its commercial operations in 2000.

Gradually, moving forward, the company has now positioned itself as one of the leading 100% export based denim producers in Bangladesh while we continuously develop and refine environmental friendly techniques and procedures considering and emphasizing on the wellbeing of the people into top of our mind in our manufacturing process.

The Company is suitably located in Dhaka Export Processing Zone (DEPZ) with the best available infrastructural facilities. Through the support of highly professional and most modern computerized SLASHER DYEING TECHNOLOGY, currently, SDL is such a well-managed and technically sound an organization which is able to make a grade in harmonizing with the current craze to deliver the world class products to its valued customers.

Over the years, the Company has been investing in research and development (R&D) for having the highest environment friendly technology to ensure the production of the best

quality denim which is incomparable to any other denim manufacturers in Bangladesh.

At Shasha Denims, our team focuses on maintaining a perfect balance between fashion and sustainability through treatment and fabric. No compromising with quality, we have eliminated many harmful practices in our processes to develop high quality denim and as such became a staple in world class denim wears.

We currently have a capacity of 2.40 million yards per month to produce different types of denim fabrics. We have perfected the art of producing all types of denim fabrics from 4.50 oz to 15.00 oz that enabled us to supply our customers with a range of colors from the lightest shades of indigo to the darkest hue as well as a range of effects and textures such as the smooth indigo surface and the salt effect in denim.

Shasha Denims is one of the trusted sources of the world renowned buyers, and in most cases, it is the only nominated supplier for its valued buyers. Currently, the Company manufactures fabrics for a number of world reputed brands i.e. H&M, O'STIN, Esprit, Debenhams, Marks & Spencer, LPP, Pull & Bear, S. Oliver, Zara, Bestseller, River Island etc.

At present, the Company exports its products in Europe market through export oriented RMG and now head towards Japan, Australia and other giants to grab those markets.

Performance of Shasha Denims and Its subsidiaries

As a 100% export oriented Company itself Shasha Denims Ltd. and its other associate and subsidiary company, highly motivated with world economic and other situations. High inflation in Europe and USA forced our export order reduced. Overall export and production of the Company was declined during the year compared to last year. On the other hand, Electricity, Gas Bill and BEPZA lease rent tremendously increased during the year. As a result, cost of goods sold affected badly. Double affect made the company registered declined performance from target.

Due to dollar rate fluctuation, Company had to count huge amount of exchange loss which was made for import of raw materials i.e. liability created in one rate when LC opened but paid in higher at due date.

Consolidated revenue of the company was BDT 8,748.94 million during the year as against BDT 9,373.66 million in the last year. Consolidated revenue included only revenue from Shasha Denims Ltd. and EOS Textile Mills Ltd.

Consolidated operating profit of the Company increased to BDT 1,209.55 million in 2022-2023 as against BDT 888.63 million in the last year i.e. 36% growth from last year. Consolidated financial expenses increased extremely due to huge amount of exchange loss counted by SDL. As a result, profit before profit of associate company stood at BDT 252.90 million as against BDT 195.29 million. In the last year, an abnormal loss was accounted for due to the impairment of assets of Eenergis Power Corporation Ltd. (a subsidiary

company) as operation of the company had been suspended. Due to this affect, consolidated profit before tax of the company recorded BDT (1000.25) million in 2021-2022. During the year profit before tax stood BDT 284.21 million. Consolidated net profit after tax of the company stood at BDT. 185.59 million in 2022-2023 as against (1.070.50) million in the last year. Consolidated Earning Per Share stood at BDT 1.40 in 2022-2023 as against (5.75) in last year.

As on 30 June 2022, SDL had 82.293% shareholding interest in ENERGIS POWER CORPORATION LTD. ("EPCL") and reported EPCL as subsidiary in the Consolidated Financial Statements. However, the shareholders of the Company in the 25th AGM dated on 20th December 2022 approved to transfer/dispose of six (6) crore shares (approximately 37.34%) of EPCL to Shasha Garments Ltd at Net Asset Value (NAV) per share at Tk 2.03 as on 30 June 2022. Subsequently, the Board Meeting of EPCL held on 20 December 2022, had unanimously approved the transfer of six crore shares of EPCL to Shasha Garments Ltd. As a result of such transfer of shares, the shareholding interest of the Company in EPCL has reduced to approximately 44.96%. Due to the loss of control over EPCL, the Company has derecognized the assets and liabilities of EPCL from the Consolidated Statement of Financial Position ("CSFP") as on 30 June, 2023 which were previously reported line by line basis in the CSFP.

SDL applied the equity method of accounting in order to recognize the investment in EPCL in the Consolidated Financial Statements.

Moreover, Comparative information in the Consolidated Financial Statements has been reported as is basis and could not be comparable with the current period information as EPCL has become an associate entity which was previously reported as subsidiary entity.

Performance of Shasha Denims Limited. (SOLO) in 2022-2023

Russia-Ukraine crises heavily affected the global apparel industry. It impacted this sector directly and indirectly. Many world brands closed down their store in Russia. Inflation raised in Europe and USA due to this conflict which reduced the consumer buying power. Besides energy prices and raw material cost forced the sector to reduce its production.

In this looming recession and inflation felt the industry in challenging situation. Most of the world renowned company such as Inditex, H&M and LPP lost their profit margin during the year.

After the Pandemic, the world economy had been rebounding from second quarter of 2021 and it was continuing till the end of the financial year 2021-2022. As a result, Exports from Bangladesh hit at all-time high of \$52-08 billion in the last concluded fiscal year. Shasha Denims was also in the race to overtake the export target.

In comparison with quarter to quarter performance it is revealed individual quarterly performance during 2022-2023 were much lower than same quarter of previous year. As result yearly export of SDL was 7880.57 million during the year as against 8570.49 million in last year. It indicates that export growth was negative 8.04%.

Despite increase of yarn cost and shipping cost, SDL's cost of goods sold comparatively decreased due to company could able to use low cost yarn which was purchased earlier of this year. As a result, Gross Profit Margin was registered 16.10% in 2022-2023 which was 11.45% in the last year. Operating Profit Ratio and Profit after Interest Ratio of Shasha Denims Ltd. in 2022-2023 were registered 13.32% and 2.99 % respectively which were 9.13% and 4.97% in the last year. Operating performance of SDL were better in 2022-2023 as the company earned BDT. 1,049.92 million operating profit as against BDT. 782.55 million during the last year i.e. year to year increase recorded 34%. But financial expenses of the company was recorded almost double compared to previous year. Financial Expenses increased to BDT. 820.85 million in 2022-2023 as against 429.59 million in previous year. Financial expenses increased mainly due to exchange loss of BDT 651 million in 2022-2023 against BDT 73.12 million in last year. This expenses incurred due to devaluation of dollar price at payment date where liability were accounted for earlier date. Accordingly Company had to pay excess amount over provision amount. Besides, company also recorded exchange gain on export of BDT. 469.79 in 2022-2023 as against BDT 187.44 in previous year.

During the year 2021-2022, SDL accounted for an amount of BDT. 1,054 million as impairment loss on investment in EPCL as SDL held 82.29% shares of EPCL. The recognition of impairment loss arose as EPCL assessed /determine its fixed assets /inventory as fair value as on 30 June, 2022.

During the year 2022-2023, SDL recorded loss on investment in EPCL of BDT. 35.40 million as the company transferred six crore shares to Shasha Garments Ltd. To transfer the shares from SDL to SGL, SDL recalculated net assets value of Share of EPCL on the transfer date as per IFRS, accordingly loss accounted for remaining 72.25 million shares held by SDL of EPCL. After adjustment of non operating loss, Net profit before tax of SDL for the year 2022-2023 stood at BDT. 202.16 million as against BDT. (691.38) in the last year. It is mentioned that during the last year SDL accounted for impairment loss of investment in EPCL as per valuation report. Profit/(loss) after tax of Shasha Denims Ltd. for the financial year 2022-2023 reported BDT. 117.40 million as against BDT. (747.20) in the last year.

Due to price hike of raw materials, SDL used its earlier purchased stock. As a result considerable amount of stock reduced to BDT. 1,547.80 million on 30 June, 2023 from 2690.14 million as on 30 June, 2022. During the year, company paid off total bank liability by BDT. 1,959.36 million.

Analysis of Key Operating and Financial Data of Shasha Denims Ltd. (Solo) for the last five years

Amount in million except ratios and per share data

| Particulars | 2022-2023 | 2021-2022 | 2020-2021 | 2019-2020 | 2018-2019 |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Assets | 9,008 | 10,433 | 10,732 | 10,172 | 8,411 |
| Paid up Capital | 1,410 | 1,410 | 1,410 | 1,343 | 1,279 |
| Number of Shares | 141 | 141 | 141 | 134 | 128 |
| Owners' Equity | 3,664 | 3,688 | 4,576 | 4,455 | 4,310 |
| Long Term Loan | 598 | 963 | 1012 | 484 | - |
| Total Debts | 3,504 | 5,468 | 4,942 | 4,362 | 2,816 |
| Total Revenue | 7,881 | 8,570 | 6,554 | 5,828 | 5,326 |
| Gross Profit | 1,269 | 979 | 883 | 890 | 695 |
| Operating Profit | 1,050 | 783 | 665 | 715 | 509 |
| Profit after Interest Expenses | 236 | 356 | 234 | 259 | 208 |
| Profit before Impairment Loss | 202 | 363 | 231 | 250 | 212 |
| Profit before Tax | 202 | (691) | 231 | 250 | 212 |
| Profit after Tax | 117 | (747) | 188 | 209 | 161 |

Key Performance Ratio

| Profitability Ratio | | | | | |
|----------------------------|-------|---------|-------|-------|-------|
| Gross Margin Ratio | 16.10 | 11.43 | 13.47 | 15.26 | 13.04 |
| Operating Income Ratio | 13.32 | 9.13 | 10.15 | 12.27 | 9.56 |
| Return on Assets (ROA) | 1.21 | (7.06) | 1.80 | 2.25 | 1.90 |
| Return on Equity (ROE) | 3.19 | (18.08) | 4.17 | 4.77 | 3.74 |
| Return on Investment (ROI) | 2.63 | (14.59) | 3.58 | 4.52 | 3.74 |
| Basic Earnings Per Share | 25.98 | 26.15 | 32.44 | 33.16 | 33.69 |
| Net Assets Value Per Share | 25.98 | 26.15 | 32.44 | 31.58 | 30.56 |

GP ratio and Operating income ratio of the company indicated increasing trend as taka devaluation over dollar and positive affect of cost of production. On the other hand ROA, ROE, EPS had been increased over last year but average return is decreased considering last five years performance as overall operating and financial expenses increased over previous years.

Explanation on significant variance that occurs between Quarterly Financial Performance and Annual Financial Performance

During the audited year, the financial performance of Shasha Denims Ltd. and its subsidiaries made inconsistent result throughout the year. During the last two quarter, production and exports were dropped due to the trim down of Export Orders from buyer's countries.

Evaluation of Quarterly performance is given in the separate statement in the Annual Report at page no. 115-116

Financial Result and Proposed Dividend and Appropriation of Profit

The Company posted profit/(loss) before tax for the year ended on 30 June, 2023 amounting to BDT. 202.16 million which was BDT. (691.38) million in 2021-2022 while net profit/(loss) after tax registered BDT. 117.40 million in 2022-2023 which was BDT. (747.20) million of 2021-2022.

Despite of the positive profit during the year, SDL didn't make expected business performance during the year 2022-2023. However, the Directors are pleased to report the financial results for the year 2022-2023 and recommended the following appropriation.

| Particulars | Consolidated | SDL |
|---|---------------|---------------|
| Retained Earnings as on 1 July, 2022 | 1,470,192,772 | 1,027,157,624 |
| Dividend paid for last year | (141,035,910) | (141,035,910) |
| Retained Earnings after distribution of dividend | 1,329,156,862 | 886,121,714 |
| Profit for the year 2022-2023 | 197,874,071 | 117,397,546 |
| Retained Earnings available for the year as on 30 June 2023 | 1,527,030,933 | 1,003,519,261 |

Dividend

Every year Shasha Denims Ltd. aims to declare commendable and justifiable rate of dividend to its shareholders. SDL has taken various steps to expand its business for overcoming the challenges may be faced in future and as such, tries to ensure the shareholders' expectation by declaring consistent dividend. Considering financial position and other business performances, the Board of Directors of Shasha Denims Ltd. in its meeting held on 26 October, 2023 recommended 10% cash dividend for the year 2022-2023.

Segment Information

Shasha Denims Ltd. manufactures a single product 'denim fabric' of varied specifications, compositions, colors and qualities. Hence, Company's 100% revenue is generated from its only product 'denim fabric'.

As the Company's business is completely export based, according to the customers' demands, SDL manufactures products and exports the same to its destination accordingly. It has no transaction in local markets.

The Company has also remarkable investment in its subsidiary and associate companies that manufacture separate products and exports in a different way.

Amongst the subsidiaries, EOS Textile Mills Ltd. manufactures denims and twill fabrics for its valued clients; On the other hand, Shasha Textiles Ltd. of which business operation is yet to be started.

Energis Power Corporation Ltd. was established to generate electricity and supply it to BPDB, but its operation has been suspended due to expiry of contract with BPDB. On the other hand, Shasha Garments Ltd., an associate company is engaged to fabricate garments items for Ladies, Gents and Kids and exports the same to Europe and USA.

Extraordinary Gain or Loss

Extraordinary gain or loss of a Company refers to infrequent and unusual gain or (loss) by the company which is not a part of the Company's ordinary/day to day operations.

During the year, Shasha Denims Ltd. transferred six crore shares to Shasha Garments Ltd. as per approval of Shareholders in the 25th AGM. As a result of such transfer of shares, the shareholding interest of the Company in EPCL had been reduced to approximately 44.96%. Due to the loss of control over EPCL, the Company derecognized the assets and liabilities of EPCL from the Consolidated Statement of Financial Position ("CSFP") on the date of transfer. After the share transfer, investment in EPCL had been recognized as associate company.

Due to the changes of status of EPCL on 29 December, 2023 (transfer date), Shasha Denims Ltd. recognized the net investment in EPCL considering book value per share of EPCL as on the transfer date. Due to loss of EPCL during the period of 01 July to 29 December, 2023 (transfer date, NAV per share stood at BDT. 1.54.

SDL recognized the subsequent loss of BDT. 0.49 per share of investment in EPCL (NAVPS on 30.06/2023 BDT 2.03 minus NAVPS on 29/12/2023 BDT 1.54). It is mentioned that in the last year SDL recognized its investment in EPCL at BDT 2.03 per share.

Accordingly SDL recognized BDT 35.40 million as loss on investment in EPCL for remaining 72.25 million shares held by SDL.

Capital Expenditure

During the reporting year, the Shasha Denims Ltd. spent BDT. 117.79 million for purchasing different types of capital machinery. Besides, Shasha Denims Ltd. started its expansion in its plots nos. 289-292. After completion of the expansion, it is estimated that yearly production capacity will be increased by 12 million yards per year.

Written down value of fixed assets of Shasha Denims Ltd. as on 30 June, 2023 stood at BDT. 1,970.35 million and Consolidated Written down value of fixed assets of the Company as on 30 June, 2023 was BDT. 4692.06 million.

The details note on acquisition of Property, Plant and Equipment is given under the note no. 4 of the Financial statements in the page no.149.

Capital Infusion

During the year, SDL didn't make any capital infusion. As a result, paid up capital of the Company remained unchanged as earlier at BDT.1,410 million.

Capital structure of the Company is given on the page # 125

Subsidiary and Associates

Shasha Denims Ltd. made remarkable investments in its sister concerns. The investment was made in power sector, garments, textile, denim manufacturing companies etc. Amongst the companies which are in operation, some of these are subsidiary companies and rest is associate companies. Information about the subsidiary and associate companies are given below:

- Energis Power Corporation Limited (EPCL) – Subsidiary Company presently as associate company as shareholding position changed
- Shasha Textiles Limited - Subsidiary Company
- EOS Textile Mills Ltd. – Subsidiary Company
- Shasha Garments Limited – Associate Company

Energis Power Corporation Ltd. (EPCL)

Incorporation

Energis Power Corporation Ltd. (EPCL) was incorporated as a Private Limited Company on December 28, 2008. Within only four months; on April 20, 2009, it was registered as a Public Limited Company under the Companies Act, 1994.

Shareholding Status of EPCL

The Authorized and Paid up capital of EPCL is Tk. 300 crore and Tk. 160.71 crore respectively. As on 30 June 2022, the Company had 82.293% shareholding interest in ENERGIS POWER CORPORATION LTD. (“EPCL”) and reported EPCL as subsidiary in the Consolidated Financial Statements. As per recommendation of board of directors of SDL, the shareholders of SDL in the 25th AGM dated on 20th December 2022 have approved to transfer/dispose of six (6) crore shares (approximately 37.34%) of EPCL to Shasha Garments Ltd at Net Asset Value (NAV) per share at Tk 2.03 as on 30 June 2022 according to the valuation report of HodaVasi Chowdhury & Co. Chartered Accountants. It is mentioned that due to suspension of operation for a long time of EPCL, It was decided to evaluate its assets value.

Subsequently, the Board Meeting of EPCL held on 20 December 2022, had unanimously approved the transfer of six crore shares of EPCL to Shasha Garments Ltd. As a result of such transfer, the shareholding interest of SDL in EPCL has reduced to approximately 44.96%. Due to the loss of control over EPCL, the Company has derecognized the assets and liabilities of EPCL from the Consolidated Statement of Financial Position (“CSFP”) which were previously reported line by line basis in the CSFP.

The Company has applied the equity method of accounting in order to recognize the investment in associate in the Consolidated Financial Statements as per IAS/IFRS.

Operation

After expiration of contract of Energies Power Corporation 55 MW Rental Power Plant, Bangladesh Power Generation Board (BPDB) vide memo no. 27.11.0000.101.14.020.19-2969 dated 23/06/2019 instructed to suspend electricity generation from 11/07/2019. Since then electricity generation of EPCL has been suspended.

The principal job of EPCL was generating power and supplying the electricity to National Grid. Its plant capacity is 55MW/hour at Sikalbaha, Chittagong. The Company had 6 (six) electric generators set up for producing electricity as well as supplying it to BPDB.

Power Purchase Agreement

To supply electricity to the Bangladesh Power Development Board (BPDB), the Company signed an agreement on power supply with BPDB. Initially the Company signed the contract with BPDB on December 28, 2008 for a term of 3 years. Subsequently the agreement was extended for next 5 years from 9th February, 2014 vide contract No. 09932 with BPDB.

The contract included the supply of Net Energy Output by the Company to BPDB and to make available capacity, BPDB agrees to accept and pay for the Dependable Capacity and Net Energy Output under the terms and conditions provided herein (Contract No: 09711) and Contract No. 09932). It also includes cost of electricity generation and procedure, cost of maintenance, effect of short/excess of generation of electricity, payment system etc.

Energis Power Corporation Ltd. submitted an application to BPDB on 30 August, 2018 for extension, relocation and conversion to IPP of contract pertaining to Energis Power Corporation’s 55 MW Rental Power Station at Shitalbaha, Chittagong. But the decision of BPDB is yet to be finalized.

Cause of transfer of Shares

The Board of Directors of SDL proposed to sell/transfer six crore shares of EPCL to Shasha Garments Ltd. at a NAV price of EPCL to lessen the burden of shareholders of Shasha Denims Ltd. as EPCL has considerable amount of Bank Loan and in which a remarkable amount of interest charged every year in its accounts. Directors of SDL and others shareholders individually hold maximum shares (i.e, 58% shares) of Shasha Garments Ltd. As the transfer made, a portion of loss of EPCL will be borne by SGL. Now SDL and SGL will account for 44.93% and 37.33% loss of EPCL respectively earlier SDL had to bear 82.29% loss of EPCL. However it is to be informed that SDL had issued corporate guarantee for its loan on behalf of EPCL as sponsor of the Company.

Financial Performance of EPCL during the year

During the year 2022-2023, the company incurred a loss of BDT.168.77 million for paying off interest expenses BDT. 158.65 million and rest amount was for other administrative expenses. The Company didn’t have any revenue as the operation of the company was suspended.

Total liability of EPCL as on 30 June, 2023 was registered BDT. 2,413 million of which Bank Liability was BDT. 1,603.41. Shareholder’s Equity almost eroded due to loss for previous years. Among the total assets, BDT. 1,707.39 million was recorded as accounts receivable from BPDB which is now under litigation.

As a sponsor of EPCL, SDL issued corporate guarantee to the Banks against the loan of EPCL.

Financial Statement of EPCL is given in page # 208-224

Shasha Textiles Limited (STL)

Incorporation

Shasha Textile Ltd. was incorporated as a Public Limited Company on 18th September 2003.

Nature and Capital Structure of the Company

Shasha Denims Limited holds 99.90% shares of STL. Authorized Capital and Paid up Capital of Shasha Textiles Ltd. is Tk. 500 million and Tk. 308.50 million respectively. Total assets of the Company as on 30 June, 2023 was BDT. 1,849 million. among the assets, the value of the land was BDT 1767 million as on 30/06/2023. All lands of the company are remained vacant now. At present there is no plan taken to start factory premises or other facilities in near future. These land of the company had given to banks as security of banks loan of SDL and EPCL

Financial Statement of STL is given in page # 225-235.

EOS Textile Mills Ltd. (EOS)

Shasha Denims Ltd. holds 98% shares of EOS Textiles Mills Limited. The Company was acquired by SDL in 2019. Earlier, it was a sister concern of world reputed Italian company Berto E.G. industria Tessile S.R.L, a 100% export based textile company located at plot # 1-6 & 17-22 DEPZ (Ext.), Ganak Bari, Savar, Dhaka was established on 08 June, 1998. Before acquisition EOS mainly produced toil fabrics and export its to designated buyer of Italy. Its production capacity was 6 million yard toil fabrics per year.

After acquisition, new 66 loom machines were installed in EOS factory to produce denim fabrics. The production capacity of denim fabrics is 7 million yards per year.

New Expansion of EOS Textile Mills Ltd.

There are available spaces inside the factory of EOS Textile. Management of the Company decided to install washing plant in its premises. It is estimated that the plant will wash 2,12,000 piece clothes per year. The plant is installing aiming to meet up partial requirement of Shasha group.

Financial Results of EOS Textile Mills Ltd.

The performance of the company is going better considering previous years. During the last year, EOS textile exported BDT. 868.37 million as against BDT. 803.18 million in the last year. Company registered BDT. 81.42 million profit after tax as against BDT. 64.14 million in the last year. The Management of the company has started new drive to export its product to America. We hope to have a remarkable outcome once the drive gets done successfully.

Total assets of the Company stood at BDT. 2,276.56 million as on June 30, 2023 which was BDT.2,257 million as on 30 June, 2022.

Financial Statement of EOS has given in page 236 to 258

Shasha Garments Limited (SGL)

Incorporation

Shasha Garments Ltd. (SGL) is one of the associate company of Shasha Denims Limited (SDL). At present, SDL holds 42.19% shares of Shasha Garments Ltd. SGL is a 100% Export Oriented Garments Industry located at Hashem Plaza (4th Floor), Ganakbari, Ashulia, Savar, Dhaka. Yearly production capacity of five line Shasha garments Ltd. is 12,00,000 pieces per year.

Nature and Capital Structure of the Company

Shasha Garments Limited is a private limited Company incorporated on 18th November, 1991 under the Companies Act. 1993, the authorized and paid up capital of the Company is BDT. 50.00 million and BDT. 35.55 million respectively.

Financial Results of Shasha Garments Ltd.

By exporting garments wear to Europe, Shasha Garments Ltd. earned revenue BDT 2,135.68 million during the reporting year 2022-2023 which was BDT. 1,751,60 million in the previous year 2021-22. Basically, Shasha Garments Ltd. mainly manufactures denim made products such as denim long pants for Gents, jeans pant, skirt, shirt for women and kids etc.

During the year 2022-2023, Shasha Garments registered net profit after Tax of BDT. 168.92 million which was BDT. 68.45 million in the last year 2021-2022. Total assets of the Company stands at BDT 1,129.03 million as on June 30, 2023; in June 30, 2022 it was counted BDT. 1,120.03 million.

Subsidiaries of Shasha Denims Ltd. didn't declare any dividend during the audited year.

Investment in Fly Dhaka Airlines Ltd.

The miracle growth story of Bangladesh over the last decade has opened opportunities also in airlines business. The country has been moved to middle income country. The people of Bangladesh are now financially affluent to look at air travel as a normal mode of transport opens new windows.

Considering the opportunities, Shasha Denims Ltd. decided to invest BDT. 52,500,000 against 5,225,000 shares per share BDT.10 each (i.e. 26.25% holdings) in Fly Dhaka Airlines with other subscribers. After registration with RJSC, Fly Dhaka Airlines Ltd. applied to concern authorities for necessary approval for operation of the company. But the Company yet receive any permission from concern authorities.

A New Adventure, GA Garments Ltd.

Bangladesh Garments exports have got a new momentum during the last two years. Now Bangladesh has become the 2nd largest garments exporters of the world. In the immediate past 2020-2021 fiscal year, the export grew by 10% to 30.86 billion. Annual growth rate, however, is around 16%. Bangladesh's apparel export has surpassed the \$30.76 billion target set by the Export Promotion Bureau (EPB) for the immediate past FY21 considering previous year export growth and prospect of the industry.

Considering the demand and world's changing scenario, the sponsors of Shasha Group decided to establish a new Garments Factory in the name of "GA Garments Ltd." which was incorporated on 15th March, 2023. Subsequently, Shasha Denims Ltd. proposed GA Garments Ltd. to establish its garments factory in its plots nos. 94-101, DEPZ (Ext.), Saver, Dhaka as these plots were laying idle since long. It was agreed that GA garments would issue 1,30,00,000 shares of Tk. 10 each by way other than cash in favor of Shasha Denims Ltd. and pay Tk.12,00,00,000 (twelve crore) to Shasha Denims Ltd. by cash/bank transfer in exchange of assets on these plots,. Accordingly an agreement was signed between Shasha Denims Ltd. and GA Garments Ltd. The proposed transfer/sell of assets to GA Garments Ltd. was placed to the Shareholders for their approval in its EGM held on 05 June, 2023. The shareholders approved the proposal to transfer/sell of assets to GA Garments Ltd in the EGM.

Later GA Garments Ltd. allotted 1,30,00,000 shares of Tk. 10 to Shasha Denims Ltd. According to the transfer Shasha Denims Ltd. has become 86.67% owner of GA Garments Ltd. which is certified and recorded by RJSC. Moreover, BEPZA transferred these plots to GA Garments Ltd. considering the agreement signed between GA Garments Ltd. and Shasha Denims Ltd.

The proposed project will be 11 line garments factory with yearly production capacity 18,750 pcs per day. The project will be equipped with brand new imported machineries from Europe. Estimated project cost is BDT 939 million including exiting civil cost of BDT. 250 million. According to the plan, it is estimated that yearly revenue would be more than BDT. 4,000 million and company would generate more than 2000 employment in the proposed factory.

Going Concern

The Board of Directors have reviewed the Company's present and potential business growth, performance, extension progress, liquidity, financial arrangement as well as overall business plans, strategies & become highly satisfied to see that the Company has adequate resources to continue its operation in the foreseeable future.

They are also pleased to find that the company has appropriate evident about going concern assumption and there is no material uncertainty in preparing the Financial Statements. And also there are no significant doubts or threats upon the Company's ability to continue as a going concern.

A separate report highlighting key financial track record, good practices in business and operations indicating to continuity as a going concern has been set out with this Annual Report.

A report on the going concern is given in page # 93-94

Enhancement of Authorized Capital and Issuance of Preference Shares

The Board of Directors of Shasha Denims Ltd. in its meeting held on 26 October, 2023 decided to Issue Redeemable, Cumulative, Non-Convertible, and Non-participate Preference Shares amounting up to BDT. 1,000 million to refinance the existing loans with preferences shares subject to approval from shareholders of the company in the AGM and Bangladesh Securities Exchange Commission.

In this regard, it is required to Enhance the Authorized capital from BDT. 225,00,00,000/= (divided into 20,00,00,000 ordinary share of Tk. 10/- and 2,50,00,000 redeemable preference shares of Tk. 10/- each) to BDT 300,00,00,000/= only (divided into 20,00,00,000 ordinary share of Tk. 10/- each and 10,00,00,000 redeemable preference shares of Tk. 10/-).

Risk Management

Risk management refers to the practice of identifying potential risks in advance, analyzing those and taking precautionary steps to reduce/curb the risk. In the textile industries, various risks are encompassed around it.

The risks may have adverse effect in the Company's sales and profit. Mostly, the risk arises from falling demand for the product, shortage of power, workers' unrest, raw material shortage and high price along with other relevant situation such as interest rate risk, foreign exchange risk, technological risk, market risk, political risk and other regulatory risks as well.

The Company is aware of its risks concern and well prepared to meet those by systematic control. The denim industry of Bangladesh is hovering to enter a new era with massive expansion and significant up-gradation buoyed by confidence of global buyers and also troubles in China and Turkey.

Over the years, SDL has become one of the biggest giants in denim business of the country. A great deal of marketing and modifications in production and a dynamic administration of management have led SDL to create a customer base of around 131 local buyers. To produce quality denim, SDL imported and installed world class machineries in its factory.

Fundamental Principles of Risk Management Philosophy of Shasha Denims are:

- Effectively managing & monitoring credit, interest rate, liquidity, market & operational risk and providing for appropriate allocation of capital amongst the types of risk
- Managing risk in a forward-looking manner and identifying & analyzing those risks from the beginning with the help of steering risk strategies, models and parameters
- Creating maximum value for the shareholders, depositors and employees in the long term
- Being capable to meet up the current market's need by delivering the world class products also having a strong financial footing as well as establishing business relations amongst customers & the stakeholders that will last for many years, and as such, creating a brand image within the industry that harmonize the sustainability in growth momentum.
- Besides, efficiently managing of inventories, proper sourcing & timing, economic order quantity and handling credit facilities with the most organized way reducing SDL's cost of procurement. For power and electricity, Shasha is totally independent enabling itself to ensure low cost energy and uninterrupted production process.
- Greatly complying with the guiding principles of Bangladesh Textile Mills Association (BTMA)

Human Resources Development

Always giving the maximum focus on the right placement of right people, we strongly believe that the efficient management & skilled workers are our greatest assets as their efforts and performances are truly priceless and as such, they are recognized as the 'Building Blocks' of the Company.

We continue investing in our people to enhance and upgrade their skills sets through conducting research and development and on-the-job training programs.

We have found that sensitivity to the needs and aspirations of individual employees is as conducive to successful human resource management as an accurate assessment of employee capabilities, potentials and attitudes.

We value the contributions of what each employee exerts towards the organization and adopt policy to reward them accordingly through providing various financial and non-financial benefits.

Corporate Governance

Corporate Governance is the system through which companies are directed, guided and controlled by the Board, keeping in view its accountability to the Shareholders. The Board of SDL always focuses on ethics, innovation and transparency.

The Company always nurtures to continue with its habitual well-founded corporate governance within the Company in order to ensure a continuous profitable return to its shareholders as well as uphold a solid reputation to its clients & the partners.

Shasha Denims strives to maintain full compliance with the laws, rules and regulations that govern its business and keep pace with the highest standards.

The main objective of SDL's corporate governance is to develop a strong, sustainable and competitive Company in the best interest of its Shareholders, employees, business associates, other stakeholders and the society at large.

SDL believes that a successful value added business could be achieved by developing a conspicuous reputation based on clients' satisfaction, business practices and communication with the market and of course with due care on transparency and ethical standards.

A separate report on Corporate Governance is attached with this Annual Report.

Related Party Transaction

Compliant steps have been taken by the Board to avoid any conflict of interests that may arise in transacting with related parties as per the definitions of IAS & IFRS. A statement of related party transaction has been presented in note # 42 on page # 205 with this report.

Shasha Denims Ltd. has investment in its associate companies, maximum which is non-operative. Details of investment in associate Companies are shown in page # 186 of Financial Statements of the Company.

Events Occurring After the Reporting Date

As at the date of this report, the directors are not aware of any matter or circumstance that has arisen since the end of the year 2022-2023 that has significantly affected or may significantly affect the operations of the company.

The results of its operations or its state of affairs are not already reflected in this report other than dividend declaration and investment in GA Garments Ltd.

Management

The Management of SDL always tries to improve the production process and human resources by investing in R&D and on the job training programs. SDL's Management is led by its Chairman who has inherent qualities and a great sense of value and direction in business policy formulation and strategic management that made him successful in every sphere of his life.

Managing Director continues as per track records in leading the team and the company during his tenure from the beginning till now and is also responsible to oversee the day to day operations of the business.

Director (Operation) is the Head of Factory. Including day to day operations of the business, he is directly involved in the company's merchandising, procurement, production and whole procedures and finally responsible to report to the Managing Director.

Director (Finance) is the Head of Head Office. He is the reporting authority of the Company's Accounts Department, Commercial Department and Treasury Department. He is also responsible to report to the Managing Director.

There are different departments within the Company to perform different activities. Departmental Heads have significant experiences in relevant business areas and are accountable to monitor respective departments' operations. The Company is managed by a team of qualified and experienced professionals in a harmony with the strategy of the Board of Directors. The Company has formed various committees to oversee different internal issues.

Including subsidiaries and Associates, total 2,739 nos. employees and staff were working in the Shasha Group during the last year. Among them total manpower of SDL, EOS and SGL had 1,187 nos, 220 nos and 1,112 nos manpower respectively.

Including different fringe benefits; the employees of SDL enjoy the following benefits- Provident Fund, Gratuity, Festival Bonus, Profit Sharing Facility, Production Bonus, Incentives, Annual Increment and Transportation Facility etc.

Appointment of Auditors

M/S Pinaki & Company, Chartered Accountants, Ahsandell, 2/A, Mymensingh Road (2nd Floor), Shahbag, Dhaka-1000 was appointed as the External Auditor of the Company by the shareholders in 25th AGM held on 20 December, 2022. M/S Pinaki & Company, Chartered Accountants carried out the audit for the year 2022-2023 credibly. As this is their 3rd year Audit for Shasha Denims Ltd.

As per Corporate Governance Guideline M/S Pinaki & Company is not eligible for reappointment. Accordingly the Board proposed the name of M/S A. Qasem & Co. Chartered Accountants having Gulshan Pink City (Level-7), Plot # 15, Road # 103, Gulshan Avenue, Dhaka-1212. as new External Auditor to conduct the audit of the financial statements of Shasha Denims Ltd. for the year 2023-2024 which will be placed in the 26th AGM for shareholders' approval.

Independence of External Auditor

The Company's external auditors are prohibited from non-audit as prescribed by the Bangladesh Securities and Exchange notification No. BSEC/CMR-RCD/2006-158/207/ Admin/80, dated 3 June, 2018. The external auditors are not engaged to conduct other services like Taxation Service, Actuarial Service, Internal Audit Service, Broker-Dealer Services etc.

SDL's Taxation matters are performed by its own staff, legal matter is performed by M/s Satter & Co. and M/s Anil Salam Idris & Co., Chartered Accountants has conducted the corporate governance audit of the company.

Appointment of auditor/firm to issue a report on compliance on Corporate Governance Code

M/s Anil Salam Idris & Co., Chartered Accountants has conducted the audit on corporate governance code for the first year. Now the Board has decided to reappoint M/s Anil Salam Idris & Co. Chartered Accountants as the compliance auditor for the year 2023-2024. Accordingly, Anil Salam Idris & Co. Chartered Accountants has been proposed to conduct Corporate Governance Audit for the year to be ended on 30 June, 2024. The proposal has been placed to the 26th AGM for shareholders' approval.

The report as well as certificate regarding compliance conditions of this Code as required under condition no. 9 is hereby disclosed as per Annexure-B and Annexure-C, which are given in page# 96 and page# 100

Composition of the Board of Directors

The Board is comprised of five Directors including Managing Director and two independent Directors. Mr. Anisul Islam Mahmud is one of the Sponsor Directors. Ms. Zareen Mahmud is the Shareholder Director and Mr. Shams Mahmud is the Managing Director of the Company. Mr. Md. Shahadat Hossain FCA and MBM Lutful Hadee LL.B LL.M M.Com FCA are the Independent Directors.

The Board of Directors is a good mixture of talents skills and expertise to provide prudent guidance with respect to the operations of the Company.

Directors' Re-Election

In accordance with the provision 124 of the Articles of Association of the Company, one-third of the number of existing Directors will retire by rotation in the Annual General Meeting according to seniority.

Hence, **Mr. Anisul Islam Mahmud** representing one-third of the number of existing Directors will retire in the 26th Annual General Meeting and as eligible, she will be re-elected for the same position taking approval from the Shareholders.

Board Meetings

The Board of Directors met 7 times during the year to discuss various issues i.e, business expansion, production, sales, efficiency of machineries, review matters relating to the operation and review of quarterly/half yearly/yearly financial result of the Company.

In order to accelerate the performance of the Company-both operational and financial; the Board had to take a number of important decisions. The Board formed a Sub Committee named Audit Committee. During theyear under review, Audit Committee Meetings were held in different time to assist the Board to go for discussion as well as ultimate decisions on respective issues.

Directors' Fee & Remuneration

The Directors who are engaged in the Company's day to day operations are receiving remuneration and other benefits from the company. During the last year Mr. Shams Mahmud, Managing Director and Ms. Zareen Mahmud Hosein, Director got remuneration for their operational services in the Company. Each of the Director got 5,40,000 per month from the company. Details remuneration of the Directors as disclosed in the Financial Statement at Notes 29 Independent Directors are paid only attendance fee of 15,000/- for attending per meeting. Chairman of the company did not get any remuneration and director's fee from the company.

Appointment of the Managing Director

Being eligible, Mr. Shams Mahmud was re-appointed as the Managing Director of the Company for the 3rd term for next 5 years by the shareholders in its 25th AGM held on December 20, 2022.

Audit Committee

As required by the BSEC, the Board of Shasha Denims Ltd. constituted an Audit Committee. At present, Mr. Md. Shahadat Hossain FCA, Independent Director of the Company is leading the committee along with other general members- Ms. Zareen Mahmud FCA and Mr. MBM Lutful Hadee FCA.

The details of the Audit Committee including responsibility, qualifications, functions and their report on the financial statements are given separately in the 'Report on the Audit Committee'.

A separate report on the Audit Committee is given in the page # 119-120

Statement of Directors on Financial Reports

The Directors in accordance with BSEC Notification No. BSEC/CMRRCD/2006-158/207Admn/80 dated June 03, 2018 confirms compliance with the financial reporting framework for the followings:

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and the Securities & Exchange Commission Rules, 1987, the rules and regulations issued by the Bangladesh Bank from time to time and other applicable laws and regulations. These statements present fairly the Company's state of affairs, the result of its operation, cash flows and statement of changes in shareholder/equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting standards, as applicable in Bangladesh have been followed in preparation of the financial statements.

- e) Internal Control System is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the ability of the Company to continue as a going concern.

Shareholding Pattern

The shareholding pattern as on June 30, 2023 as per BSEC Notification No. BSEC/CMRRCD/2006-158/207Admn/80 dated June 03, 2018 is shown at annexure-1 (page #65).

Status of Compliance on Corporate Governance

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification BSEC Notification No. BSEC/CMRRCD/2006-158/207Admn/80 dated June 30, 2018 issued under section

2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented on page No.101-114

Unclaimed or Undistributed or Unsettled Dividend

Bangladesh Securities and Exchange Commission issued a directive no. BSEC/CMRRCD/2021-386/03 dated 14 January, 2021 and Bangladesh Securities and Exchange Commission

(Capital Market Stabilization Fund) Rules, 2021 to transfer unclaimed or undistributed dividend to the capital market stabilization fund. In compliance with the circular, Shasha Denims Ltd. deposited unclaimed IPO subscription amount and unclaimed dividend amount for the year up to 2018-2019 to the 'Capital Market Stabilization Fund.

Details break up of unclaimed dividend and transferred to CMSF is as under:

| Year | Number of Shareholders | Unclaimed Dividend amount | Amount transferred to CMSF | Date of Transfer |
|---------------------|------------------------|---------------------------|----------------------------|------------------|
| IPO Subscription | 492 | 3,437,700 | 3,437,700 | 29/08/2021 |
| 2014 | 2,730 | 1,457,883.21 | 1,460,552 | 31/08/2021 |
| 2015-2016 (Interim) | 1,822 | 545,026.35 | 545,377 | 31/08/2021 |
| Final | 1,585 | 752,259.43 | 762,851 | 31/08/2021 |
| 2016-2017 (Interim) | 848 | 444,548.97 | 449,320 | 31/08/2021 |
| Final | 573 | 453,864.46 | 461,740 | 31/08/2021 |
| 2017-2018 | 696 | 4,40,376.04 | 412,057.29 | 28/03/2022 |
| 2018-2019 | 1,084 | 3,52,989.74 | 310,943 | 17/05/2023 |

Break up of unclaimed dividend remained with Company are as under:

| Year | Number of Shareholders | Unclaimed Dividend amount | Remark |
|-----------|------------------------|---------------------------|--|
| 2018-2019 | | 42,046.25 | The figures of 2018-2019 transferred to CMSF fund but this amount yet to be paid |
| 2019-2020 | 1,180 | 389,713.94 | |
| 2020-2021 | 938 | 459,552.45 | |
| 2021-2022 | 970 | 781,258.55 | |

Details break up of unclaimed/unpaid dividend including name and BO wise shareholders list are given in Shasha Denims website.

Nomination and Remuneration Committee (NRC)

In pursuance to the company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the company; in terms of provision of 6 of Bangladesh Securities and Exchange Commission notification dated 3 June, 2018, the company in its 86th Board Meeting held on 27 October, 2018 formed first Nomination and Remuneration Committee headed by Company's Independent Director Mr. Syed

MayeenulHuq. At present Mr. MBM LutfulHadee FCA is the chairman of Nomination and Remuneration Committee.

A separate report contains details on the NRC Committee is explained in the page # 121-124

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an act of incorporating environmental and social concerns into a company's planning and operations. With the progress of time, it is becoming an integral part to attain long term sustainability and business growth for a large number of companies around this competitive corporate world.

To exist in this business world and navigate towards a better society, SDL is highly desirous to become such a Company

that makes positive contribution to the society through business activities and social investments. In a society; like each individual, every business entity has also their own responsibilities to the society where they live or operate.

As one of the leading denim manufacturers of Bangladesh, Shasha Denims is excessively aware about CSR and acts accordingly across a broadened sphere.

The Company concerns about CSR pertaining every sensible arena. In parallel, we are also observant to conduct ethical business operation, employees' right and welfare issue, underprivileged human being of the society-their health & education, the environment related issues and many more.

SDL takes utmost care and priority in participating CSR activities; accordingly the Company established 'SHASHA FOUNDATION' to help the nation's poor and deprived individuals. The Foundation provides monetary assistance to the financially challenged brilliants of different sectors & also health care support to the poor populaces of the country.

We realize that sustainable development is a continuous procedure. We are well positioned & prepared to work for the society compliant with our responsibilities in a way of short, medium and long-term.

A separate report on Corporate Social Responsibility is enclosed herewith this annual report.

Health & Safety

Shasha Denims provides the best Health & Safety Policy to its employees/workers based on SDL's Corporate Business Principles and the Management and Leadership Principles which is cautiously maintained by the whole Shasha Group and also committed to continual improvement of the standards of the policy.

The Company ensures maximum safety in its entire business operations that meets or exceeds the requirements where all activities are operated considering the highest security and safety from all types of possible accidents as well as the protection of the people at work place.

For ensuring maximum safety, while working inside the factory, it is mandatory for every staff dressing up with safe and protected uniforms such as i.e, aprons, gloves, helmet, boots and other necessary safety wears for the utmost care and security.

We commit to identify systematic hazards and manage them with appropriate risk assessments and subsequent actions to minimize the possible dangers. These approaches also reduce threats on the business protecting our shareholders' interests and so on.

Business Principles

SDL now has become a reputed brand in the denim industry for innovation, performance and meeting fashion craze of the clients. Integrity, sincerity and fair business dealings are the key elements of this long term success that subsequently made bondage in retaining long-standing affiliations with our valued clients.

An important aspect of Shasha growth policy is its commitment to sustainable development. The Company pursues efficient industrial processes to create value for the staffs, shareholders, to protect the environment to show respect for societies and cultures.

Besides, the Company is an equal opportunity employer. It employs based on an individual's merit only. It does not discriminate on irrelevant criteria such as color, race, gender, religion, ethnic origin etc.

All of our employees are instructed to behave courteously and be respectful to others treating those impartially during delivering their words as well as performing duties based on Shasha's ethical principles. This is how we manage our business and maintain high standard all the time.

Our Board, Management Team and the employees strictly follow & support the regulatory guidelines, instructions and all applicable laws, rules and regulations provided by the concerned Authorities.

Our motto is to grow with our esteemed clientele and stakeholders harmonizing a good acquaintance and also provide them nothing less than the best.

Outlook 2023-2024

Overcoming all hardships, Bangladesh is surprisingly in the top supplier position for denim clothing for both the US and EU. This path was not so easy; there were a lot of ups and downs in the denim market. But now, the local and global fabric makers and technology providers see a bright future of the Bangladesh denim sector as Global fashion brands are increasing their purchasing from Bangladesh and most of the denim fabric makers in the country are adopting new technologies to obtain more global orders.

The Bangladesh denim Industry is currently one the top producer of denim in the European Union & United States surpassing China & other competitive countries.

Bangladesh is now exporting more than 6 billion \$ worth denim jeans products to the World. Already topping the largest denim jeans market of the world in USA and EU, now time is to step on the gas to increase our earning with more expansion and value addition. During the pandemic apart from Vietnam, every potential manufacturers of denim jeans registered negative growth. Nevertheless, in the latter half of 2020, Bangladesh exported the highest amount of denim products, indicating the resilience of the industry.

The shift of orders from China and the rise in production cost in competitors' countries will help Bangladesh in boosting the denim industry to grab more market share. However, some challenges still exist in the textile sector of Bangladesh.

Challenges Exist in BD Denim Industry

- Power crisis increases
- Ongoing Ukraine-Russia war
- Global retailer lower price offer

- Competitors producing diversified trendier & fancy items
- Corruption lead foreigner to source alternative sources
- Lack of most modern automated weaving & sewing machines
- Workers mindset of staying traditional procedure
- Fear of taking short lead time order
- Increasing production price, vat & tax, no free access etc.

Although challenges exist, still there are huge scopes of development and value addition in the denim industry. Vigorous R&D is now on the card to innovate new products and finishes for further diversification.

Following are some refined suggestions for the coping up the challenges.

Expansion: More investment in the denim sector and to increase the capacity of both denim fabric and denim jeans manufacturing

Energy Policy: Denim mills are a huge establishment with huge electricity requirement. Priority gas connection and other energy regulations are required to ease up the burden of utility costs

Innovation and R&D: Concentrated product innovation to develop new products; R&D for process improvement, cost reduction and productivity improvement.

Branding: We need indigenous brands to promote Bangladesh with new dimensions; only manufacturing can continue for decades.

Market Innovation: Need to look for new denim markets apart from only USA and EU to avoid over dependency; market sustainability can be achieved with proper exploration of the global market.

All the suggestions described here are very possible to achieve if proper strategy can be made and assign right people the right responsibility. We need to brand our denim sector in a new way to gain more credibility and attraction of the foreign buyers. A two-way intervention is required to develop the industry to the next level. One way takes us to more productivity, cost effectiveness and resiliency. Another way to add more value with product innovation, market innovation and branding. If everything clicks, a great future is awaiting for denim industry.

At Shasha Denims, we expect good return from recent investment and new marketing strategy in EOS Textile Mills Ltd. as well as initiation of GA Garments Ltd.

We are highly optimistic to have a blast in profit generation from all of our investments-the newly expanded manufacturing division, freshly launched GA Garments Ltd. and existing other wings.

Looking ahead, we remain committed to delivering sustainable growth while maintaining our focus on risk management and corporate governance. We will continue

to investing in new technologies to meet the trendy needs of our customers as well as deliver maximum dividends to our stakeholders, accordingly grab more market shares as we have sailed together to flourish the fashion landscape across the globe.

A separate report on Future Prospects is enclosed herewith this annual report.

Thankfulness

With each passing year, we increasingly recognize just how important our stakeholders are to our sustainable growth journey. The most heart-warming aspect of financial year 2022-2023 has been the realization that Shasha Denims overcame the challenges that surfaced during this prolonged pandemic and also the dreadful Russia-Ukraine war and emerged more determined than ever to achieve its goals.

Interdependency and interconnectedness of organizations and their ecosystems, as well as the power of multi-stakeholder collaborations and cooperation made it viable to us.

Bearing this in mind, I would like to thank all our stakeholders for their continued and invaluable support extended to our Company. A special note of appreciation to my fellow colleagues on the Board and to our senior leadership team.

Again I am thankful to the Ministry of Commerce, Government of the Peoples' Republic of Bangladesh; Bangladesh Securities & Exchange Commission (BSEC); National Board of Revenue (NBR); Registrar of Joint Stock Companies & Firms (RJSC); Dhaka Stock Exchange (DSE); Chittagong Stock Exchange (CSE); the regulatory authorities-Bangladesh Textile Mills Association (BTMA), Bangladesh Export Processing Zone Authority (BEPZA) also other regulatory bodies who were the partners in the growth of our Company and of course the lead bankers. Your ongoing support and guidance are tremendously appreciated. Finally, my sincere appreciation to all in the Shasha team who continue to uphold our core values and, in doing so, add value to all the lives we touch in one way or another.

We look forward to your continuous support and best wishes for meeting the future challenges awaiting us in this fiercely competitive market and satisfying ever-increasing expectation of our customers, patrons and well-wishers. We will continue to keep it in the front and center of all our decisions.

Thank you for the faith and trust reposing in us.

On behalf of the Board of Directors



Anisul Islam Mahmud
Chairman

ANNEXURE-1

Shareholding Pattern of Shasha Denims Ltd. showing Parent/Subsidiary/Associated companies and other related parties as on 30-06-2023.

| Particulars | Position | No. of Shares hold | % |
|---|-------------------------|--------------------|---------|
| Directors and Sponsor | | | |
| Mr. Anisul Islam Mahmud | Chairman & Sponsor | 34,167,445 | 24.226% |
| Mr. Shams Mahmud | Managing Director | 15,029,648 | 10.656% |
| Ms. Zareen Mahmud FCA | Director | 3,781,713 | 2.681% |
| Mr. MBM Lutful Hadee FCA | Independent Director | - | - |
| Mr. Md. Shahadat Hossain FCA | Independent Director | - | - |
| Ms. Parveen Mahmud | Spouse of Chairman | 9,646,535 | 6.839% |
| Shasha Garments Ltd. | Associate Company | 373,753 | 0.265% |
| Mr. Aslam Ahmed Khan FCA | Company Secretary | - | - |
| Mr. Md. Ahasanul Haque | Director, Finance & CFO | - | - |
| Mr. Mohammad Anamul Hasan | Head of Internal Audit | - | - |
| Mr. Mohammad Jamal Abdun Naser | Director, Operation | 7,67,688 | 0.544% |
| Mr. Rafiqul Alam | GM | 10,500 | 0.007% |
| Mr. Syed Mohammad Hassan | GM | 64,984 | 0.046% |
| Mr. Mazharul Islam Bhuiyan | GM | 35,000 | 0.025% |
| Shareholders Holding 10% or more voting interest in the Company | | | |

Involvement of the Directors in other organization (s)

| Sl. | | Directorship | Position in the Company |
|-----|---|---|---------------------------|
| 1 | Mr. Anisul Islam Mahmud Chairman | Energis Power Corporation Ltd. | Chairman |
| | | Shasha Textiles Limited | Chairman |
| | | EOS Textile Mills Ltd. | Managing Director |
| | | Fly Dhaka Airlines Ltd. | Managing Director |
| | | GA Garments Limited | Director |
| | | ShashaSpinnings Limited | Shareholder |
| 2 | Mr. Shams Mahmud Managing Director | EOS Textile Mills Ltd. | Director |
| | | Shasha Garments Ltd. | Director |
| | | Shasha Textiles Ltd. | Managing Director |
| | | ShashaSpinnings Ltd. | Director |
| | | Shasha Apparels Ltd. | Director |
| | | Energis Power Corporation Ltd. | Director |
| | | Shasha Telecom Ltd. | Director |
| | | Form Icon Ltd. | Director |
| | | Aim Vision Ltd. | Director |
| 3 | Ms. Zareen Mahmud FCA Director | Trade Matrix Bangladesh Ltd. | Managing Director |
| | | Fly Dhaka Airlines Ltd. | Director |
| | | GA Garments Ltd. | Managing Director |
| | | Shasha Textiles Ltd. | Director |
| | | ShashaSpinnings Ltd. | Director |
| | | Shasha Apparels Ltd. | Director |
| | | Shasha Garments Ltd. | Director |
| | | Shasha Telecom Ltd. | Director |
| | | Form Icon Ltd. | Managing Director |
| | | HerStory Foundation | Executive Director |
| | | Aga Khan Foundation Bangladesh | National Committee Member |
| | | Ghashful | Member |
| | | Fly Dhaka Airlines Ltd. | Director |
| 4 | Mr. Md. Shahadat Hossain FCA Independent Director | MABS & J Partners Chartered Accountants | Senior Partner |
| 5 | Mr. MBM Lutful Hadee FCA Independent Director | Hadee Lutful & Co. (HLC), Chartered Accountants, | Proprietor & CEO |



RISK MANAGEMENT

RISK MANAGEMENT & SUSTAINABILITY ANALYSIS

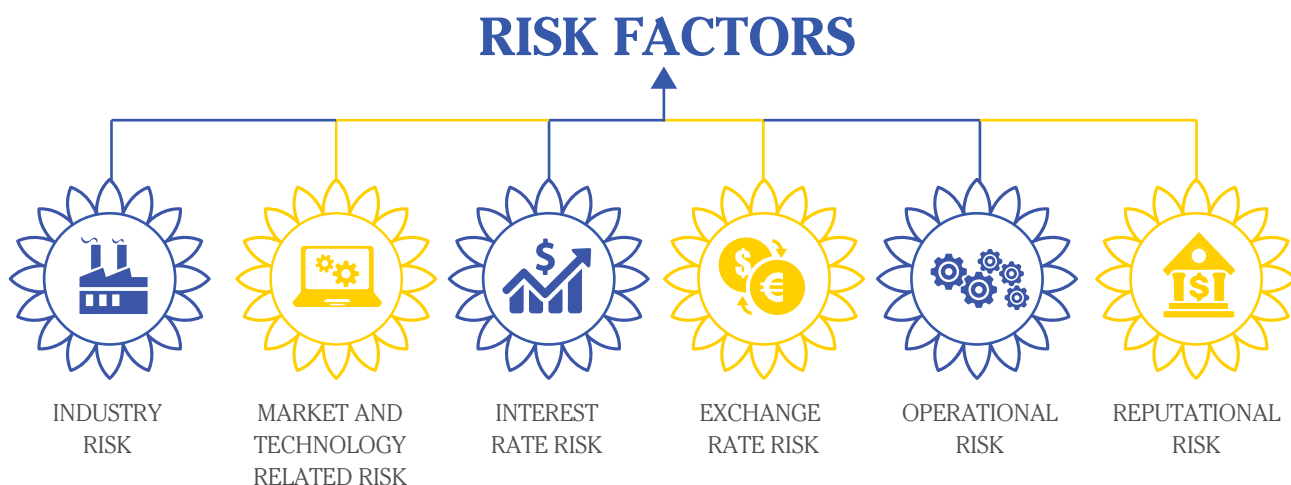
Every business and organization face some risks which are the reasons to happen the unexpected and harmful events that can cost the company to have financial losses or a cause even to turn it into shutdown. Effective management of risks enhances the Company's ability to achieve business target, market share, procurement, financials and social goal and to meet its legal and compliance requirement, thereby protect and enhance the shareholders' value.

Shasha Denims Ltd. is also undergone through a variety of risks that are inherent in carrying out the business activities. Shasha's risk management process enables management to identify, manage and prepare for risks in an informed,

controlled and transparent manner. The Company is committed to manage those risks that arise in the course of the business to an acceptable level so that it could maximize the opportunities and minimize the impact.

The Board of Directors of Shasha Denims Ltd. has overall responsibility of managing risks. Whilst the Board approves and reviews risk management policies and strategies of the company, the management establishes the procedures to execute the policies and strategies as well.

The risks which encompass with the Company are exposed to and how the company manages those risks are discussed in the following:



(A) INDUSTRY RISK AND CONCENTRATION OF INDUSTRY RISK

1) Market Demand

Market Risk is the Risk which may happen when market demand is fallen. Company's sales and revenues are dependent on the aggregate demand of its products. Any economic recession, changes in requirements, national income and other related factors may cause to decline the market demand of the Company products.

Management Perception

Strong brand loyalty of the Company's products to its customers has enabled the Company to capture significant market share in the sector. Additionally, the Company is continuously penetrating into the market and upgrading the quality of the products to minimize the market risks.

2) Competition and Globalization Effects

SDL is operating in a free market economy regime. The Company might have to face stiff competition from its competitors. Easily availability of global products in the local markets adds to the competition, challenging the profitability of the business.

Management Perception

Bangladesh is the prime source of cheapest labor in the world, gaining comparative advantages for its industries over their global competitors. Other overhead costs are also low in Bangladesh. As a result, the Company has been able to maintain its cost of products as most competitive. Moreover, over the last few years the Company has built a trustworthy relationship with its customers which helps the Company avoid competition with others.

3) Raw Materials and Energy Costs

Instability in raw materials and energy costs may hamper the profitability of the Company significantly. A recent government decision regarding escalation of electricity prices will put a huge pressure on the product cost in the local businesses.

Management Perception

Our management believes that efficient management of inventories, proper sourcing & timing, economic order quantity and efficient handling of credit facilities can reduce the cost of procurement. For power and electricity, SDL is totally independent, enabling itself to ensure low cost energy and uninterrupted production process.

B) Market and Technology Related Risks

1) Market risks refer to the risk of adverse market conditions affecting the sales and profitability of the Company. Such as, shortage in raw material supplies, inefficient labor supplies,

fall in product demand, etc. which signifies the adverse external and internal business environment. Those types of risks may impede the success of the business.

Management perception

The Company operates in the back-ward linkage industry of Garments Sector in Bangladesh. The product of the Company (denim fabric) is ultimately consumed by the garment manufacturers, who finally export their finished goods to the foreign markets. Examples of SDL's ultimate consumers include such world renowned brand name as H&M, O'STIN, Esprit, Debenhams, Marks & Spencer, LPP, Pull & Bear, S. Oliver, Zara, Bestseller, River Island etc.

It is notable that Bangladesh has recently been one of the prime denim producers in the world because of its low cost and superior quality. Therefore, aggregate demands of the Company products remain always at high.

2) Technology risks stems from the contemporary changes in the technology which make the existing technology obsolete or reduces its cost efficiency compared to that of the competitors. New entrant may come forward with a more sophisticated technology which can give a threat to the cost efficiency of the company.

Management perception

The plant and machinery implanted in the company's manufacturing plant, which are imported from world renowned brand name, are efficient and cost effective in its kind. The management of the company is aware of any technological changes in the future.

C) Interest Rate Risks

The company is exposed to volatility of market-wide interest rates of bank loans. Due to several macroeconomic and market driven factors, interest rates on short term and long term bank loans may fluctuate over time.

Inflationary pressure, increased demand for bank loan, increased volatility in money market, restrictive monetary policy, increased Government borrowing from banking sector, etc. may compel the company's loan giving institutions to increase their interest rates. If the interest rates are increased beyond what the Company expects, then its cash flow and profitability will be affected adversely. This would also affect its value of shares.

Management Perception

The management of SDL always emphasizes on the management of its finance to maintain an optimum capital structure of the Company, so that the cost of capital remains minimum. The management prefers procuring the long-term fund with minimum fixed interest rate and the short-term fund with reasonable competitive rate. In addition, the

management of the Company has decided to liquidate a part of its outstanding bank loan with the IPO proceeds to reduce the interest burden of the Company and to keep the Gearing Ratio at a satisfactory level.

D) Exchange Rate Risks

A business involved in overseas transactions may face a potential loss arising from fluctuation of foreign currency rates. The loss may be aggravated due to consistently downwards trends of Bangladesh Taka against other foreign currencies.

Management Perception

SDL settles its foreign transaction through US Dollars both for the export and import. While the value of functional currency fluctuates, the loss or gain arising from currency fluctuation for export automatically sets off against the loss or gain arising currency fluctuation for import. As the value of export is always greater than the value of import, some balance is created in the foreign currency transaction. Furthermore, the Company is contemplating about setting a system of hedging on foreign currency transactions in the future.

E) Operational Risks

Possible failure of human resources, failure of the production systems, inefficient internal control procedures and most

importantly, being a first mover in the industry may cause for the Company to make it a total unsuccessful venture.

Management perception

SDL has some key experts in this field who have academic and practical knowledge and also highly trained. We have also a system of on-job training facilities so that the employees can have the opportunity to reshape their skills. Most importantly, SDL has procured latest technology and world famous brand machinery for its plant to ensure smooth operation of the production process. Finally, our research team is dedicated to continuous developments of our products to satisfy the customers demand perfectly.

F) Other Risk Factors

The Company may face by other risk factors i.e. a) Potential or Existing Government Regulations b) Potential Changes in Global or National Policies c) Political Unrest d) Natural Climates and e) Possible Slowdown in Economic Growth in Bangladesh etc.

The significant risks in the Company's business were reviewed, monitored and reported and mitigating measures were evaluated by the Board and Management on a regular basis.

VALUE ADDED STATEMENT

For the year ended on 30 June, 2023

Value Added Statement is a financial statement that shows wealth created by an organization and how is that wealth distributed amongst various stakeholders. Value

added statement can also be defined as the difference between the value that the customers are willing to pay for the finished goods and the cost of materials.

| Description | 2022-2023 in Mn. BDT. | 2021-2022 in Mn. BDT. |
|--|--------------------------|--------------------------|
| Export Revenue | 8,749 | 9,374 |
| Total Operating expenses | 8,602 | 10,486 |
| Depreciation Expenses | 285 | 298 |
| Staff Cost | 775 | 598 |
| Operating expenses excluding staff cost & Depreciation | 7,542 | 8363 |
| Value Added | 1,207 | 1,011 |
| Distribution of Value Addition | | |
| Employees as salaries & Allowances | 775 | 598 |
| Government as tax on income | 105 | 72 |
| Shareholders as dividend | 67 | 141 |
| | 1,021 | 811 |
| Retained for expansion & future Growth | | |
| Value retained in business | (99) | (1324) |
| Impairment Loss | - | 1226 |
| Depreciation | 285 | 298 |
| Amount Distributed | 1,207 | 1,011 |
| Number of employees at the end of the year | 2739 | 2557 |
| Value created per employees in Mn BDT. | 0.44 | 0.40 |
| Number of Shares | 141 | 141 |
| Value created per share | 8.56 | 7.17 |

MARKET VALUE ADDED STATEMENT

For the year ended on 30 June, 2023

Market Value Added (MVA) reveals the Company's external performance evaluated by the market through the share price of the Company.

Market value added (MVA) is a calculation that shows the difference between the market value of a company and the capital contributed by all the investors, both the bondholders and the shareholders. In other words, it is the sum of all capital claims held against the company plus the market value of debt and equity.

Companies with a higher MVA are attractive and a good indication. It shows that the company has created substantial wealth for their shareholders. A negative MVA means that the value of management's actions and investments are less than the value of the capital contributed to the company by the capital market (or that wealth and value have been destroyed).

The following statement illustrates how the MVA has been calculated for the year ended June 30, 2023 and June 30, 2022.

| Description | 2022-2023 in Mn. BDT. | 2021-2022 in Mn. BDT. |
|------------------------------------|--------------------------|--------------------------|
| Market Price Per Share | 27.00 | 28.70 |
| Number of Shares | 141,035,910 | 141,035,910 |
| Market Value of the Company | 3,807,969,570 | 4,047,730,617 |

CONTRIBUTION TO THE NATIONAL EXCHEQUER AND ECONOMY

A Corporate House is presumed to have some inherent involvement with the people, the nation or the economy as a whole while performs business. It has some certain responsibilities towards the society, the government on ruling, stockholders directly or indirectly attached with the organization.

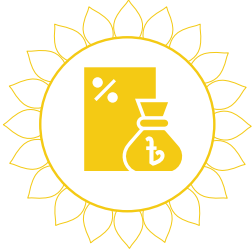
Those may be performed responsibly through contributing as payment tax, VAT, levy, excise duty, surcharge, savings development, creating employment, donation to the government fund, contribution in CSR, implementation of government policies, contribution to the national yearly budget etc.

We aspire to be known as an organization that builds enduring relationship with and delivers value to our customers, shareholders, employees, government and community where we do businesses.

As a shareholder, you would be proud to have your Company's contribution towards the Country. The Company is now all set to contribute more to the national economy in the years to come.



In our way to participate in the nation building activities; since inception, Shasha Denims has been making its significant contribution by paying Government's Tax, VAT, Stamp duty etc. and always on time.



Tax Payment

The Company pays Tax at 15% rate and also VAT/Custom duty on its products. SDL is also responsible for deducting Tax and VAT on various payment and depositing it to the Government exchequer within the stipulated time.

During the year 2022-2023, the Company contributed BDT. 105.34 million to the National Exchequer as Advance Income Tax as against BDT. 71.80 million in 2021-2022. The Company also deducted AIT from dividend and deposited to the Gov't Exchequer amounting BDT. 18.06 million for the year 2021-2022.



Employment

Through creating employment opportunity and a well trained workforce, we do always try to solve the country's biggest crisis of unemployment problem to some extent & as such make an economic bang in the nation building endeavors.

SDL employed as many as 2,739 employees as on June 30, 2023. During the year 2022-2023, the Company paid total BDT. 775 million as salary and wages to its employees.



Payment of Dividend

We recognize our fiduciary duty to our shareholders and seek to establish constructive relationships. We focus on maximizing long-term & sustainable shareholders' value through strong financial performance and returns. During the year 2022-2023, SDL paid cash dividend BDT. 141.04 million to its shareholders.



Market Capitalization

Shasha started its journey with a capital of Tk. 200 million in the year 1996. At the end of the year 2023, its total size of paid up capital is BDT. 1,410.10 million equivalent to market capitalization of BDT. 3,808 million.

SDL always gives its utmost priority to the valued shareholders. Over the past few years, Shasha has been paying a satisfactory dividend to its shareholders and as such holding the exalted position of one of the top ranking companies in the industry.

FORWARD LOOKING STATEMENT

The Forward-Looking Statements and information included in the Annual Report are related to future, not any past events. This declaration comprises data of the Company's financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations or forecasts and therefore, subject to certain risks and uncertainties.

These statements include reports regarding our intention, belief or current expectations concerning our customer base, estimates on future growth through our different business lines and overall business, market share, financial result and other aspects of our activity and situation involving in the manufacturing company.

These statements in this document could be identified by words such as 'expects', 'looks forward to', 'anticipates', 'intends', 'plans', 'believes', 'seeks', estimates', 'will', 'project' or other relevant words of similar meaning.

Such forward-looking statements, by their nature, are not guarantees of future results or outcome as there are diversified factors, many of which are beyond control of Shasha Denims, affect the company's operations, performance, business strategy could cause the actual results, performances or achievements of the company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Some of the factors that may affect the business environment include the following but not limited to:

- ✦ Changes in general economic and market conditions of Bangladesh as these directly impact the company's business processes.
- ✦ Developments in the financial markets, including fluctuations in interest and exchange rates.
- ✦ Any increase in market volatility, deterioration in the capital markets, decline in the conditions for the credit

business, uncertainty related to the financial market and liquidity crisis.

- ✦ Changes in law or in supervisory regulations and guidelines from the regulatory authority-Bangladesh Textile Mills Association (BTMA).
- ✦ Any uncertain changes in the contract with the buyers.
- ✦ The effect of and changes in fiscal, monetary and tax policies.
- ✦ The effect of changes in accounting policies and practices.
- ✦ Changes caused due to natural calamities and general political environment.
- ✦ Changes to our credit rating.
- ✦ Risks and uncertainties in connection with: disposing of business activities, certain strategic reorientation measures and technological changes.
- ✦ The risk that new products or services will not be accepted by new customers or business partners.
- ✦ Degree of competitions in the business areas in which we operate.
- ✦ The ability to retain and recruit qualified personnel.

Finally, we caution that the aforementioned list of crucial factors that may affect future results is not final. When relying on any future oriented statement, to make any decision with respect to the export based manufacturing company, investors and other should carefully consider the previous all risk factors and other uncertainties and potential events as well.

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FUTURE PROSPECTS

The year 2022 was supposed to be the year we try to recover from the damage caused by the Covid-19 pandemic, unfortunately in the middle of our struggle to achieve this, we were again forced to face new challenges such as geopolitical tensions, a downward global economy, fears of another recession, the completely unexpected dreadful war between Ukraine & Russia etc.

For these unavoidable misfortune attacks; during the year 2022-2023, Bangladesh once more has to combat both local and global challenges to maintain the growth momentum we have achieved and excel even further.

Bangladesh's merchandise export earnings in the just concluded financial year 2022-23 stood at \$55.55 billion, which fell short by 4.21 per cent from its target of \$58 billion set by the government for the financial year, according to the Export Promotion Bureau data. However, the country's export earnings in FY23 grew by 6.67 per cent or \$3.47 billion compared with those of \$52.08 billion in FY22, the data showed.

Bangladesh is the world's second largest Readymade Garment (RMG) exporter, just behind China. Country's 81% of exports come from the RMG sector, and the textile and apparel sector contributes around 20% to Bangladesh's GDP. It employs around 20 million people in the country and is the major driving force of the country's economy.

The future looks bright for Bangladesh's RMG sector as it holds the following opportunities:

Quick Returns

The biggest factor being the quick returns this segment offers the investors. This is the only sector in the country that gives returns in 3 to 5 years. Also, being the second biggest apparel exporter globally, there are huge growth opportunities that the sector offers.

Moreover, China is losing ground, owing to its growing production costs, which opens an immense prospect for Bangladesh to seize more market share.

Labor Availability

The biggest strength that Bangladesh has over its competitors is its cheap and vast workforce. The minimum wage in Bangladesh is lower than that in China, Cambodia, India, and Vietnam.

Also, there are around 37 private and public universities producing textile graduates in the country every year, further adding to the skilled manpower for the segment.

The Duty-free Advantage

Bangladesh enjoys duty-free access to around 52 countries, including countries in the EU, USA, Australia, Switzerland, Japan, Turkey, Russia, Norway, New Zealand, China, South Korea, Thailand, Malaysia, and India, for the trade of many products.

Technology Adoption

Bangladesh has adopted the most sophisticated apparel

manufacturing and management technologies to cater to their international customers. This has resulted in a substantially high rate of quality achievement and technical compliance in Bangladesh's RMG sector.

China-Western countries conflicts are creating new opportunities for garments industry of the country. RMG exports are increasing in USA, South Korea, Japan, Middle East etc. as buyers are shifting their orders from China.

It is expected that war between Russia and Ukraine will come to an end shortly and fuel price will be declined ahead. Considering competitive cost, it is expected that export earning of RMG will be gradually be increasing.

However, our long standing relationship with our loyal buyers has been one of the most significant factors contributing to our growth. We have received the business orders frequently from many of our international buyers. This indicates their level of trust and worships to us and of course in our ability which also makes us understand the latest trends and ensure timely delivery of quality products.

Shasha has a fantastic heritage of pursuing a better tomorrow for its stakeholders doing negotiation in challenging time and situation. In continuation of that the Company is highly confident and desirous to explore the new opportunities beyond its track which includes responsible and enjoyable choices for each and every mood and moment for our consumers; inspiring and purposeful place for our employees to work and delivering sustainable and superior returns to our shareholders.

Bearing this into mind, we have taken the following initiatives to have a better return to our business partner clients and the all other stakeholders.

- SDL transferred a large number of shares of its subsidiary company EPCL to SGL.
- To generate more revenue, Shasha Denims planned to set up a new garments factory 'GA Garments Ltd. (which will become a subsidiary of SDL). It is expected that operation of the company will be started end of this year.
- For increasing more production capacity as well as revenue generation, expansion of SDL will be successfully completed within the current fiscal year.
- Special arrangement is also made for another subsidiary-EOS Textile Mills Ltd.; a washing plant is being set up there. Besides, changes are also done in its R&D and new marketing strategy. We are optimistic to have a blast in export earnings from these initiatives

We are confident in SDL's prudent policy of factory expansion, initiation of new Garments Factory, set up of new Washing Plant, share sell transfer of EOS and all other investments will make a good return to our stakeholders. Whatever and however be the twists and turns; we will always stand by our people, fulfill their hope, aspirations, dreams and desires to celebrate their life, create moments what they will treasure forever.

HUMAN RESOURCES



CORPORATE CULTURE

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

We have a culture where success is celebrated, no matter how big or small it is. Our professionalism inspires us to

trust each other and value the openness and honesty exist in our working relationship.

Shasha Denims Ltd. (SDL) brings everyone opportunities to express their hidden talent and cherishes them in exploring and harnessing that unique strength through their work. Maintaining such culture and developing it in a sustainable manner is one of our greatest responsibilities.



Interactions with people

We always try to build and maintain a harmonious relationship and network with all of our stakeholders that lead to trust. Gradually, human interactions turn into good results to have a balance decision-making, fruitful accord also evolve the culture for productive collaboration. Through ongoing collaboration as well as socialization and monitoring, the idea revolves into a viable solution to address a new market opportunity, re-engineer a core process, solve a problem or create business value.

Long-Standing Relationship

The harmonious relationship that we build with our esteemed clients not only for the time being, Shasha Denims continues and turn it into a long standing affiliation providing a broad range of finest products and services and fulfill their demands as 'Client Satisfaction' is our ultimate goal. Throughout the way, gradually they become the loyal customers.

We are confident, if our knowledge base gets proper coordination and consolidation, we would be able to holding our strength to persistently deliver such excellent products and tremendous services to our valued clientele.

Team Acquaintance

Effective team interaction is one of the core keys for taking a business to its meaningful heights. In SDL, we always believe that the results of our united efforts make a stronger contribution towards the overall goals, vision, mission and values of our Company.

Building effective team and establishing their respective roles and responsibilities is essential for any organization. Our business runs by an effective team endeavors comprising of its dedicated employees where trust and cooperation exist amongst the members.

They consider and respect every member's thoughts & ideas as highly valuable, share information to each other, facilitate communication, find out the creative solutions together and thus by, ensure the maximum productivity in the workplace.

Adopted Goals

Our goal is to widen our customer base and make them loyal through maintaining direct communication and adopting varied marketing strategy for different individuals. We are always highly responsive to our clients' affair and working relentlessly to provide them our top-notch products and services which they deserve and demand.

Formal Codes of Conduct

An ethical code of conduct is the foundation to get succeed in a business. An organization's solid code of ethics can

help the company to have competitive advantages, a positive reputation in the market place can be enough to secure a sizable market share from its larger competitors.

To run the business keeping ourselves transparent; since inception, we encompass some code of ethics in our business policy regulating conduct to leveraging a values-based code that inspires principled performance amongst employees, management and executives.

Informal Codes of Conduct

We recognize that our employees have their respective commitments away from the workplace and encourage the working pattern that keeps a balance between the family life and the career.

We also aim to attract and maintain a diverse employee base with a wide variety of individual characteristics, perspectives and experiences in every part of our business and integrate those systematically which help to building and reinforcing a common bond amongst the organizational members.

Values

To support the vision, shape it to corporate culture and have a valid reflection of the Company's principles; we emphasize the importance of corporate values and ethical responsibilities approaching the continual success of our organization.

As a responsible business entity, we demonstrate our values and principles through our diversified policies on employment, human rights, environment as well as in the manners what we uphold and expect from others.

Rites & Rituals

What's more important to long-term prosperity is the Company's culture-the inner values, rites and rituals that strongly influence its success, from top management to the bottom pool. We set up explicit guidelines for diagnosing the state of one's own corporate culture and for using the power of culture to wield significant influence on how the business gets done.

Ethical Issues

We have utilized our time and resources for formulating and maintaining an active and robust ethics program which greatly impacts our corporate culture.

Whenever we take decision, we remain very careful not to exceed our company's ethical standards. As a business organization, our success depends on the success of our people. So we make sure that we create an environment where all of our employees feel involved, important and able to perform their best.

REPORT ON HUMAN CAPITAL MANAGEMENT

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

It is a set of practices related to people resource management. These practices are focused on the organizational need to provide specific competencies and are implemented in three categories: **Workforce Acquisition, Workforce Management and Workforce Optimization.**

Core HR is changing, moving from being about information storage to a more strategic process that syncs with business goals.

Today we find ourselves within a landscape where the job market is employee-led, and core HR functions are increasingly combining with talent management.

Attracting and retaining talent is becoming a major challenge for companies, and company leaders now want to align people and systems with overall organisational goals.

In order to secure the durability and its culture; an organization focuses on strategic talent planning and supports HCM through rating, rewarding and holding employees accountable for achieving specific business goals, creating innovation and also supporting them for continuous improvement.

Shasha Denims considers its Human Resources as **Human Capital**. To ensure long-term sustainability, the Company is relentlessly pursuing its vision to transform the human resources into human capital through focusing the following areas specifically and strategically.



Strategy Translation

In reality, employees at grassroots level are often unable to relate what the vision and strategy is, and therefore they cannot identify the right ways in which their efforts would be contributed to the overall business strategy.

To execute organizational goals and measurements, it needs to translate the vision and strategy to every employee of the organization individually and also clearly set and aware them about each target and contribution.

Basically, the process of aligning individual goals with the business strategy serves to focus every employee's attention and efforts on work as well as improves the ability to prioritize their tasks as per importance, increases clarity, team work and communication that has an identifiable influence on business success.

This ultimately ensures that human capital is optimally deployed throughout the organization.

Workforce Planning

Planned Human Resource set up can make a significant difference in organizational performance. Planning strategically and ensuring the right number of people for the right place in the right time, SDL's HR experts play key roles to have an excellent organizational performance as well as achieve its strategic goal accordingly.

Compensation Management

For any organization, 'compensation and benefit' is one of the major motivators for its employees. To attract and retain real talent in the Company, there is no alternative but attractive and competitive compensation policy. SDL always ensures the best compensation practices in the industry.

Career Planning

One of the major requirements or desires of an employee from the employer is career planning. Shasha Denims clearly defines the career plan for its employees. A good number of employees started their career with Shasha Denims Ltd.

since long ago, and have been duly recognized and prompted by the organization.

Performance Management

To appraise good performers and inspire their best performances, competency based performance management system is highly required for any organization. Considering this, SDL practices Competency Based Performance Management Model to recognize and reward those employees accordingly and thus by ensures their continuance such performances.

Learning Management

Every employee has to spend a major part of their day time in their respective organization. So the development of an employee highly depends on the environment of his/her workplace. As such, SDL provides an excellent learning environment and ensures the maximum growth of its employees, i.e. training, on the job training, management meeting, one to one instruction, JIT, counseling etc.

REPORT ON HUMAN RESOURCES MANAGEMENT

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

Always recognizes its people as the greatest assets, SDL ensures long-term sustainability through persistently pursuing the vision to a transformation of the human resources into human capital. For a continual success, a Company should attract, develop and retain its qualified skilled people.

SDL has an excellent working environment where merit and performance help the individual to explore their true potential. SDL’s employees get the benefit from its strong business principles, fast-moving and entrepreneurial spirit and the broad opportunity for individual and team success.

We value the contributions an employee exerts in the organization and adopt policy to reward their efforts accordingly.



Staffing

In absence of a good staffing system, no organization can exist for a long or reach its target. In every organization, all the resources like money, material, machine etc. are controlled and utilized properly by its man power. Hence it is excessively important that all the personnel in an organization should be appointed at the job according to their ability, talent, aptitude and expertise which can only be possible through a good staffing system.

A good staffing system ensures an organization maximum and efficient utilization of its resources, reduces cost of production by appointing the right persons at the right places, makes sure receiving best from the employees through creating their job satisfaction and helps maintaining co-ordination amongst the employees.

SDL comprises a group of enterprising men and women who are distinguished by their initiative, diligence, imagination & ambition. The Company's work is driven by a sense of teamwork and solidarity that exceeds Company's hierarchy. The people of SDL belongs a culture of integrity and leadership that leads to creativity and innovation.

They form a community in which people's potential and talents are cultivated to reach to the organization's objective and also ensures them a safe and secured life. High quality employees are trained and fostered with the goal to become the tomorrow's leaders.

SDL consistently seeks to recruit who can strengthen this diversity, but still support its corporate culture. Likewise, as the Company has grown and extended its operations, the increased number of applications from highly qualified people indicates interest towards the Company for its ideology & distinct position in the industry.

Shasha Denims places a special emphasis on ensuring that new positions are filled by the most proficient candidates; in terms of their education, experiences and capacity.

SDL recruitment strategy is based on attracting highly skilled and experienced candidates through employee networks, selective head hunting and advertisement. Human Resource Department assists the Management Committee to recruit diverse talent for the organization.

Company's Contribution towards the Staff Applying the Best HR Practices

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

Congenial Working Environment

At SDL, we believe that sustainable success can be reached only through our people. No other asset in the company is as important as the people that contribute with their endeavors to our culture and the business results. Therefore, we engage all the necessary energy and attention to protect our staff, employees, customers and any other people involved in the company and accordingly make a congenial working environment for all of them.

Safe and Healthy Organization

From the concept '**Safety is Non-Negotiable**', Shasha Denims provides the utmost Health and Safety Policy to its people based on SDL's Corporate Business Principles and the Management and Leadership Principles which are mandatory for the whole SDL Group.

We integrate Safety and Health issues in managing our business in such way that exceeds and meets the requirements of the health and safety issues in which all activities are considered with a perspective of prevention of all types of accidents and protection of the people at workplace.

For ensuring maximum safety; the factory staffs are always dressed up properly wearing necessary aprons, mask, helmet, gloves, boots etc. & that is compulsory while working in the factory inside.

We commit people to work with us through seeking out systematic identification of hazards and manage them with appropriate risk assessments and subsequent actions to minimize danger. We establish emergency and contingency plans to deal with residual risks. This approach also minimizes threats to the business, protecting our shareholders' interests.

Equal Employment Opportunity

SDL creates equal opportunity for all of its employees and doesn't allow any discrimination against any person on the basis of race, religion, color, gender, age, or citizenship in recruiting, hiring, placement, promotion or any other conditions of employment.

Employee Development

A strategic skills-improvement plan is a key factor to ensure Company's success in a rapid changing world. We make sure each employee's development opportunities and willingness to keep pace with these changes maintaining a competitive working environment and management approaches that prioritizes these factors.

Recognition of Achievements

We acknowledge the achievements of employees in terms of monetary and non-monetary values. In recognition to

their performances, we practice not only to appreciate the deserving candidates formally, subsequently recognize their good deeds by giving them promotion, up gradation, incentives etc.

Personal & Professional Life Balancing

We maintain the exact time schedule so that the employees could enjoy the opportunity to stay happily with their family members after the office hour. As a result, a balance between their personal life and professional life is maintained peacefully.

We never disagree to take people allow for a leave when it is required. Sometimes, we arrange social events where employees' family members are also invited and as such, they get the chance to be acquainted with others.

Job Satisfaction

Encouraged by the organization, SDL's people are always engaged in synergetic teamwork and their every effort is made to facilitate communication and the flow of information. So a complete job satisfaction exists in the mind of its people. Employee initiative and responsibility are promoted through challenging assignments where rewards are determined by results.

Employee Retention

SDL believes that the loyal and dedicated employees are the main source of its success and achievements. To keep up a long lasting harmonious relationship with its dedicated employees, the Management of SDL maintains the following strategies: Career Progression Opportunity, Provident Fund, Gratuity, Health Insurance, Festival Bonus, Incentive Bonus, Production Bonus, Pick up and Drop Off Transportation Facility etc.

Employee Turnover

Employee Turnover rate at SDL is very nominal compared to other companies. There are a good number of employees who have been continuing with Shasha Denims since its start.

The real challenge is to keep unwanted turnovers (resignation) at a lowest level and we may state that we could meet this challenge with a big success.

Incentive & Rewards

As per the recognition of the contributions towards the Company, the employees who perform greatly in achieving organizational goals are always rewarded differently through financial, non-financial benefits, incentives etc.

Employee Welfare Activities

To reward our employees' excellent performances and motivate them for better more, we promote their great deeds through the following adequate number of our welfare facilities and measures:

Provident Fund

SDL's employees enjoy the contributory provident fund facility at 10% of basic salary equivalent to their (employees') contribution.

Gratuity

As per the rule of BEPZA, every staff of SDL is cherished with the gratuity benefit and enjoys a tension free happy life.

Production Bonus

All the employees of SDL have the facility of enjoying production bonus depends on the production of its premium quality elite items.

Dormitory Facility

The Company also provides dormitory facility for its factory workers and also some head office staff and ensures them a secured life.

Transportation Facility

Top executives of Shasha Denims get the pleasure of having full time transport facility provided by the Company. To give the best comfort to other employees; the Company also provides its own transportation for picking up and dropping off service facility during office hours.

Hospitalization & Medical Check-Up Benefit

SDL affords hospitalization benefit for all its employees. Amount is spent to share the cost of hospitalization of employees and also medical check-up benefit for his/her dependent family members.

Maternity Benefit

At SDL, female employees are entitled to enjoy this benefit of maternity leave.

Health Insurance

The Company offers health insurance facility for its entire staff and has an arrangement with most of the renowned hospitals in Dhaka for their free medical check-up once in every year.

Annual Picnic

To get rid of daily monotonous life, SDL organizes annual picnic for all of its employees once in a year.

SUSTAINABILITY REPORTING



CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

CSR is the dedication and approaches of a Company whereby companies contribute towards a better society through some sustainable business operations and social investments.

As the days progress, Corporate Social Responsibilities (CSR) are becoming an elemental part to attain long term sustainability and business growth for a large number of companies around the world.

CSR has a great impact on shaping the relationship between business and society. The key areas of CSR are environmental protection, wellbeing of employees, people, community and the society at large.

From the belief that success is measured by actions more than financial results; to make integration between social responsibility and the Company's core business strategy, SDL always try to come up with special initiatives of CSR at every stride of its business process.

We always carry forward with some socially responsible initiatives prioritizing the following three main areas:

- Customers
- Employees; and
- Social Development

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

- Education,
- Poverty Alleviation,
- Standard of Living,
- Healthcare; and
- Environment

Customers

To meet up the demand of time, Shasha Denims has taken various initiatives including factory expansion and significant up gradation of products for its valued customers.

In line with producing and delivering the finest products for its brand customers, SDL also manufactures special items for the high end segment and thus fostering to develop a strong diversified denim market.

Employees

As our work forces are vital part of our success, we strive to create a working environment that promotes them to have team spirit, passion, active engagement and achievement ensuring proper safety and security as well.

Apart from delivering various financial and non-financial benefits for their encouragement and motivation, the Company pampers its workforces through providing following facilities:

- Office Picking up and dropping off service by company's own vehicles
- Dormitory facilities for office assistants
- Free lunch for the head office employees

Besides, we continue investing in our people for enhancing and upgrading their skills sets through conducting research and development and on-the-job training programs.

The Company creates equal employment opportunity for all of its employees and doesn't allow any discrimination against any person on the basis of race, religion, color, gender, age, or citizenship in recruiting, hiring, placement, promotion or any other condition of employment.

Social Development

Keeping in mind sustainable development for all, Shasha Denims is committed and concerned to make generous

contributions for social development through Corporate Social Responsibility (CSR) Initiatives; specially Education, Healthcare, Environment, Arts and Culture, Community Development etc.

Project and policies are initiated on long term basis accompanied with sustainability and advancement.

Financial Aid for Students

Realizing the necessity of education to develop an enlightened society, SDL always focuses on education of all types; general, vocational and technical; encourages students in achieving special diploma/degree to glorify their lives and society and as such provides need based financial support to the meritorious students of different sectors of the society.

Shasha Foundation, a welfare trust of Shasha Denims Ltd. provides financial aid to 11 institutes of Bangladesh, scholarships and stipends to the Female students of ICAB, Acid Survivors Foundation, UCEP-Bangladesh, Ghasful KG Educare School, Chittagong as well as a good number of children of employees of the Company.

Through receiving financial aid from the Foundation, 17 students have already completed their education and become doctors, executives in different organizations and also self-contingent.

The Company has its plan to increase the volume of the endowment in the coming days to ensure a bright and ornamented future for the financially challenged brilliant students of the country.

Healthcare Assistance

In order to build a healthy nation, SDL concentrates on the Healthcare issues to the society's under privileged people.

Shasha Foundation extends its kind hand for critical medical treatment of its staff, workers and other patients who are financially in vulnerable situation. The Company also sponsors eye camps through Ghasful.

Apart from contributing through Shasha Foundation, in response to humanity, the Management of Shasha Denims regularly donates to a number of philanthropic areas.

They help and provide all out supports to some cancer patients bearing all of their medical expenses including the cost of chemotherapy. Also help some old distressed couples who have no children to look after themselves.

To alleviate the sufferings of the thirsty people on roads, sometimes Shasha's Management sets up water purifier so that they can have pure drinking water and keep themselves healthy.

Disaster Management

In Bangladesh, it is extremely important to come up with

due assistance to face the adverse effect of disaster. Winter comes with a massive havoc of cold and extreme sufferings for the helpless poor people specially northern areas of Bangladesh. Those people are in need of essential and immediate aid and clothing to save their lives. Moreover, flood is a common phenomenon in our country. It sweeps away sometimes locality and makes people homeless.

For the last couple of years, during every winter and flood, some of our Management team members have been contributing generously with proper clothing, blankets, dry food and other necessary stuffs as reliever and as such, giving comfort to the lives of winter stricken and flood affected people of our country. They also contribute when sudden crisis arises.

Fostering Art & Culture

Art and Culture is an artistic trend to demonstrate the intellectual essence of a country. From that belief, SDL always supports the young and promising talents of Bangladesh to explore the Country's rich cultural heritage.

In continuation of our endeavor, we patronize Paglapir Shangeet Bidyaloy, Rangpur where destitute children are having an opportunity to learn music mostly Bhawaiya, Baul and folk songs in line with their regular education.

We wish to build a culturally enriched Bangladesh through nurturing our own heritage for our next generation.

Sports Indulgence

Shasha Denims indulges sports. To promote sports and bring the glories to the Country, the Company often sponsors different sports and encourage them accordingly.

Recently, the Company sponsored a team under the leadership of Ms. Nishat Mozumder for expedition of the Mount Elbrous, highest pick of Europe. The whole voyage was amazingly victorious and the team successfully conquered the top pick of Europe.

Socio-Economic Development

Besides focusing on those mentioned sectors, SDL provides its financial assistance to various social causes and also contributes there in different ways through the welfare trust 'Shasha Foundation'.

SDL is also concerned about its deceased employees' family and as such has taken responsibility of their orphans for completing their education, hiring them into the Company also providing financial aids. In the approaching years, we have our plan to expand our CSR activities in more areas. We will explore and undertake a lot of new and unique CSR initiatives in different ground keeping education, environment and health at the core.

ENVIRONMENTAL AND SOCIAL OBLIGATIONS

Today our planet is running out of steam because it doesn't have any longer its own natural means to compensate men's ecological print.

Every business has an impact on the environment. To keep free the environment from any awful effect, there are some legal obligations that need to be followed. The requirements are relatively simple for any business even for a workplace.

It helps to minimize the likelihood of any environmental problems, costs of unnecessary waste and damage of the business rather strengthens the Company image and helps us to win the businesses from our competitors.

Environmental protection legislation is consistently being reviewed locally and internationally. To cope up with the reviewed legislation, we always maintain the following environmental obligations:

Reduction of Natural Resources Consumption: We minimize using energy and water within our premises and processes in order to conserve supplies and reduce the consumption of natural resources.

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

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

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

Equipment's Life Expansion: In order to extend the life of equipments, we take some initiatives through preventive maintenance scheduling, purchasing and reworking of used equipment etc.

Sensitive Equipment Records: We regularly inhibit including prevention and repair of leaks, checking for

leakages and keeping records of the most sensitive equipments.

In addition, we regulate work includes disposing, maintaining, servicing and dismantling the disposal, maintenance, servicing and dismantling of refrigerators, freezers, air-conditioning equipments and heat pumps as well as decommissioning of fire protection equipment and extinguishers.

Environmental compliance is now a fact of life for business and training of risk management is a good way to learn everything about environmental compliance. As such, SDL organizes several Training and certification program on Risk Management.

Exceeding environmental obligations not only means avoid the penalties for breaches but it also brings opportunities to make substantial savings. Shasha Denims understands one such saving through reusing, recycling and reprocessing materials that would otherwise be discarded as waste.

However, towards strengthening our brand as being a responsible corporate, we have ensured that our headquarters, factory and other subsidiary companies are operated keeping all the environmental guidelines in mind.

Moving forward, we are determined and will continue upholding the highest environmental and social standards to build Shasha Denims a green leader in the industry.



SUSTAINABILITY REPORTING

Sustainability is a balancing act, the quality of not being harmful to the environment or depleting natural resources, and thereby supporting long-term ecological balance. "Sustainable development is a dynamic process which enables people to realize their potential and improve the quality of life in ways which simultaneously protect and enhance the earth's life support systems"

Shasha Denims views sustainability as a continuous improvement process with positive effects for the perception of the Company in the public field and the development of financial results. The Company is committed to providing information to the interested stakeholders and the general public regarding the

development of sustainability activities and progress to get them updated about such essentials.

We recognize the significance of our role in creating truly sustainable products. We embrace our responsibility-as a Company, as a leader, and as an innovator-to contribute to a brighter future for all. And we know we can draw on our legacy of stewardship to forge new paths to that future, where people are healthy and well nourished, and where ecosystems are leveraged responsibly to support global needs for energy, chemicals and others resources. Although there is much more to do, we believe we are already contributing to that future.



Shasha Denims: Based on our sustainability management system, we are dedicated to have a transparent reporting on our own activities and goals to create value for both the stakeholders and the Company.

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

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

Associates: To protect human rights, Shasha Denims is committed to maintain an international accredited employment and social standards to all of its associates complying with local and national environmental laws to make an active contribution to protect the environment. We believe it is in our collective best interest to support their capacity development to contribute to a sustainable future.

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

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

As the Company is highly concerned on sustainability issues, it has developed the following sustainability strategies on-

- Risk Management
- Personnel Development,
- Environmental Protection,
- Occupational Safety,
- Social Causes Program,
- Health Protection and Stakeholders' Interest.

SDL regularly cherishes to execute those strategies through the following sustainability management initiatives.

1. Corporate Social Responsibilities (CSR)
2. Environment Related Initiatives
3. Environmental and Social Obligations
4. Integrated Reporting

ENVIRONMENT RELATED INITIATIVES

Modern World is being changed frequently. With the passage of time, we are getting more dependent on technology which has both positive and negative impacts to our life.

For the wellbeing of mankind, though every day we are coming up with new ideas and technologies; but sometimes, we, the human being, do some inhuman activities which cause a great harm to our ecological systems, atmosphere even our health.

Realizing the importance of a living friendly planet, SDL is continuously making its efforts to harmonize the green preservation and pollution control through the following green endeavors:

Environmental Priority: SDL integrates and considers the environmental concerns and its impacts during the time of decision making and accordingly executing the activities.

Environment-Friendly Office: We provide environment-friendly office equipment, information and solutions those are appreciated by our clients as well as supported by our employees to preserve the eco-system.

Laws and Regulation Compliant: We strictly comply with environment-related laws and regulations.

Minimizing Energy and Water Usage: We are determined to fulfill our social responsibilities through minimizing use of energy and water within our own premises and also in the factories in order to conserve the resources and reduce the wastage & cost as well.

Educating Staff on Environmental Principles: We place high priority on educating our staff thoroughly on a routine basis about our environmental principles to ensure that they conform to these principles in performing their duties and responsibilities.

Eco-Friendly Office Equipment: We usually purchase computers, monitors, printers, fax machines, copiers and

other office equipment keeping in mind that those are functional, cost effective & eco-friendly.

Encouraging Usage of Laptop: SDL encourages its employees using laptop computers instead of standard desktop computers in order to consume 90% less energy.

Switching Off Electronics Devices after Finishing Tasks: The employees of the Company are highly careful through strictly maintaining a good practice to turn off the computers, monitors, printers, copiers and lights and also main switch at the end of daily works which also avoids falling into any danger.

Email Correspondence: We usually prefer using email instead of sending memos and faxing documents for reducing time and papers.

Recycling Papers: To reduce using papers, we print both sides of a paper and also re-use the fresh side of a rough paper for drafting or taking internal print out that always saves a good amount of money.

LCD Monitor: LCD monitors are used here for lesser power consumption.

Paperless Office: We are trying to set up a paperless office.

CNG Converted Vehicles: All the cars of the Company even the pool's cars for transportation are CNG converted to reduce air pollution and the cost as well.

Auto Temperature Regulated Air Coolers: All the air coolers are being operated on auto temperature basis which helps limited running of compressor unit and subsequently saving electricity.

Energy Savings Bulbs: Energy savings bulbs are always being used everywhere in the office premises. We have our plan to use LED lights all over the places of our head office, factory and subsidiary companies for the least consumption of power and electricity.



INTEGRATED REPORTING

Integrated Reporting

An integrated report is a concise communication about how an organization's strategy, governance, performance and prospects lead to the creation of value in the short, medium and long term in the context of its external environment. It enhances the way of an organization's thinking, planning and reporting the story of its businesses.

Integrated Reporting can be a Game Changer. Now-a-days, most of the organizations realize the necessity of a fundamental change in reporting system much more than a focus on the end report.

It requires a deeper understanding of all the building blocks of the business value creation process.

We have presented our Annual Report-2023 as an 'Integrated Report', using the **Global Reporting Initiative (GRI) Standard**, the GRI Sustainability Reporting Standards (GRI Standards) is the first and most widely adopted global standards for sustainability reporting. The cycle of integrated reporting will act as a force for financial stability and sustainability by focusing on value creation over time.

It helps businesses to think holistically about the ultimate plans and strategy as well as manage key risks to build investors and stakeholders' confidence and accordingly improve future performance to drive a global evolution in corporate reporting.

An integrated report aims to provide insight about the resources and relationships used and affected by an organization.

Scope of the Report

Our report highlights fiscal year financial performance in accordance with the Bangladesh Accounting Standards (IASs) and Bangladesh Financial Reporting Standards (IFRSs) issued by the Institute of Chartered Accountants of Bangladesh (ICAB).

In preparation of our 2023 report, we have referred to the 'Annual Report Review Checklist' issued by both Institute of Chartered Accountants of Bangladesh (ICAB) and South Asian Federation of Accountants (SAFA) and the 'Integrated Reporting Checklist' which is in line with the integrated reporting elements issued by the International Integrated Reporting Council (IIRC).

The financial statements and other disclosures for the year of 2023 are in accordance with the requirements of

- Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs);
- Companies Act 1994;
- Securities and Exchange Rules 1987;
- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- And other applicable laws & regulations of the Country.

The non-financial information provided in our 2023 report has been published from internally maintained records.

Our corporate governance practices report has been drawn in reference from the revised Corporate Governance Guidelines (CGG) issued by Bangladesh Securities and Exchange Commission (BSEC).

External Assurance

Shasha Denims obtains external assurance from the following two firms during the period under consideration, the outcomes of which are duly published in this report:

| Sl. No. | Description of Report | External Assurance |
|---------|-----------------------------------|---|
| 1. | Financial Statements Audit Report | Pinaki & Co., Chartered Accountants |
| 2. | Corporate Governance | M/S Anil Salam Idris & Co., Chartered Accountants |

Availability of the Annual Report

The printed hard copy of the Annual Report is distributed to all the shareholders, prior to holding the Annual General Meeting, giving required period of notice. For extended use of the report by our stakeholders, soft copy of the report is available in website. www.shashadenim.com

OCCUPATIONAL HEALTH AND SAFETY



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

Along with initiating the policy, we also preserve data to locate the root cause of the workers' any vulnerable issue when occurs and accordingly try to solve it.

In the reporting year (2022-2023), there were about 12 workers injured by different minor accidents happened during the working hours. The figure was 15 in last year.

To protect our workers from inevitable dust caused from rolling of the machines, we have wonderful arrangement of absorbing dust. For ensuring maximum safety and security, the workers are also compelled to wear essential mask, apron, helmet, boot, gloves etc. while work inside the factory. Cooling pads are there on the floors to combat the heat. Furthermore, as our factory is located in DEPZ area, the workers always have direct medical facility from BEPZA medical unit in case of any emergency.

Following safety measures we render for our people:

Fire Safety:

- Fire Extinguisher
- Alarms
- Smoke Detectors
- Automatic Sprinkler System

- Water Drums & Buckets
- Gong Bells
- Emergency Lights
- Lock Cutters
- Safety Equipment

Electrical Safety:

- Top quality cabling and accessories for electrical system
- Trained team of technicians for maintenance
- International safety features for equipments
- Maintenance of risk analysis records

Building Safety:

- Structural assessments for all units
- Following Bangladesh National Building Code (BNBC) during construction
- Building certification with Architectural and Structural Design Standard
- Scaled as-built drawings

Chemical Safety:

- Careful Assessment of All Chemicals
- Chemical Management
- Chemical Usage Policy
- Material Safety Data Sheet (MSDS)
- Personal Protective Equipment (PPE)
- Regular Trainings
- Chemical Inventory Management



REPORT ON GOING CONCERN

Day by day, businesses are becoming competitive as well as challenging. Every company requires assessing its ability to continue as a Going Concern.

Going concern is a fundamental accounting concept that underlies the preparation of financial statements of companies. It's an assumption that a Company will continue its operation and that there is neither the intent nor the need to either liquidate it or to cease trading.

It implies for a business the basic declaration of intention to keep running its activities at least for the next year which leads the Company to prepare financial statements.

The purpose of this going concern statement is to bring together the requirements of Company law, accounting standards and listing rules on going concern.

The Board of Directors of Shasha Denims Ltd. has made an evaluation if any material uncertainty exists there that may cast significant doubt upon the Company's ability to continue as going concern.

The Directors' assessment of whether the Company evolves as a going concern entity making appropriate inquiries including review of budget and future outcome of inherent risks involved in the business.

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

FINANCIAL INDICATIONS

Positive Net Current Assets

SDL has consolidated positive net current assets of Tk. 1233.13 million as on June 30, 2023. It signifies Company's ability to meet up its short-term obligations using the short-term assets.

Fixed Term Debt with Realistic Renewal or Repayment

At the close of financial year 2022-2023, total consolidated borrowing from banks and

financial institutions was about BDT. 3,889.29 million. During the period, SDL paid off 2,056.56 million borrowing to the respective banks. Based on our past experience, it can be said that there is every possibility that a major part of the short term debt (used for working capital) would be renewed further or can be repaid from our existing cash flow.

Less Reliance on Short Term Borrowing/Current Liabilities

At the end of the financial year 2022-2023, total consolidated short term borrowing/current liabilities of the company were Tk. 3151.55 million, representing only 26.78% of total equity and liabilities that indicates the company has least reliance on short term borrowings.

Continuous Financial Support by Lenders/Valued Investors

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

Positive Key Financial Ratios

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

Consistent Payment of Dividends

The Company has been paying dividend consistently to its shareholders over many years. Financial highlights are incorporated in this Annual Report shows Company's stability and long-term vision in dividend payment records.

Every year since listing, the Company has been continuously paying stock dividend that reflects Company's long-term viability in operational existence. The company has been started paying cash dividend to its shareholders from the listed with stock exchanges.

Credibility in Payment of Obligations

SDL has strong credibility in terms of payment of its obligation to the lenders/investors. The Company is very particular in fulfilling the terms of loan agreements without any exception and has never defaulted.

Performance Growth

SDL had excellent growth in its operational performances. Company's consolidated GP, Operating Profit and net profit had increased remarkably during the year compared to last year. Consolidated Gross profit, Operating Profit and Net profit of the Company was registered BDT. 1,476 million, 1,209 million and BDT. 186 million respectively. Consolidated GP were increased by 30% and 36% over last year. All those indicators support Company's continuance in foreseeable periods.

OPERATING INDICATIONS

Key Management Turnover

During the year 2022-2023, a nominal employee turnover has been made in the entire Company. In the case of turnover for the key management position, the Company experienced a non-mentionable event. Employees have long-term communication and loyalty towards the Company. Average length of services of a management level of employee in Shasha Denims Ltd. is minimum 15 years (approx).

World Class Product

Now, SDL has become a trusted source for its reputed buyers over the years for continuous product development and coping up with the current craze through its premium quality world class products. Its exclusive design and specification made SDL unique to the international buyers.

Good Business Expansion

With continuance of such operational excellence; Shasha Denims has built an expanded manufacturing unit investing about BDT. 180 crore as of now in plot no. 289-292 in DEPZ extension area installing 110 loom machines which will produce 12 million yards additional fabric per year and hope to generate 50% revenue from that production.

Again we invested BDT. 96 crore for introducing a new Garments Factory, GA Garments Ltd. in DEPZ extension area. The installation work of the machineries is under process. We are optimistic to make a blast in revenue generation from this new venture.

Besides, financing BDT. 40 crore (approx.), a washing plant has been constructed inside another subsidiary company 'EOS Textile Mills Ltd.

Good Market Reputation and Clients' Satisfaction

Gradually, the Company has been building up good market reputation and clients' satisfaction through introducing a varied specifications, compositions, color and finest quality denim and also delivering it to its valued clients in a professional and expert manner and as such, able to be enrolled itself in the list of top 5 denim manufacturer of Bangladesh.

Corporate Environment and Employee Satisfaction

There exists a very good corporate environment in SDL. It's an excellent work station having a friendly environment that leads the employees to maintain an easy and comfortable communication amongst all. Thus, employees are always in happy mood when they are in the workplace.

The Company endeavors to be honest and practices fair treatment to all employees which ensures good corporate environment. The Company pays a very competitive compensation package that includes a good number of employees benefits like festival bonuses, provident fund, gratuity, employees welfare fund, incentive bonus, production bonus, transportation facility, health insurance, group insurance etc.

Pay scales are regularly revised to give an effect of inflation as well as align with the industry level that escorts to clutch the employees' satisfaction.

OTHER INDICATIONS

Maintenance of Sufficient Capital

As on 30 June 2023, the Company's total consolidated equity fund stands at BDT 5,722 million as against BDT 5,674 million as on 30 June 2022. On the other hand, as on the date of the reporting, the paid up capital of the company is BDT 1,410 million.

The Board has recommended 10% cash dividend for the year 2022-23. The above stated situation also indicates its ability and intention to continue for the foreseeable future and long term vision.

Satisfactory Credit Rating

Shasha Denims Ltd. has been rated as AA3 long term credit rating and ST-2 Short term credit rating by Credit Rating Agency of Bangladesh (CRAB) based on audited financials statement, Bank liability position and other available information up to the date of rating declaration.

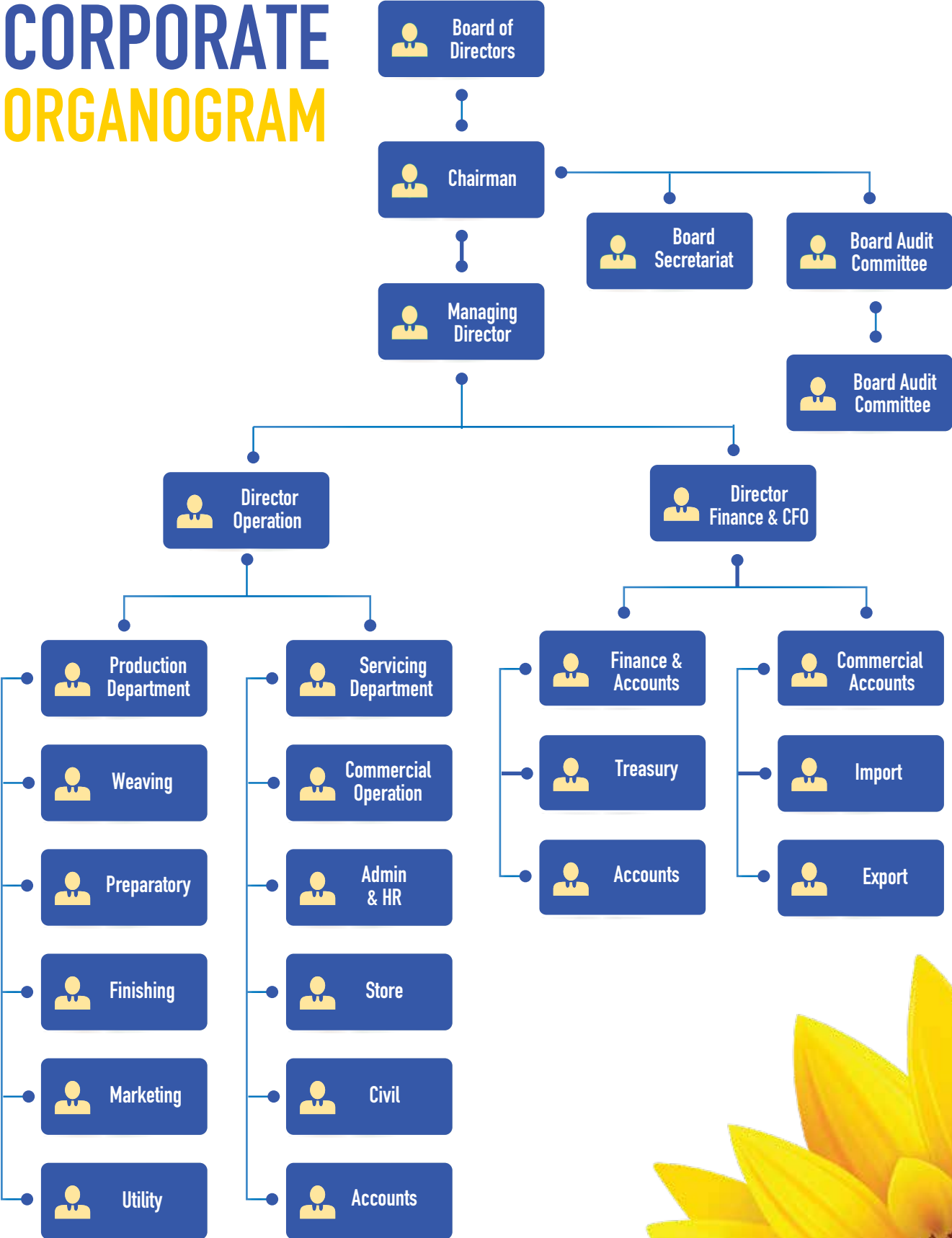
Changes in Government Policy

Due to government new policy regarding rental power, electricity generation of EPCL has been suspended. Accordingly, Management of the Company assumed that SDL's investment will be significantly eroded due to suspension of operation and bank liability. But, the Management's prudent policy also assumed that it can be manageable through making an adjustment with SDL's other subsidiary or associate companies' good performances or revenue earnings.

In line with this strategy; SDL transferred a large number of shares of its subsidiary company EPCL to SGL to reduce SDL's liability.

Based on the above indication, the Directors feel it appropriate to adopt going concern assumption and there is no material uncertainty in preparing the financial statements. Adequate disclosures have been made in the financial statements and different sections of the annual report to understand the appropriateness of going concern basis in preparing financial statements.

CORPORATE ORGANOGRAM



REPORT ON CORPORATE GOVERNANCE GUIDELINE

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

Board of Directors

The Board of Shasha Denims Ltd. consists of 5 (five) directors including Managing Director and Managing Director is playing the role of ex-officio directors as per Articles of Association of the Company. The Board ensures that the company achieves superior financial results and stewards its leadership position in the industry. The Board Members include persons of high caliber, with academic and professional qualification in the field of business and profession. The dynamism, foresightedness and wisdom of Board Directors deliver the appropriate policies, strategies and guideline to the run the company smoothly to achieve the Company goal. The Board discharges its responsibility and duty properly with view to achieve Company's objective.

The Board reviews the financial result, production, quality, export, import, market, product and gives appropriate direction as per changing economic and market environment. The Board reviews the policies and manuals of the various segments of business in order to establish effective management systems.

BOARD SIZE AND COMPOSITION OF THE BOARD

The Board of Shasha Denims Ltd. is comprised of 5 (five) directors including the Chairman and Managing Director. The Chairman of the Company elected by the Board of Directors in the Board Meeting.

Amongst the total Directors Mr. Md. Shahadat Hossain FCA and Mr. MBM Lutful Hadee, LL.B LL.M M.Com FCA are the independent Directors of the Company. Other three Directors are shareholder directors. All of the Board Directors of the Company are highly educated in finance & accounts, laws and other educational background and they have optimum level of knowledge, composure and technical outstanding.

APPOINTMENT OF INDEPENDENT DIRECTOR

As per Bangladesh Securities and Exchange Commission notification dated June 03, 2018, the Board of Directors of Shasha Denims Ltd. appointed two Independent Directors in the Company. Mr. MBM Lutful Hadee FCA was appointed as new independent director in the board meeting held on 28 April, 2022 in place of Mr. N K A Mobin FCA who completed two consecutive terms as independent director. Subsequently, the appointment of Mr. Lutful Hadee was approved and confirmed by the shareholders in 25th AGM.

Mr. Shahadat Hossain FCA is the another Independent Director of the Company. He was appointed on 14 November, 2020 which was subsequently approved by the shareholders in the 23rd AGM. Now the Board appointed him in its meeting held on 26 October, 2023 for further one term which would be placed in the 26th AGM for shareholders approval.

Mr. Shahadat Hossain FCA is a veteran Chartered Accountant with distinguished 29 years of professional services in the field of Accounting, Auditing and Financial arena; a proven track record of contributory personalities with professional acumen, intellectuality and wisdom for the society and the country.

Mr. MBM Lutful Hadee LL.B LL.M M.Com FCA has 22 years vast working experiences in reputed blue-chip corporate and professional services firms in the following areas: International Tax, Corporate and Individual Tax, VAT, Transfer Pricing, Customs, Foreign Investment, Company Matters, Legal Affairs and Regulatory Affairs (BSEC, BOI/BIDA, BBK, BTRC, RJSC, etc.

Mr. Shahadat Hossain FCA and Mr. MBM Lutful Hadee LL.B LL.M M.Com FCA have no other relationship with Company and its other Directors. They also do not have any other connection with different parties as prohibited in the BSEC notifications.

TERM OF BOARD MEETING

As per the provisions of the Companies Act, 1994 and Articles of Association, one-third of the Board members who are subject to retire by rotation, retire every year and approval of shareholders is sought for the re-appointment of such retiring members, if eligible. Approval of shareholders was sought for appointment of Independent Directors. As per Corporate Governance Guidelines, term of the Independent Director is for three years and upon completion of the term they are eligible for re-appointment by the shareholders for another one term for next three years.

MEETING OF THE BOARD

The Company plans and prepares the schedule of the Board and Board Committee meeting in advance to assist the Directors in scheduling their program. The schedule of meeting and agenda for meeting is finalized in consultation with the Chairman of the Company. The agenda of the meeting is pre-circulated with detailed notes and supporting documents.

As per laws, the Board of Directors must meet at least four times a year. The Company held a minimum of one Board

meeting in each quarter as required under the Companies Act, 1994. During the year under review the Board met times on the following dates:

- i. 27 October, 2022
- ii. 13 November, 2022
- iii. 20 December, 2022
- iv. 30 January, 2023
- v. 12 April, 2023
- vi. 30 April, 2023
- vii. 5 June, 2023

ATTENDANCE OF DIRECTORS

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

| Name Director | Position | Attended |
|------------------------------|-------------------|----------|
| Mr. Anisul Islam Mahmud | Chairman | 7 |
| Mr. Shams Mahmud | Managing Director | 7 |
| Ms. Zareen Mahmud CPA, FCA | Director | 7 |
| Mr. Md. Shahadat Hossain FCA | Ind. Director | 7 |
| Mr. MBM Lutful Hadee FCA | Ind. Director | 7 |

INFORMATION GIVEN TO THE BOARD

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

- Business activities and performance evaluation
- Quarterly, half yearly and annual results of the Company
- Minutes of the meeting of Audit Committee and Subsidiary Company.
- Information regarding capital expenditure.
- Investment opportunity.
- Policy regarding managing core risks and others.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors of Shasha Denims Ltd. formulates strategies and policies for the Company to run the business efficiently and effectively. The Board of Directors always monitor and oversee the policies and procedures whether it is properly implemented or not. The affairs of the company are

in full control of the Board and the Board makes the affairs accountable and transparent to the shareholders and others. The Board members perform the following the major tasks:

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

REMUNERATION OF DIRECTORS

Remuneration, performance and other related perquisites/benefits of Directors are paid monthly which is reviewed and approved by the Chairman considering company's business growth. During the period remuneration paid to the Directors are disclosed in the financial statement. Non-Executive Board of Directors are now getting Tk.15,000/- for attending per meeting.

DELEGATION OF AUTHORITY

The Board of Directors designated and specified some delegation to the Managing Director as well as the most senior officials of factory management and head office management. The Management may exercise any kind of activities with consultation with the Managing Director to perform its day to day activity smoothly. In addition, the Board has delegated certain responsibilities to the management on some matters within defined parameters. These include development and recommendation of strategic plans for consideration by the Board reflecting the long term objectives and priorities established by the Board.

MATERIAL CONTRACT

Since the end of the previous financial year, no material contracts involving the interest of any directors or controlling shareholder of the Company has been entered into by the Company or subsidiary company. There is no such contract between the Company and any of Directors regarding any future compensation to be made to them.

ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR

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

Role of the Chairman

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

Role of the Managing Director

Subject to the control and supervision of the Board of Directors, the business and affairs of the Company are managed by the Managing Director. The Managing Director is responsible for overall activities of the business. He is also responsible to implement, manage and administer corporate business strategy, ensure adherence to policies and procedures, applicable regulations and laws, and monitoring exceptions and serious deviations, manage the overall human resources and skills/competencies pool to ensure the effective and efficient running of the company,

represent the company with customers, suppliers, governments, financial institutions, the media, the community and the public. He has control over the company on a day-to-day basis and is accountable to the Board for its financial and operational performance.

APPOINTMENT AND REMUNERATION OF THE MANAGING DIRECTOR

The Board of Directors of Shasha Denims Ltd. in its Board Meeting held on 1 July, 2012 appointed Mr. Shams Mahmud as the Managing Director of the Company for five years. The appointment of the Managing Director of the Company was subsequently approved in the Annual General Meeting held on 16 July, 2012. After expiry of his first term, the Board of Directors appointed him for further five years which was approved by the shareholders in its 20th AGM held on 15 November, 2017.

As per recommendation of the Board, the Shareholders of Shasha Denim Ltd. in its 25th AGM approved Mr. Shams Mahmud for re-appointment for next five year.

A monthly remuneration of the Managing Director has been fixed to BDT. 5,40,000/- (five lac forty thousand) per month.

MANAGEMENT TEAM

The Management Team is the Executive Committee of Shasha headed by the Managing Director. The Management Team is responsible for managing and running the affairs of the Company. Any requirement and decision relating to the company decided in the Executive Meeting. The Committee consisted of the following executives.

| Name Director | Position |
|----------------------------|--------------------------------------|
| Mr. Shams Mahmud | - Managing Director |
| Mr. Aslam Ahmed Khan FCA | - Company Secretary |
| Mr. Jamal Abdun Naser | - Executive Director (Operation) |
| Mr. Md. Ahasanul Haque | - Executive Director (Finance) & CFO |
| Lt. Col. Md. Quaderuzzaman | - Senior General Manager |

The Management team works to achieve the strategic goals & mission of the company set by the Board of Directors. The Management team meets on randomly to monitor the business performance of the Company.

APPOINTMENT OF THE CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND HEAD OF INTERNAL AUDIT

The Board of Directors of Shasha Denims Ltd. appointed CFO, Company Secretary and Head of Internal Audit and defined their job responsibilities. According to their job description they perform their activities properly. CFO and Company secretary also attend the Board regularly.

FORMATION OF THE AUDIT COMMITTEE

As required by the BSEC, the Board of Shasha Denims Ltd. constituted an Audit Committee. The Committee was formed with 3 (three) members of the Board headed by Md. Shahadat Hossain FCA. Mr. MBM Lutful Hadee LL.B LL.M M.Com FCA and Ms. Zareen Mahmud FCA are two the member of the committee.

The details of the Audit Committee including responsibility, qualifications, functions and their report on the financial statements are given separately in the 'Report on the Audit Committee.'

A Separate report has been given on Audit Committee at page no. 119-120

FORMATION OF NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Board of Directors of Shasha Denims Limited constituted "Nomination and Remuneration Committee" (NRC) consists of three (3) Non-Executive Directors which majority is Independent Directors in accordance with the provision of Section 6 of Bangladesh Securities and Exchange Commission Gadget Notification dated: 3 June, 2018.

The Committee is reconstituted on 28 April, 2022 headed by Md. MBM Lutful Hadee FCA. Other two members of the committee are Mr. N K A Mobin FCA and Mr. Md. Shahadat Hossain FCA.

A separate report contains details on the NRC Committee is explained in the page # 121-123

DIVIDEND POLICY

The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible amongst the members in proportion to the amount of capital paid-up on the shares held by them respectively.

The Board of Directors has established a dividend policy which forms the basis for the proposals on dividend payment that it makes to the shareholders taking into consideration the business performance of the Company and its strategic objectives.

A detail of the Company's Dividend Policy is explained in the website.

SUBSIDIARY COMPANY

Shasha Denims Ltd. has two subsidiary companies and according to the corporate governance guidelines, activities are also followed in the subsidiary companies relating to:

- Composition of the Board of Directors of Shasha Denims Ltd. should be composed including the requirement to appoint Independent Director (s).
- Independent Directors of Shasha Denims Ltd. are also appointed in its Subsidiary Company (s).
- Minutes of Subsidiary Company also place in the Board meeting of Shasha Denims Ltd. for review.
- Review the Financial Statements of Subsidiary Company in the Audit Committee Meeting of Shasha Denims Ltd.

COMMUNICATION WITH THE SHAREHOLDERS

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

Shasha Denims Ltd. provides Information to the Shareholders as per requirement of BSEC circular. The following information is provided to the Shareholders to comply with rules.

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

Way of Information

All financial results and key performance indicators as well as other relevant financial and non-financial data send immediately to Stock Exchanges for their kind information and disseminate to the shareholders through their website. This information is also posted to our website side by side also publish news in two widely published newspapers.

Besides, above the Company send half yearly financial result and Annual report to the all Shareholder through courier services.

Shasha believes in transparency and accountability to the society as a whole through establishment of an efficient and effective Corporate Governance regime. It has been attempted in this report to present the governance practices and principles being followed at Shasha Denims Ltd., as evolved over the years, and as best suited to the needs of the Company's business and stakeholders.



Anil Salam Idris & Co.
Chartered Accountants
Affiliated Firm of EMA Squared Chartered Accountants, UK.



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Report to the Shareholders of Shasha Denims limited On Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Shasha Denims limited for the year ended 30 June 2023. This code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 of the Bangladesh securities & 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 Government Code.

This is a scrutiny and verification and an independent audit on compliance of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the 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.
- b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standard (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code.
- c) Proper book of records has been kept by the company as required under the Companies act. 1994, the securities laws and other relevant laws; and
- d) The Governance of the company is satisfactory.

Place: Dhaka
Dated: 08 November 2023

Anil Salam Idris & Co.,
Chartered Accountants



Md. Sarwar Hossain, FCA
Partner

SHASHA CG

REPORT 2022-2023

Status of compliance with the conditions imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3 June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 9)

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|---|---|--------------|---|
| | | Complied | Not Complied | |
| 1.0 | Board of Directors: | ✓ | | |
| 1(1) | The number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty). | ✓ | | Number of the Board members of SDL is 5 (five) including 2 (two) Independent Directors. |
| 1(2) | Independent Directors: | ✓ | | |
| 1(2)(a) | At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or whole number for calculating number of independent director (s); | ✓ | | 2 (two) out of the 5 (five) Board Members of SDL are the Independent Directors. |
| 1(2)(b) | Independent Director Means: | ✓ | | |
| 1(2)(b)(i) | Who does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company; | ✓ | | None of the Independent Directors holds any share of the Company |
| 1(2)(b)(ii) | Who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company | ✓ | | None of the Independent Directors has such connection as affirmed |
| 1(2)(b)(iii) | Who has not been an executive of the company in immediately preceding 2 (two) financial years; | ✓ | | None of the Independent Directors is an ex-employee of the Company |
| 1(2)(b)(iv) | Who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies; | ✓ | | |
| 1(2)(b)(v) | Who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange; | ✓ | | The Independent Directors have submitted declarations about their compliances |
| 1(2)(b)(vi) | Who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 1(2)(b)(vii) | Who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code; | ✓ | | The Independent Directors have submitted declarations about their compliances |
| 1(2)(b)(viii) | Who is not independent director in more than 5 (five) listed companies; | ✓ | | |
| 1(2)(b)(ix) | Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFI); | ✓ | | |
| 1(2)(b)(x) | Who has not been convicted for a criminal offence involving moral turpitude; | ✓ | | |
| 1(2)(c) | The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM); | ✓ | | |
| 1(2)(d) | The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; | ✓ | | No such vacancy created |
| 1(2)(e) | The tenure of office of an independent director shall be for a period of 3(three) years, which may be extended for 1(one)tenure only; | ✓ | | Reference to the Corporate Governance Report on page no. 96 of this Annual Report |
| 1(3) | Qualification of Independent Director (ID): | | | |
| 1(3)(a) | Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to business. | ✓ | | Qualifications and backgrounds of the Independent Directors confirm their capabilities. Details are given under Directors' Profile on page no. 31-32 of this Annual Report |
| 1(3) (b)(i) | Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk.100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or | | | Not Applicable |
| 1(3)(b)(ii) | Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid-up capital of Tk.100.00 million or of a listed company; or | | | Not Applicable |
| 1(3) (b)(iii) | Former official of government or statutory or autonomous or regulatory body in the position not be low 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or Law; or | | | Not Applicable |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 1(3)(b)(iv) | University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or | | | Not Applicable |
| 1(3) (b)(v) | Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification; | ✓ | | Applied |
| 1(3)(c) | The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b); | ✓ | | Reference to the Directors' Profile in page no. 28-32 |
| 1(3) (d) | In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission. | | | No such deviation occurred |
| 1(4) | Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer : | | | Not such position |
| 1(4) (a) | The positions of the Chairperson of the Board and the Managing Director (MD) and / or Chief Executive Officer (CEO) of the company shall be filled by different individuals; | ✓ | | Reference to the Corporate Governance Report on page no. 96-99 of this Annual Report |
| 1(4) (b) | The Managing Director (MD) and/ or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company; | ✓ | | Such option is permitted by the Articles of the Company. |
| 1.(4)(c) | The Chairperson of the Board shall be elected from among the non-executive directors of the company; | | | |
| 1(4) (d) | The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and /or Chief Executive Officer; | ✓ | | Reference to the Corporate Governance Report on page no. 98 of this Annual Report |
| 1(4)(e) | In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | No such situation occurred in the reporting year. |
| 1(5) | The Directors' Report to Shareholders: | | | |
| 1(5) (i) | An Industry outlook and possible future developments in the industry. | ✓ | | Refer to the 'Directors Report' on page no. 52 of this Annual Report |
| 1(5)(ii) | The Segment-wise or product-wise performance. | | ✓ | The Company Operates in a single product Segment-denims fabrics. |
| 1(5) (iii) | Risks and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any; | | | Refer to page no. 68-70 of this Annual Report |
| 1(5)(iv) | A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable; | ✓ | | Refer to the Directors Reports on page no. 54-55 |
| 1(5) (v) | A discussion on continuity of any extraordinary activities and their implications (gain or loss); | ✓ | | Refer to the Directors Reports at page no. 56 |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 1(5)(vi) | A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions; | ✓ | | Refer to the 'Directors' Report' and subsequently elaborated in the note no. 42 (page # 205) of the 'Audited Financial Statements' of this Annual Report |
| 1(5) (vii) | A statement utilization of proceeds raised through public issues, rights issues and /or any other instruments; | ✓ | | Fund raised through IPO was fully utilized in prescribed time. |
| 1(5) (viii) | An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.; | ✓ | | Not Applicable |
| 1(5)(ix) | If significant variance that occurs between Quarterly Financial performances and Annual Financial Statements the management shall explain about the variance on their Annual Report | ✓ | | Evaluation of Quarterly Financial Statements give at page 115-116 |
| 1(5) (x) | A statement of Remuneration paid to the directors including independent directors; | ✓ | | Refer to the 'Directors' Report' at page no.62 as well as note no. 29 (page no. 197) of the financial statements of this Annual Report |
| 1(5) (xi) | A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity; | ✓ | | At page no. 61-62 of Annual Report- 2023. |
| 1(5) (xii) | A statement that Proper books of account of the issuer company have been maintained; | ✓ | | Refer to the 'Directors' Report' at page no. 61-62 of the financial statements of this Annual Report |
| 1(5)(xiii) | A statement that Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment; | ✓ | | Refer to the 'Directors' Report at page no.61-62 |
| 1(5)(xiv) | A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed; | ✓ | | Refer to the 'Directors' Report at page no. 61-62 |
| 1(5) (xv) | A statement that the system of internal control is sound in design and has been effectively implemented and monitored. | ✓ | | Refer to the Report of the Audit Committee at page no. 119-120 of this Annual Report |
| 1(5) (xvi) | A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress; | ✓ | | |
| 1(5)(xvii) | A statement that there is no significant doubt upon the issuer Company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed; | ✓ | | Refer to the page no. 93-94 of this Annual Report |
| 1(5) (xviii) | An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons there of shall be explained; | ✓ | | No such deviation occurred details given in Directors' Report |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|---|
| | | Complied | Not Complied | |
| 1(5) (xix) | A statement where key operating and financial data of at least preceding 5(five) years shall be summarized; | ✓ | | Refer to highlights of performance at page no. 46–47 of Annual Report |
| 1(5)(xx) | An explanation on the reason If the issuer company has not declared dividend (cash or stock)for the year; | | | The Board of the Directors at its Board meeting, held on 26/10/2023 declared cash dividend 10% for its Shareholders for the year 2022-2023. |
| 1(5) (xxi) | Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend; | ✓ | | No such event occurred |
| 1(5)(xxii) | The number of Board meetings held during the year and attendance by each director shall be disclosed. | ✓ | | Refer to the 'Report on Corporate Governance at page no.97 of this Annual Report |
| 1(5)(xxiii) | The pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by: | ✓ | | |
| 1(5)(xxiii) a) | Parent/Subsidiary/Associated companies and other related parties (name wise details); | ✓ | | Refer to the 'Annexure-1 of the 'Directors' Report' at page no.66 of this Annual Report |
| 1(5)(xxiii) b) | Directors, Chief Executive Officer, Company Secretary, and Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details). | ✓ | | Refer to the 'Annexure-1 of the 'Directors' Report' at page no. 65 of this Annual Report |
| 1(5)(xxiii) c) | Executives; and | ✓ | | |
| 1(5)(xxiii) d) | Shareholders holding ten percent (10%) or more voting interest in the company (name wise details). | ✓ | | |
| 1(5)(xxiv) | In case of the appointment or re-appointment of a director the company shall disclosure the following information to the shareholders:- | ✓ | | |
| 1(5)(xxiv) (a) | A brief resume of the director; | ✓ | | Information regarding the Directors' are disclosed in brief profile of the Directors' at page no. 28–32 and page no. 66 |
| 1(5)(xxiv) (b) | Nature of his /her expertise in specific functional areas; | ✓ | | |
| 1(5)(xxiv) (c) | Name of the companies in which the person also holds the directorship and the membership of committee of the board. | ✓ | | |
| 1(5)(xxv) | Management's 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 statements: | ✓ | | Refer to the Managing Director's Diary at page no. 42–45 |
| 1(5)(xxv)(a) | Accounting policies and estimation for preparation of financial statements; | ✓ | | |
| 1(5)(xxv)(b) | Changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes; | ✓ | | |
| 1(5)(xxv)(c) | Comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof. | ✓ | | |
| 1(5)(xxv)(d) | Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario; | | ✓ | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|-------------------------------|
| | | Complied | Not Complied | |
| 1(5)(xxv)(e) | Briefly explain the financial and economic scenario of the country and the globe; | ✓ | | |
| 1(5)(xxv)(f) | Risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company | ✓ | | |
| 1(5)(xxv)(g) | Future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM; | ✓ | | |
| 1(5)(xxvi) | Declaration or certification by the CEO and the CFO to the Board as required under condition No.3(3) shall be disclosed as per Annexure-A ; | ✓ | | Refer to the page no. 124 |
| 1(5)(xxvii) | The report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 shall be disclosed as per Annexure-B and Annexure-C . | ✓ | | Refer to the page no. 100-114 |
| 1(6) | Section 1.01 Meetings of the Board of Directors 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 the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code. | ✓ | | |
| 1(7) | Code of Conduct for the Chairperson, other Board members and Chief Executive Officer : | ✓ | | |
| 1(7)(a) | The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No.6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company; | ✓ | | Refer to the page no. 121-123 |
| 1(7)(b) | The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency. | ✓ | | |
| 2. | Governance of Board of Directors of Subsidiary Company : | ✓ | | |
| 2(a) | Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company; | ✓ | | |
| 2(b) | At least 1(one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 2(c) | The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company; | √ | | |
| 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; | √ | | |
| 2(e) | The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company. | √ | | |
| 3. | Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS): | √ | | |
| 3.(1) | Appointment | √ | | Reference to the Corporate Governance Report on page no. 96-99 of this Annual Report |
| 3.(1)(a) | The Board shall appoint a MD or CEO, CS, CFO and HIAC | √ | | |
| 3.(1)(b) | The positions of the MD or CEO, CS, CFO and HIAC filled by different individuals; | √ | | |
| 3.(1)(c) | The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; | √ | | |
| 3.(1)(d) | The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS; | √ | | |
| 3.(1)(e) | The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s). | √ | | |
| 3(2) | Requirement to attend Board of Directors' Meetings : The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board Provided that the CS, CFO and /or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters. | √ | √ | |
| 3(3) | Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO) : | √ | | |
| 3(3)(a) | They have reviewed financial statements for the year and that to the best of their knowledge and belief: | √ | | Reference to the MD and CFO's declaration on page no.124 of this Annual Report |
| 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; and | √ | | |
| 3(3)(a)(ii) | 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; | √ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 3(3)(b) | The MD or CEO and CFO shall also certify that there are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members; | ✓ | | |
| 3(3)(c) | The certification of the MD or CEO and CFO shall be disclosed in the Annual Report. | ✓ | | |
| 4. | Board of Directors' Committee. | ✓ | | |
| | The Board shall have at least following sub-committees: | ✓ | | |
| 4.(i) | Audit Committee; | ✓ | | |
| 4.(ii) | Nomination and Remuneration Committee. | ✓ | | |
| 5. | AUDIT COMMITTEE: | ✓ | | |
| 5. (1) | Responsibility to the Board of Directors: | ✓ | | |
| 5(1) (a) | The company shall have an Audit Committee as a sub- committee of the Board Of Directors | ✓ | | Refer to the Corporate Governance Report at page no. 96-99 of this Annual Report |
| 5(1) (b) | The Audit 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. | ✓ | | |
| 5(1) (c) | The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing. | ✓ | | |
| 5(2) | Constitution of the Audit Committee : | ✓ | | |
| 5 (2) (a) | The Audit Committee shall be composed of at least 3 (three) members. | ✓ | | Refer to the page no. 119-120 of this Annual Report |
| 5 (2) (b) | The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director | ✓ | | |
| 5 (2) (c) | All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management background and 10(ten) years of such experience; | ✓ | | |
| 5 (2) (d) | When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3(three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or not later than 1(one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|--|--|--------------|---|
| | | Complied | Not Complied | |
| 5 (2) (e) | The company secretary shall act as the secretary of the Committee; | ✓ | | |
| 5 (2) (f) | The quorum of the Audit Committee meeting shall not constitute without at least 1(one) independent director. | ✓ | | Attendance of the member of the audit committee given in Report of the AC. |
| 5(3) | Chairperson of the Audit Committee : | ✓ | | |
| 5(3)(a) | The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an Independent Director. | ✓ | | Md. Shahadat Hossain FCA, Independent Director is the Chairperson of the Audit Committee. |
| 5(3)(b) | In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No.5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes. | | | No such event occurred. |
| 5(3)(c) | Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM): Provided that in absence of Chairperson of the Audit Committee, any other member from the Audit Committee shall be selected to be present in the annual general meeting (AGM) and reason for absence of the Chairperson of the Audit Committee shall be recorded in the minutes of the AGM. | ✓ | | |
| 5(4) | Section 1.02 Meeting of the Audit Committee : | ✓ | | |
| 5(4)(a) | The Audit Committee shall conduct at least its four meetings in a financial year: Provided that any emergency meeting in addition to regular meeting may be convened at the request of any one of the members of the Committee; | ✓ | | Refer to the Report of Audit Committee at page no. 119-120 of this Annual Report |
| 5(4)(b) | The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must. | ✓ | | |
| 5(5) | Role of the Audit Committee The Audit Committee shall:- | ✓ | | |
| 5(5) (a) | Oversee the financial reporting process; | ✓ | | Refer to the Report of the AC at page no. 119-120 of this Annual Report |
| 5(5) (b) | Monitor choice of accounting policies and principles | ✓ | | |
| 5(5) (c) | Monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report; | ✓ | | |
| 5(5) (d) | Oversee hiring and performance of external Auditors. | ✓ | | Audit Committee at its meeting held on 26th October, 2023 conducted the session |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) | |
|----------------|--|--|--------------|---|--|
| | | Complied | Not Complied | | |
| 5(5) (e) | Hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption; | ✓ | | Audit Committee at its meeting held on 26th October, 2023 conducted the session | |
| 5(5) (f) | Review along with the management, the annual financial statements before submission to the Board for approval; | ✓ | | | |
| 5(5) (g) | Review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval; | ✓ | | | |
| 5(5) (h) | Review the adequacy of internal audit function; | ✓ | | | |
| 5(5) (i) | Review the Management's Discussion and Analysis before disclosing in the Annual Report; | ✓ | | | |
| 5(5) (j) | Review statement of all related party transactions submitted by the management; | ✓ | | | |
| 5(5) (k) | Review Management Letters or Letter of Internal Control weakness issued by statutory auditors; | ✓ | | | |
| 5(5) (l) | Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and | ✓ | | | |
| 5(5) (m) | Oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission: Provided that the management shall disclose to the Audit Committee about the uses or applications of the proceeds 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: Provided further that on an annual basis, the company shall prepare a statement of the proceeds utilized for the purposes other than those stated in the offer document or prospectus for publication in the Annual Report along with the comments of the Audit Committee | ✓ | | | Not such event occurred during the year. IPO fund utilization was completed by the company in prescribed time. |
| 5(6) | Reporting of the Audit Committee: | ✓ | | | |
| 5(6)(a) | Reporting to the Board of Directors | ✓ | | | |
| 5(6)(a)(i) | The Audit Committee shall report on its activities to the Board. | ✓ | | | |
| 5(6)(a)(ii) | The Audit Committee shall immediately report to the Board on the following findings, if any: | ✓ | | | |
| 5(6)(a)(ii)(a) | Report on conflicts of interests; | | | No such event occurred | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 5(6)(a)(ii)(b) | Suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements; | | | No such event occurred |
| 5(6)(a)(ii)(c) | Suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; | | | No such event occurred |
| 5(6)(a)(ii)(d) | Any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately; | ✓ | | No such event occurred |
| 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 has discussed with the Board and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board for three times or completion of a period of 6(six) months from the date of first reporting to the Board, whichever is earlier. | ✓ | | No such event occurred |
| 5(7) | Reporting to the Shareholders and General Investors : Report on activities carried out by the Audit Committee, including any report made to the Board under condition No.5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company. | ✓ | | No such event occurred |
| 6. | Article II. Nomination and Remuneration Committee (NRC): | ✓ | | Refer to the Report of the NRC at page no. 121-123 |
| 6 (1) | Responsibility to the Board of Directors: | ✓ | | |
| 6 (1)(a) | The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board; | ✓ | | |
| 6 (1)(b) | The NRC shall assist the Board 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; | ✓ | | |
| 6 (1)(c) | The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No.6(5)(b). | ✓ | | |
| 6 (2) | Constitution of the NRC: | | | |
| 6 (2)(a) | The Committee shall comprise of at least three members including an independent director; | ✓ | | |
| 6 (2)(b) | All members of the Committee shall be non-executive directors; | | | |
| 6 (2)(c) | Members of the Committee shall be nominated and appointed by the Board; | ✓ | | |
| 6 (2)(d) | The Board shall have authority to remove and appoint any member of the Committee; | ✓ | | |
| 6 (2)(e) | In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee; | ✓ | | No such event occurred |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|----------------|---|--|--------------|---------------------|
| | | Complied | Not Complied | |
| 6 (2)(f) | The Chairperson of the Committee may appoint or co-opt any external expert and / or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and /or member(s) of staff shall be required or valuable for the Committee; | √ | | |
| 6 (2)(g) | The company secretary shall act as the secretary of the Committee; | | | |
| 6 (2)(h) | The quorum of the NRC meeting shall not constitute without attendance of at least an independent director; | | | |
| 6 (2)(i) | No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company. | √ | | |
| 6(3) | Chairperson of the NRC : | √ | | |
| 6(3)(a) | The Board shall select 1(one) member of the NRC to be Chairperson of the Committee, who shall be an independent director; | √ | | |
| 6(3)(b) | In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes; | √ √ | | |
| 6(3)(c) | The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders: Provided that in absence of Chairperson of the NRC, any other member from the NRC shall be selected to be present in the annual general meeting(AGM) for answering the shareholder's queries and reason for absence of the Chairperson of the NRC shall be recorded in the minutes of the AGM. | √ √ | | |
| 6(4) | Meeting of the NRC : | | | |
| 6(4)(a) | The NRC shall conduct at least one meeting in a financial year; | | | |
| 6(4)(b) | The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC; | √ | | N/A |
| 6(4)(c) | The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No.6(2)(h); | √ √ | | |
| 6(4)(d) | The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC. | √ | | |
| 6(5) | Role of the NRC : | √ | | |
| 6(5)(a) | NRC shall be independent and responsible or accountable to the Board and to the shareholders; | | | |
| 6(5)(b) | NRC shall oversee, among others, the following matters and make report with recommendation to the Board: | | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|-------------------|--|--|--------------|--|
| | | Complied | Not Complied | |
| 6(5)(b)(i) | Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following: | ✓ | | |
| 6(5)(b)(i)(a) | The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully; | ✓ | | |
| 6(5)(b)(i)(b) | The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and | ✓ | | |
| 6(5)(b)(i)(c) | Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals; | ✓ | | |
| 6(5)(b)(ii) | Devising a policy on Board's diversity taking into consideration age gender, experience, ethnicity, educational background and nationality; | ✓ | | |
| 6(5)(b)(iii) | Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board; | ✓ | | |
| 6(5)(b)(iv) | Formulating the criteria for evaluation of performance of independent directors and the Board; | ✓ | | |
| 6(5)(b)(v) | identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and | ✓ | | |
| 6(5)(b)(vi) | Developing, recommending and reviewing annually the company's human resources and training policies; | ✓ | | |
| 6(5)(c) | The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report. | ✓ | | |
| 7 | External or Statutory Auditors: | ✓ | | |
| 7(1) | The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely:- | ✓ | | M/s Pinaki & Co. Chartered Accountants was not engaged in such activities. |
| 7(1)(i) | appraisal or valuation services or fairness opinions; | ✓ | | |
| 7(1)(ii) | financial information systems design and implementation; | ✓ | | |
| 7(1)(iii) | book-keeping or other services related to the accounting records or financial statements; | ✓ | | |
| 7(1)(iv) | broker-dealer services; | ✓ | | |
| 7(1)(v) | actuarial services; | ✓ | | |
| 7(1)(vi) | internal audit services or special audit services; | ✓ | | |
| 7(1)(vii) | any service that the Audit Committee determines; | ✓ | | |

| Condition No. | Title | Compliance Status (Put ✓ in the appropriate column) | | Remarks (if any) |
|---------------|---|--|--------------|--|
| | | Complied | Not Complied | |
| 7(1)(viii) | audit or certification services on compliance of corporate governance as required under condition No. 9(1); and | √ | | |
| 7(1)(ix) | any other service that creates conflict of interest | √ | | |
| 7(2) | No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company: Provided that spouse, son, daughter, father, mother, brother, sister, son-in-law and daughter-in-law shall be considered as family members. | √ | | |
| 7(3) | Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders. | √ | | |
| 8 | Maintaining a website by the Company: | √ | | |
| 8(1) | The company shall have an official website linked with the website of the stock exchange. | √ | | Web Address is: www.shashadenims.com |
| 8(2) | The company shall keep the website functional from the date of listing. | √ | | |
| 8(3) | The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s). | √ | | The required information are available in the website under the link: |
| 9 | Reporting and Compliance of Corporate Governance : | √ | | |
| 9(1) | The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis. Regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report. | √ | | The required Certificate is incorporated in page no. 100 of this Annual Report |
| 9(2) | The professional who will provide the certificate on Compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting. | √ | | The Compliance Auditor was approved by the Shareholders in 25th AGM held on 20 December, 2022. |
| 9(3) | The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not. | √ | | Refer to the Directors' Report' |



Shams Mahmud
Managing Director

Place: Dhaka

Date: 08th November, 2023

EVALUATION OF QUARTERLY FINANCIAL STATEMENTS

In compliance with the BSEC directives Shasha Denims Ltd. (SDL) prepared consolidated quarterly financial statements as per BAS-34 and submitted the same to Dhaka Stock Exchange, Chittagong Stock Exchange and BSEC regularly. Quarterly consolidated Financial Statements are reviewed and approved by Audit Committee and Board of Directors respectively. All price sensitive information and quarterly financial statements were published in at least two daily newspaper and also available in our web site.

During the year, quarterly published financial statements was consolidated by financial statements of Shasha Denims Ltd. (SDL) along with financial statements of its two subsidiary companies named Shasha Textile Mills Limited (STL) and EOS Textile Mills Limited (EOS). During the year, Status of Energis Power Corporation Ltd (EPCL) has been changed from subsidiary company to associate company due to substantial shares (6 crore) transferred to Shasha Garments Ltd. Accordingly assets and liabilities of EPCL, were derecognized from second quarter from the Consolidated Statements of Financial Position (CSFP) which were reported line by line basis in the CSFP in first quarter. After transfer of 6 crore shares to Shasha Garments Ltd., Shasha Denims Ltd. holds 44.96% of EPCL. As a result, financial position of EPCL were reported as associate company in Consolidated Financial Statements in second quarter and third quarter.

Quarter -1 Performance:

During the period, Consolidated net income of the company increased to BDT. 73 million as against corresponding period of BDT. 57 million. Shasha Denims Ltd., Shasha Garments Ltd and EOS Textile Mills Ltd. are the main contributor to increase the consolidated earning of the Company. Profit after tax of Shasha Denims Ltd. increased by 29% compared to corresponding period. PAT of Shasha Garments Ltd. increased by 35% as export of the Company increased by 28%. On the other hand, PAT of EOS Textile Mills Ltd. also increased by 58% over the corresponding period.

But EPCL registered loss BDT. 39 million as interest charged during the period on Bank Loans. Electricity generation of Energis Power Corporation Ltd. (EPCL) was still suspended.

Consolidated profit /(loss) after tax of the company was registered BDT. 73.05 million in during the Q1 as against BDT. 57.32 million in the corresponding period. As a result EPS of the company stood BDT. 0.56 during the Q1 of 2022-2023 as against BDT. 0.43 during the corresponding period.

Consolidated operating cash flow during the period mainly increased due to collection from turn over during the period.

Quarter-2 Performance:

During the period, there were some significant changes made in the financial statements. As per approval of shareholders in the 25th AGM, six crore shares of Shasha Denims Ltd. has been transferred to Shasha Garments Ltd. As a result, position of Energis Power Corporation Ltd. (EPCL) has been changed as associate company from subsidiary company. Comparative information in the Consolidated Financial Statements has been reported as is basis and could not be comparable with the current period information as EPCL has become an associate entity which was previously reported as subsidiary entity.

Gross profit of Shasha Denims Ltd. was increased during the period as SDL utilized cost benefits of earlier imported raw materials. Shasha Garments Ltd. (associate company) and EOS Textile Mills Ltd. (subsidiary company) have also contributed significantly for increasing consolidated earnings of the Company.

In the consolidated financial statements, it is revealed that Consolidated Profit After Tax (July - Dec 2022) of the Company was increased to BDT. 174.63 million as against BDT. 126.03 million in the corresponding period. Consolidated PAT increased by 38% compared to same period of previous year.

During the period, SDL deferred a significant amount of its import liability in the next quarter as a result consolidated net operating cash flow was increased significantly.

Cumulative Consolidated EPS for the six months of Shasha Denims Ltd. was registered BDT. 1.33 during the period which was recorded BDT. 0.91 for the same period of last year.

Quarter 3 Performance:

During the period Jan-March'23, SDL and subsidiaries passed a tough time as overall export of the company fell down extremely. In this quarter (Jan-March 23) consolidated export was recorded BDT 1,966 million as compared immediate preceding two quarters were BDT 2,536 million and BDT 2,094 million respectively. As a result, performance of respective quarter was worst compared to previous two quarters. During last quarter, EPS of 3rd Quarter stood at BDT 0.03.

Cumulative consolidated gross profit and operating profit (July 22-March 23) of the company was registered BDT. 1,241 million and 1,040 million respectively as against BDT. 1,017 million, BDT 804

million in the same period of last year. Gross profit of Shasha Denims Ltd. and EOS Textile Mills Ltd. increased remarkably. Financial expenses increased due to exchange loss incurred during the period. In this period (July 22-March 23) financial expenses of the company was BDT. 811 million but it was BDT. 537 million during the comparative period. Mainly excess financial expenses pulled down the overall profitability of the company. On the other hand, current tax of the company increased remarkable as result of increase of AIT on export proceed.

Finally cumulative profit after tax for the quarter ended on 31st March, 2023 registered BDT. 179 million which was 201 million during the same period of last year.

Cumulative Consolidated EPS of Shasha Denims Ltd. was registered BDT. 1.36 during the period which was recorded BDT. 1.45 for the same period of last year.

Quarter 4 Performance:

In the 4th Quarter (April 23 to June 23), consolidated Earning Per Share was recorded at BDT. 0.04. During the period cost of goods sold increased remarkably due to price hike of raw materials and other production cost and utilities. Price hike of utilities, Exchange loss mainly impacted overall profitability of the Company. Besides production and exports of the Company were extremely fell down compared to previous quarters regarding high inflation in Europe and reduce export orders.

Comparative consolidated quarterly financial performance is stated below:

Amount in million

| Particulars | 2022-2023 | | | 2021-2022 | | |
|--|-------------|-------------|-------------|--------------|--------------|--------------|
| | 31-Mar-23 | 31-Dec-22 | 30-Sep-22 | 31-Mar-22 | 31-Dec-21 | 30-Sep-21 |
| Balance Sheet | | | | | | |
| Non-Current Assets | 5625 | 5629 | 6364 | 6,632 | 6,700 | 6,660 |
| Current Assets | 6057 | 6843 | 8917 | 10,834 | 10,692 | 9,469 |
| Total Assets | 11682 | 12472 | 15181 | 17,466 | 17,392 | 16,130 |
| Capital & Reserve | 5759 | 5745 | 5838 | 6,639 | 6,565 | 6,654 |
| Non-Current Liabilities | 1305 | 1329 | 2748 | 1,859 | 2,023 | 1,922 |
| Current Liabilities | 4627 | 5398 | 6595 | 8,966 | 5,526 | 7,554 |
| Income Statement | | | | | | |
| Revenue | 1966 | 2536 | 2094 | 3,100 | 3,334 | 2,333 |
| Less: Cost of Goods Sold | 1627 | 2011 | 1717 | 2,728 | 2,979 | 2,042 |
| Gross Profit | 340 | 525 | 377 | 372 | 355 | 291 |
| Less: Administrative & Selling Exp. | 77 | 62 | 62 | 73 | 66 | 73 |
| Operating Profit | 263 | 463 | 315 | 298 | 289 | 217 |
| Add: Financial Income | 2 | 1 | 1 | 1 | 1 | - |
| Less: Financial Expenses | 235 | 340 | 236 | 200 | 194 | 143 |
| Profit before Non-Operating Income | 30 | 124 | 80 | 99 | 95 | 74 |
| Add: Non-operation income/(loss) | 7 | (4) | 7 | - | (12) | 13 |
| Profit before profit of Associate Company | 37 | 120 | 87 | 99 | 83 | 87 |
| Add: Share of profit of equity accounted investees | (3) | 7 | 15 | - | - | - |
| Profit before Income Tax | 34 | 127 | 102 | 99 | 83 | 87 |
| Current Tax | 27 | 23 | 27 | 23 | 20 | 12 |
| Deferred Tax | 3 | 2 | 2 | 4 | 5 | 3 |
| Net Profit after Tax | 4 | 102 | 73 | 72 | 58 | 72 |
| Non-Controlling | - | (6) | (6) | (4) | (9) | 12 |
| Net Profit attributable to the Shareholders | 4 | 108 | 79 | 76 | 67 | 61 |
| Earnings Per Share | 0.03 | 0.77 | 0.56 | 0.55 | 0.47 | 0.43 |

COMPLIANCE REPORT ON IAS AND IFRS

| SL. No | IAS/ IFRS Title | Remarks |
|--------|---|---------|
| SL. No | IAS/ IFRS Title | Remarks |
| IAS-01 | Presentation of Financial Statements | Applied |
| IAS-02 | Inventories | Applied |
| IAS-07 | Statement Of Cash Flows | Applied |
| IAS-08 | Accounting Policies, Changes in Accounting Estimates and Errors | Applied |
| IAS-10 | Events after the Reporting period | Applied |
| IAS-11 | Construction Contracts | N/A |
| IAS-12 | Income Taxes | Applied |
| IAS-16 | Property, Plant & Equipment | Applied |
| IAS-17 | Leases | Applied |
| IAS-18 | Revenue | Applied |
| IAS-19 | Employee Benefits | Applied |
| IAS-20 | Accounting of Government Grants and Disclosure of Government Assistance | N/A |
| IAS-21 | The Effects of Changes in Foreign Exchange Rates | Applied |
| IAS-23 | Borrowing Costs | Applied |
| IAS-24 | Related Party Disclosures | Applied |
| IAS-26 | Accounting and Reporting by Retirement Benefit Plans | N/A |
| IAS-27 | Separate Financial Statements | Applied |
| IAS-28 | Investments in Associates | Applied |
| IAS-29 | Financial Reporting in Hyperinflationary Economics | N/A |
| IAS-32 | Financial Instruments: Presentation | Applied |
| IAS-33 | Earnings per Share | Applied |
| IAS-34 | Interim Financial Reporting | Applied |
| IAS-36 | Impairment of Assets | Applied |
| IAS-37 | Provisions, Contingent Liabilities and Contingent Assets | Applied |
| IAS-38 | Intangible Assets | Applied |
| IAS-39 | Financial Instruments: Recognition and Measurement | Applied |
| IAS-40 | Investment Property | N/A |
| IAS-41 | Agriculture | N/A |

| SL. No | IFRS Title | Remarks |
|---------|--|---------|
| IFRS 1 | First-Time adoption of international Financial Reporting Standards | N/A |
| IFRS 2 | Share –based Payment | N/A |
| IFRS 3 | Business Combinations | Applied |
| IFRS 4 | Insurance Contracts | N/A |
| IFRS 5 | Noncurrent Assets Held for Sale and Discontinued Operations | N/A |
| IFRS 6 | Expiration for and Evaluation of Mineral Resources | N/A |
| IFRS 7 | Financial Instruments: Disclosures | Applied |
| IFRS 8 | Operating Segments | N/A |
| IFRS 9 | Financial Instruments | Applied |
| IFRS 10 | Consolidated Financial Statements | Applied |
| IFRS 11 | Joint Arrangements | N/A |
| IFRS 12 | Disclosure of Interests in other Entities | Applied |
| IFRS 13 | Fair value Measurement | Applied |
| IFRS 14 | Regulatory Deferred Accounts | N/A |
| IFRS 15 | Revenue from Contracts with Customer | Applied |
| IFRS 16 | Leases | Applied |

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is formed with members having relevant experience in finance and accounting to oversee the audit of Company's financial reports as well as adequacy of company's internal control. The Audit Committee comprises of members of the Board.

The Committee is empowered, among other things, to examine any matter relating to the financial affairs of the Company and to review all audit and inspection programs, internal control systems and procedures, accounting policies and adherence to compliance requirements. This would ensure that a sound financial reporting system is in place, which is well managed providing accurate, appropriate and timely information to the Board of Directors and stakeholders.

The Head of Internal Audit and Compliance has direct access

to the Committee. The Committee is directly reportable to the Board.

COMPOSITION OF AUDIT COMMITTEE

As per requirement of BSEC circular, The Board of Directors of Shasha Denims Ltd. formed an Audit Committee headed by Company's Independent Director Mr. Md. Shahadat Hossain FCA. The Committee is composed of 3 (three) members of the Board. Two members of the Committee are Independent Directors.

The members of the Audit Committee have vast experience and knowledge in Company's matters, Industry and Economy as well. All members of the Committee are Chartered Accountants. The Board of Directors of the Company appointed them according to the Corporate Governance Guideline.

Now the Committee consists of the following members:

| Sl # | Name | Position | Position in the Board | Qualification |
|------|----------------------|----------|-----------------------|---------------|
| 1. | Md. Shahadat Hossain | Chairman | Independent Director | FCA |
| 2. | Md. MBM Lutful Hadee | Member | Independent Director | FCA |
| 3. | Zareen Mahmud | Member | Director | CPA, FCA |

INTERNAL CONTROL

The Board of Directors is primarily responsible for ensuring that a proper and effective control system is in place to run the operations of the Company. It is meant to ensure smooth functioning of the company alongwith compliance of all internal and external rules and regulations.

An effective internal control also ensures that measures taken to minimize operational risks and detect errors in various operational areas to ensure timely rectification. Although a full scale control system is not possible to establish, but it helps the Management to keep effective control over operations and minimize deviations as far as possible.

The Audit Committee among others is also responsible for:

- Assisting the Board in its oversight of i) the integrity and reporting of the Company's quarterly, half yearly and

annual financial statements, ii) the qualifications, independence and performance of the Company's internal and external auditors.

- Assisting the Board with respect to internal control, accounting policies, auditing and financial reporting practices.
- Overseeing the performance of the Company's internal audit function, independent audits and regulatory inspections.
- Overseeing the Company's compliance with the rules of good corporate governance.

INTERNAL CONTROL AND COMPLIANCE

The Company has a separate department for internal control and compliance. The department operate independently and has given responsibilities by the Audit Committee. The major responsibility of audit department is under:

- To ensure that the Company operates within the principle, policies, framework and procedures formulated by the Audit Committee.
- To ensure the regulatory compliance in its day to day activities.
- To provide the Board and Management with detail information regarding business activities of the company.

MEETING AND ATTENDENCE

During the year 2022-2023, under review the Audit Committee of Shasha Denims Ltd. met 4 (four) times on the following dates.

- 27 October, 2022
- 13 November, 2022
- 30 January, 2023
- 30 May, 2023

| Member's Name | Position | Attended During the Year | Percentage |
|------------------------------|----------|--------------------------|------------|
| Mr. Md. Shahadat Hossain FCA | Chairman | Four | 100% |
| Mr. Md. Shahadat Hossain FCA | Member | Four | 100% |
| Ms. Zareen Mahmud CPA, FCA | Member | Four | 100% |

FUNCTIONS AND ACTIVITIES:

During the year, principal activities were as follows:

Control Issues

- Reviewed Internal Control and risk management system
- Considered the effectiveness of the Company's Internal Controls over financial reporting

Financial Results

- Reviewed reports from the Chief Financial Officer on the Quarterly and annual financial statements, including other financial statements and disclosures prior to their publication.
- Reviewed the Annual Report, these reviews incorporated the accounting policies and key judgments and estimates underpinning the financial statements as disclosed in Notes to the Accounts.

INTERNAL AUDIT MATTERS

- Received reports from the internal auditors
- Monitored the performance of the internal audit function
- Reviewed appropriate systems and controls are in place for effectiveness of internal auditfunction
- Monitored Independence of Audit Work

GOVERNANCE AND COMPLIANCE

- Reviewed compliance with existing laws and regulations.
- Reviewed financial of subsidiary

EXTERNAL AUDIT MATTERS

- Reviewed the effectiveness and independence of the Statutory auditors
- Recommend appointment, remuneration of the statutory auditor
- Reviewed the annual audit activities and audit report.

Acknowledgement

The members of the Audit Committee express their gratitude and thanks to the Board of Directors, Management and Auditors for their cooperation while performing its duties and responsibilities.



Md. Shahadat Hossain FCA
Chairman-Audit Committee

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

Introduction

In terms of provision of Bangladesh Securities and Exchange Commission notification dated 3, June, 2018 the Company in its 86th Board Meeting held on 27 October, 2018 formed Nomination and Remuneration Committee (NRC) headed by Company's independent Director Mr. Syed Mayeenul Huq.

The NRC policy of the Company is adopted to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the company.

CONSTITUTION OF COMMITTEE

The Board of Directors of Shasha Denims Limited constituted "Nomination and Remuneration Committee" comprises of three Non-Executive Directors of which majority are Independent Directors in accordance with the provision of Bangladesh Securities and Exchange Commission Gadget Notification dated : 3 June, 2018. After retirement of Mr. Md. Syed Mayeenul Huq, the Committee is reconstituted on 28 January, 2021 headed by Md. Shahadat Hossain FCA. Mr. MBM Lutful Hadee FCA and Mr. N K A Mobin FCA are the General Members of the Committee.

Members' detail of NRC are as follows:

| Sl.# | Name | Position | Qualification |
|------|------------------------------|----------|------------------------|
| 1. | Mr. MBM Lutful Hadee FCA | Chairman | LL.B, LL.M, M Com. FCA |
| 2. | Mr. Md. Shahadat Hossain FCA | Member | FCA, FCS, CFC |
| 3. | Mr. N K A Mobin FCA | Member | M Com. FCA |

Meeting and Attendance:

During the year 2022-2023 under review the NRC members of Shasha Denims Ltd. met one in a meeting held on 30 April, 2023.

Policy of Nomination and Remuneration Committee (NRC)

Taking into consideration age, maturity, gender, experience, ethnicity, educational background and nationality to the procedure of recruitment, promotion, increment and retirement from the Managing Director to the Office Executives; each and every sphere, a fair and ethical 'Nomination and Remuneration Policy' is strictly

maintained in Shasha Denims Ltd. the benchmark of which relies on standards that are recognizable in the market context and sufficient to meet the current and future needs of the Company.

Criteria in respect of Directors and top-level executives and all other employees of the Company are as follows:

(a) Nomination Criteria

- * Following the Company policies as well as guidelines and applicable country regulations,
- * Following a selection process that is transparent in all respects,
- * Following a process that is compatible with international standards and local best practices,
- * Recognize core competencies of the respective personnel for the different levels of management and employees of the Company

(b) Recruitment and Selection Guidelines

Determined by the Management, the NRC Charter reveals and identifies the needs for the entire workforce at different levels which contains the following guidelines for the recruitment and selection procedures of the Directors, top-level executives and other employees of the Company:

The Board of Directors appoints the Non-Executive Directors upon nomination and recommendation of the NRC.

Non-Executive Director (s)

Appointment:

- * Each Non-Executive Director of Shasha Denims Ltd. shall hold a minimum shareholding position in accordance with the provision of Bangladesh Securities and Exchange Commission Gadget Notification dated: 3 June, 2018.

Qualification:

Persons should be identified to measure their qualifications, positive attributes and independence for becoming the Director (s) in accordance with the criteria set by the Bangladesh Securities and Exchange Commission (BSEC).

Experiences

Experiences shall also get preferences to become the Director (s) of Shasha Denims Ltd. with the criteria lay down, and recommend their appointment and removal to the Board as per the guidelines approved by the Bangladesh Securities and Exchange Commission (BSEC).

Remuneration:

Non-Executive Directors of the Company will receive only Meeting fees/ honorarium for their position as well as service.

The NRC recommends the Board meeting attendance fees / honorarium, including meeting expenses.

Executive Director (s)**Appointment:**

The NRC recommends the candidate(s) for Executive Director(s) based on the proposal and recommendation by the Management Committee. The Board of Directors appoints the Executive Director (s) upon recommendation of the NRC. Executive directors may be appointed from the Board Members also.

Retirement:

In accordance with the provision 124 of the Articles of Association of the Company, one-third of the number of existing Directors will retire by rotation in the Annual General Meeting according to seniority. And the eligible Directors will have the chances to be re-elected to the same position for the next term taking approval from the Shareholders.

Remuneration:

To have a clear balance in benefits between fixed and incentive pay made for the Executive Directors, each of the Directors receives their allotted remuneration on monthly basis for the enrollment in the Company, designed by the NRC based on the Company's policies and guidelines to be ratified by the Board as and when required;

Independent Director (s)**Appointment**

The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make a meaningful contribution to the business.

The Independent Director should have competence relevant to the sector in which the Company operates, and necessarily should have the qualifications as required by the regulations of BSEC. The Board of Directors appoints Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.

The Independent Directors are appointed based on the criteria set by the Bangladesh Securities and Exchange Commission (BSEC).

Retirement:

Like their appointment procedure, norms are also followed in their retirement case in accordance with the criteria set by the Bangladesh Securities and Exchange Commission (BSEC).

An Independent Director of Shasha Denims shall be appointed for three (3) years. After completing his/her tenure, he/she has to leave position.

If eligible, he/she may be re-elected to the same position for the next and last term (two consecutive terms).

Managing Director**Appointment**

The Company appoints a person for the position of the Managing Director who is responsible to implement, manage and administer corporate business strategy, applicable regulations and laws, and monitoring exceptions and serious deviations, manage and ensure the effective and efficient running of the company, represent the company with all business concerned.

Managing Director has control over the company on a day-to-day basis and is accountable to the Board for its financial and operational performance.

Remuneration:

A fixed and monthly remuneration is paid to the Managing Director decided and approved by the Board. His/her remuneration may be reviewed from time to time based on the Company's overall performance, sales target and other relevant issues.

Retirement:

The Managing Director of Shasha Denims is appointed in the Company usually for five (5) years. If eligible, he/she may be re-appointed to the same position for the next term taking approval from the Shareholders.

High Ranking Executive (s)**Appointment:**

Top-level Executives of the Company include the Managing Director, the Finance Director, the Head of Human Resources, the Head of Legal & External Affairs, all the Executive Committee Members (Head of Functions), the Company Secretary, the Head of Internal Audit & Compliance, and same level/ranked/ salaried officials of the Company.

The NRC identifies and recommends candidate (s) for Top-level Executives upon thorough scrutiny by the Managing Director, Executive Committee and Human Resources Department (HRD), considering relevant qualifications, experience, skills and leadership as required for the respective positions based on the Company's internal selection process.

Qualification:

- * Educational qualifications are varied for different positions. From Director Operations to other top levels executives in the factory, a minimum graduation degree is needed from the Institutes of Textile Engineering.

- * High rank officials like CFO, CS and Head of Accounts, must have relevant educational and professional qualification with minimum Post Graduation degree/MBA.

Experience:

Experiences shall also get preferences to hold the position of the top level executive (s) in Shasha Denims Ltd. with the criteria lay down, and recommend their appointment to the Company and also removal from there.

Remuneration:

A good mixture of level and composition between fixed and incentive pay including bonuses, compensation, benefits (or in whatever form) to be paid to attract, retain and motivate top-level executives to run the Company smoothly and successfully reflecting short and long-term performance objectives appropriate to the working of the Company and its goals; determined by the NRC based on the respective Company policies and guidelines which shall be ratified by the Management Committee as and when required

Other Employees

Appointment:

The NRC sets a guideline to identify the Company's need for employees at different levels and empowers the relevant management of the Company's HRD for selection, transfer, replacement and promotion of respective employees based on the Company's internal processes and remuneration criteria

Educational Qualification:

For other desk employees of different departments, minimum graduation degree is required in respective departments/position to perform the role with dignity.

Salary/ Remuneration:

Salaries are varied and fixed for each executive (s) in respect to their position and performances.

Increment:

A general annual increment is made for all levels of employees which is reviewed, discussed and decided based on the Company's overall performances, team performances and individual's own performance as well.

Besides, for individual (s) outstanding performance, he/she may be awarded with special increment at any unusual time of the year for their further encouragement.

Promotion:

Promotion for each individual (s) is made based on their skill, prudence, intelligence, meeting target, the ability to work under pressure, experience and other special qualities etc.

Retirement:

BEPZA rules (based on age, capacity, physical and mental fitness) are strictly followed in tenure and retirement matter of each individual employees. Force retirement/resign is also applicable for any unusual case for every single employee.

Members of NRC Committee

No member of the NRC receives, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the Company.

EVALUATION CRITERIA

Executive Directors

The respective line authority of the Executive Director(s) sets the performance measurement criteria based on the respective role profile and responsibilities through a Company appraisal process at the beginning of each calendar year.

The Executive Director(s) prepare the performance document (half-year and year-end). The respective line authority then evaluates the performance of the Executive Director(s) according to the measurement criteria.

Independent Director (s) & Non-Executive Director (s)

The evaluation of the performance of the Independent Directors (IDs) and Non-Executive Directors are carried out at least once a year by the Board of Directors, according to the following criteria:

- (i) Attendance at the Board meetings and committee meetings
- (ii) Participation in the Board meetings and committee meetings
- (iii) Contribution to improving the corporate governance practices of the Company

High Ranking Executives & Other Employees

The respective line authority of top-level executives and other employees sets the performance measurement criteria based on the respective roles and responsibilities to achieve people and business objectives through Company appraisal processes at the beginning of each calendar year.

The employees concerned prepare the performance document (half-year and year-end). The respective line authority then evaluates the performance of the employee(s) according to the measurement criteria.

Note that this policy can be revised in the NRC according to time to time requirement and special and other cases.

MD & CFO'S DECLARATION

The Board of Directors
Shasha Denims Limited
House No. 23, Road No #129
Gulshan-01, Dhaka-1212

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

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June, 2021 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Shasha Denims Limited for the year ended on 30 June, 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed;
and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that: -

- (i) We have reviewed the financial statements for the year ended on 30 June, 2023 and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,


Shams Mahmud
Managing Director


Md. Ahasanul Haque
Chief Financial Officer

CAPITAL STRUCTURE OF THE COMPANY

Shasha Denims Ltd. is a strong Capital Base Company. The Company started its business with paid up Tk. 20 million now its existing paid up capital stood to Tk.1,410.36 million. Authorized Capital of the Company is Tk. 2250 million dividend into 200 million ordinary shares and 25 million redeemable preference shares at Tk.10 each. The Company raised paid up capital by Tk. 500 million through IPO. The Company is listed with DSE and CSE. The market capitalization of the Company is Tk. 3,807.80 million as on 30 June, 2023. The market price of share of Shasha Denims Ltd. was Tk. 27 as on 30 June, 2023. Sector and range wise shareholding of Shasha Denims Ltd. as on 30 June, 2023 are as follows:

The Paid up Capital of Shasha Denims Ltd.

| | | Nos. of Shares | Percentage |
|---------------------|---|--------------------|----------------|
| Sponsor & Directors | : | 52,978,806 | 37.564% |
| Institutions | : | 31,923,073 | 22.635% |
| Foreign | : | - | - |
| Public | : | 56,134,031 | 39.801% |
| | | 141,035,910 | 100.00% |

The Range of Shareholdings

| Shareholding Range | No. of Shareholders | No. of Shares | Percentage |
|----------------------------|---------------------|--------------------|----------------|
| Up to 500 Shares | 4,552 | 934,139 | 0.66% |
| 501 to 5000 shares | 2,357 | 4,688,668 | 3.32% |
| 5001 to 10,000 Shares | 507 | 3,866,525 | 2.74% |
| 10001 to 20000 shares | 323 | 4,685,384 | 3.33% |
| 20001 to 30,000 shares | 131 | 3,263,865 | 2.31% |
| 30001 to 40000 shares | 95 | 3,338,759 | 2.37% |
| 40001 to 50000 shares | 59 | 2,722,365 | 1.93% |
| 50001 to 1,00,000 shares | 88 | 6,549,534 | 4.64% |
| 100001 to 500000 shares | 83 | 16,212,385 | 11.50% |
| 500001 to 10,00,000 shares | 10 | 6,787,884 | 4.81% |
| 1000001 and above shares | 18 | 87,986,402 | 62.39% |
| Total | 8223 | 141,035,910 | 100.00% |

A close-up photograph of a sunflower with water droplets on its petals and a water droplet in mid-air above it. The background is a soft, out-of-focus mix of light blue and green, suggesting a bright, outdoor setting. The sunflower's petals are a vibrant yellow, and the center is a dark brown. Numerous small, clear water droplets are scattered across the petals and in the air, creating a fresh and natural feel.

**AUDITORS' REPORT
AND FINANCIAL
STATEMENTS**

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHASHA DENIMS LIMITED AND ITS SUBSIDIARY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Shasha Denims Limited and Its Subsidiary**, (the company) which comprise the consolidated statement of financial position as at 30 June 2023 and consolidated the statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 30 June 2023 and of its consolidated financial performance and its consolidated cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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 consolidated 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) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh 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 judgement, 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.

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| Revenue | |
| <p>The group reported total revenue of Taka 8,748,942,621 for the year ended on 30 June 2023.</p> <p>ISAs require that, as part of our overall response to the risk of fraud, when identifying and assessing the risks of material misstatement due to fraud, we evaluate which types of revenue or revenue transactions might give rise to potential fraud risks.</p> <p>The Company were concentrated in Manufacturing, dyeing, weaving & finishing of denim fabric and exporting the same. We have specifically focused this key audit matter to cut-off and occurrence for revenue recorded within June 2023. Pressures to meet stakeholders' expectations could provide incentives to record revenues where controls of the goods have not passed.</p> | <p>Audit procedures performed</p> <p>We performed walkthroughs of the revenue cycle at significant components to have an understanding of when the revenue should be recognized, to map out the relevant controls end to end and the processes in place.</p> <p>We assessed the design and implementation of these controls. We tested a sample of individual sales transactions and traced to dispatch notes and subsequent cash receipt or other supporting documents.</p> <p>We performed analytical reviews to identify any unusual or one-off material revenue transactions. We identified and considered the impact of any credit notes or inventory returns occurring after year-end, including evaluating the impact of any material overdue debts from customers.</p> |

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|--|--|
| <p>The associated disclosure is included within Note 27. For specific detail on the Company's accounting policy, please see Note 3.13.</p> | <p>With regard to the implementation of IFRS 15 "Revenue from Contract with Customers", we verified management's conclusion from assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry's specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied that the revenue recognition policies have been applied appropriately. Based on the work performed, we concluded that revenue has been recorded appropriately.</p> |

Inventory

| | |
|--|---|
| <p>At the reporting date, the carrying value of inventory amounted to Taka 2,324,861,510 which is 19.76% of total assets. Inventories were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgement.</p> <p>Inventory valuation and existence was an audit focus area because of the number of locations/stores that inventory was held at, and the judgement applied in the valuation of inventory to incorporate inventory shrinkage.</p> <p>According to the Company's accounting policy, inventories are measured at the lower of cost or net realizable value. The Company has specific procedures for identifying risk for obsolete items and measuring inventories at the lower of cost and net realizable value.</p> <p>The associated disclosure is included within Note 8. For specific detail on the Company's accounting policy, please see Note 3.6.</p> | <p>Audit procedures performed</p> <ul style="list-style-type: none"> ● Assessing the compliance of company's accounting policies over inventory with applicable accounting standards. ● Assessing the inventory valuation process and practices. On major locations, we tested the effectiveness of the key controls. ● Assessing the analyses made by management with respect to slow moving and obsolete stock. ● Attending inventory count on 30 June 2022 and reconciling the count results to the inventory listings to test the completeness of data. ● 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. ● Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year. ● Evaluating the correctness of the valuation of raw materials and packing material as per FIFO method. ● Reviewing the calculation of standard labor hours and their regular comparison with actual labor hours of production; and reviewing the process of valuing work-in-progress. |
|--|---|

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| | <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied that the inventory recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that inventories have been recorded appropriately.</p> |
| Property, plant and equipment | |
| <p>At the reporting date, the carrying value of the Company's property, plant and equipment amounted to Taka 4,692,064,886. The valuation of property, plant, and equipment was identified as a key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.</p> <p>In considering the valuation of property, plant, and equipment, we focused on the assessment of the followings:</p> <ul style="list-style-type: none"> ● Inherent risks associated with property, plant and equipment. ● Potential misstatements in property, plant, and equipment on account of frauds and errors. ● Assessment of useful lives of assets. ● Assessment of impairment of assets. <p>Inherent risks associated with property, plant and equipment</p> <ul style="list-style-type: none"> ● Property, plant and equipment may include assets that should have been derecognized following sale, other transfer of rights or abandonment. ● Expenditure that should have been recognized as property, plant and equipment but has not been so recognized, including capitalized finance costs. ● Depreciation may have been incorrectly calculated. <p>Potential misstatements in property, plant, and equipment on account of frauds and errors</p> <ul style="list-style-type: none"> ● Purchase of an asset at an inflated price especially from a related party. ● Wrong write-off of the asset as scrap, obsolescence, missing, donated, or destroyed. ● Expenditures for repairs and maintenance recorded as property, plant and equipment or vice versa. | <p>Audit procedures performed</p> <ul style="list-style-type: none"> ● We obtained an understanding of the client and its environment to consider inherent risk related to property, plant, and equipment. Our understanding includes: <ul style="list-style-type: none"> ➔ Obtaining an understanding of the internal control over property, plant, and equipment. ➔ Assessing the risks of material misstatement and designing tests of controls and substantive procedures that cover the following aspects: <ul style="list-style-type: none"> ✓ Substantiate the existence of property, plant, and equipment. ✓ Establish the completeness of recorded property, plant, and equipment. ✓ Verify the cut-off of transactions affecting property, plant, and equipment. ✓ Establish the proper valuation or allocation of property, plant, and equipment and the accuracy of transactions affecting property, plant, and equipment. ✓ Determine the correctness and appropriateness of classification of property, plant and equipment. ● We obtained an understanding of the potential misstatements in property, plant, and equipment on account of frauds and errors. ● We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment". ● We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry. |

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|--|--|
| <ul style="list-style-type: none"> Capitalization of expenditure which are not normally attributable to the cost of the property, plant and equipment. Recording of an asset purchased, which in effect has not actually been received by the entity at all. <p>Assessment of useful lives of assets</p> <p>Management applies estimates and judgements in its determination of useful lives of assets and reviews the useful lives of assets at each financial year end and adjusts for changes, where appropriate.</p> <p>Impairment of assessment</p> <p>At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.</p> <p>The associated disclosure is included within Note 4. For specific detail on the Company's accounting policy, please see Note 3.3.</p> | <ul style="list-style-type: none"> We assessed whether there are circumstances that indicate a possible impairment of property, plant and equipment and if such circumstances exist, how the same have been dealt with by the entity. <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied that the property, plant and equipment recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that property, plant and equipment have been recorded appropriately.</p> |

Measurement of deferred tax Liability

| | |
|--|---|
| <p>Company reported net deferred tax liability amounting to Taka 199,108,235 as at 30 June 2023.</p> <p>Significant judgment is required in relation to deferred tax liability as their liability is dependent on forecasts of future profitability over a number of years.</p> <p>See note no 3.11.2 and 20 to the financial statements</p> | <p>Audit procedures performed</p> <ul style="list-style-type: none"> We evaluated the design and tested the operating effectiveness of controls in respect of the recognition and measurement of uncertain tax provisions. We determined that we could rely on these controls for the purposes of our audit. With the assistance of our tax specialists, we evaluated management's judgments and estimates of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. In understanding and evaluating management's judgments, we considered the status of recent and current tax authority audits and enquiries, judgmental positions taken in tax returns and current year estimates and developments in the tax environment. <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied recognition and measurement of deferred tax liabilities in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.</p> |
|--|---|

Reporting on Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears 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 respect of these matters.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company 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 auditor's report unless law or regulation precludes public disclosure about the matter or

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 statement of consolidated financial position and statement of consolidated profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts; and
- d) The expenditure incurred was for the purposes of the Company's business.

Place: Dhaka, Bangladesh;

Dated: 02 November 2023

DVC: N/A



Pinaki Das, FCA

Senior Partner

Enrollment Number: 151

Pinaki & Company

Chartered Accountants

SHASHA DENIMS LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

| Particulars | Notes | Amount in BDT | |
|--|-------|-----------------------|-----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, Plant & Equipment | 4 | 4,692,064,886 | 5,503,626,046 |
| Intangible Assets | 5 | 18,136,799 | 20,062,291 |
| Right of Use Assets | 6 | 145,591,472 | 130,004,900 |
| Capital Work in Progress | | 330,000,000 | 330,000,000 |
| Investment in Associates | 7 | 412,342,123 | 308,221,041 |
| | | 5,598,135,280 | 6,291,914,278 |
| CURRENT ASSETS | | | |
| Inventories | 8 | 2,324,861,510 | 3,378,102,338 |
| Materials In Transit | 9 | 151,996,083 | 98,684,661 |
| Accounts Receivable | 10 | 2,903,607,733 | 4,414,726,148 |
| Interest Receivable-FDR | | 642,496 | 623,819 |
| Deposit for Share | 11 | - | 66,381,622 |
| Advance, Deposit & Prepayments | 12 | 484,277,300 | 605,401,931 |
| Cash and Cash Equivalent | 13 | 301,642,500 | 631,045,876 |
| | | 6,167,027,622 | 9,194,966,395 |
| TOTAL ASSETS | | 11,765,162,902 | 15,486,880,673 |
| EQUITY AND LIABILITIES | | | |
| CAPITAL & RESERVE | | | |
| Share Capital | 14 | 1,410,359,100 | 1,410,359,100 |
| Share Premium Account | 15 | 1,250,000,000 | 1,250,000,000 |
| Retained Earnings | | 1,527,030,933 | 1,470,192,772 |
| Revaluation reserve | 16 | 1,534,915,175 | 1,543,873,498 |
| Equity attributable to equity holders of Shasha Denims Ltd. | | 5,722,305,208 | 5,674,425,370 |
| Non Controlling Interest | 17 | 34,304,623 | 90,396,230 |
| Total Equity | | 5,756,609,831 | 5,764,821,601 |
| NON CURRENT LIABILITIES | | | |
| Long Term Loan | 18 | 737,730,808 | 2,420,167,374 |
| Financial Liability | | - | 58,800,000 |
| Lease Liability | 19 | 137,827,373 | 121,503,067 |
| Deferred Tax Liability | 20 | 199,108,235 | 197,036,657 |
| | | 1,074,666,416 | 2,797,507,098 |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 21 | 1,403,194,269 | 993,537,170 |
| Liability for Expenses | 22 | 196,732,334 | 95,970,660 |
| Current Portion of Lease Liability | | 19,566,421 | 17,047,045 |
| Provision for Tax | 23 | 147,192,339 | 89,078,597 |
| Current portion of Long Term Loan | | 236,715,497 | 513,484,627 |
| Others Payable | | 13,977,500 | 13,000,000 |
| Un Claimed Dividend | 24 | 1,672,571 | 1,207,082 |
| Short Term Loan | 25 | 2,914,835,724 | 5,201,226,793 |
| | | 4,933,886,655 | 6,924,551,974 |
| TOTAL EQUITY AND LIABILITIES | | 11,765,162,902 | 15,486,880,673 |
| Net Asset Value (NAV) Per Share | | 40.57 | 40.23 |

The annexed notes form an integral part of these statements.


Managing Director


Chairman


Chief Financial Officer


Company Secretary


Pinaki Das, FCA
Senior Partner
Enrollment Number: 151
Pinaki & Company
Chartered Accountants

Signed in terms of our separate report of even date annexed.

Place: Dhaka, Bangladesh;

Dated: 02 November 2023

DVC: N/A

SHASHA DENIMS LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2023

| Particulars | Notes | Amount in BDT | |
|--|-----------|----------------------|------------------------|
| | | 2022-2023 | 2021-2022 |
| Revenue | 26 | 8,748,942,621 | 9,373,663,980 |
| Less: Cost of Goods Sold | 27 | 7,272,865,784 | 8,239,622,132 |
| Gross Profit | | 1,476,076,837 | 1,134,041,848 |
| Less: Administrative Expenses | 28 | 213,101,446 | 202,294,213 |
| Less: Selling & Distribution Expenses | 29 | 53,428,454 | 43,116,756 |
| Operating Profit | | 1,209,546,937 | 888,630,878 |
| Add: Financial Income | | 7,307,167 | 3,349,974 |
| Less: Financial Expenses | 30 | 966,906,083 | 704,688,851 |
| Add: Non-Operation Income/(loss) | 31 | 2,955,925 | 7,993,521 |
| Profit/(Loss) before profit of Associates company | | 252,903,946 | 195,285,522 |
| Add: Share of profit of equity accounted investees | 32 | 31,304,733 | 30,370,045 |
| Less: Impairment of Fixed Assets & Inventory (EPCL) | | - | 1,225,901,151 |
| Profit/(Loss) before Tax | | 284,208,679 | (1,000,245,585) |
| Less: Income Tax | | | |
| Current Tax | 33 | 96,550,259 | 54,855,986 |
| Deferred Tax | 34 | 2,071,577 | 15,404,834 |
| Net Profit/ (loss) for the period after Corporate Tax | | 185,586,843 | (1,070,506,405) |
| Other Comprehensive Income | | - | - |
| Total comprehensive Income | | 185,586,843 | (1,070,506,405) |
| Profit attributable to: | | | |
| Owners of the Company | | 197,874,071 | (811,548,439) |
| Non-Controlling interest | | (12,287,228) | (258,957,966) |
| | | 185,586,843 | (1,070,506,405) |
| Total Comprehensive income attributable to: | | | |
| Owners of the Company | | 197,874,071 | (811,548,439) |
| Non-Controlling interest | | (12,287,228) | (258,957,966) |
| | | 185,586,843 | (1,070,506,405) |
| Basic Earnings Per Share (EPS) | 35 | 1.40 | (5.75) |


Managing Director

Place: Dhaka, Bangladesh;
Dated: 02 November 2023
DVC: N/A


Chairman

Signed in terms of our separate report of even date annexed.


Chief Financial Officer


Company Secretary


Pinaki Das, FCA
Senior Partner
Enrollment Number: 151
Pinaki & Company
Chartered Accountants

SHASHA DENIMS LIMITED AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2023

| Particulars | Attributable to equity holders of Shasha Denims Ltd. | | | | | | Non-Controlling Interest | Total Equity | |
|-------------------------------------|--|----------------------|----------------------|-------------------------|---------------------|----------------------|--------------------------|-------------------|-------------------------------|
| | Share capital | Share Premium | Retained earnings | Un-realized Gain/(Loss) | Share Money Deposit | Revaluation reserve | | | Equity for Shasha Denims Ltd. |
| Balance as on 01.07.2022 | 1,410,359,100 | 1,250,000,000 | 1,470,192,772 | - | - | 1,543,873,498 | 5,674,425,370 | 90,396,230 | 5,764,821,601 |
| Net profit for the period | - | - | 197,874,071 | - | - | - | 197,874,071 | (12,287,228) | 185,586,843 |
| Adjustment for EPCL deconsolidation | - | - | - | - | - | (8,958,323) | (8,958,323) | (43,804,380) | (52,762,703) |
| Dividend | - | - | (141,035,910) | - | - | - | (141,035,910) | - | (141,035,910) |
| Balance as on 30.06.2023 | 1,410,359,100 | 1,250,000,000 | 1,527,030,933 | - | - | 1,534,915,175 | 5,722,305,209 | 34,304,623 | 5,756,609,831 |

| Particulars | Attributable to equity holders of Shasha Denims Ltd. | | | | | | Non-Controlling Interest | Total Equity | |
|--------------------------------------|--|----------------------|----------------------|-------------------------|---------------------|----------------------|--------------------------|-------------------|-------------------------------|
| | Share capital | Share Premium | Retained earnings | Un-realized Gain/(Loss) | Share Money Deposit | Revaluation reserve | | | Equity for Shasha Denims Ltd. |
| Balance as on 01.07.2021 | 1,410,359,100 | 1,250,000,000 | 2,400,037,007 | 1,252,648 | - | 857,122,881 | 5,918,771,636 | 664,619,729 | 6,583,391,365 |
| Net profit for the period | - | - | (811,548,439) | - | - | - | (811,548,439) | (258,957,966) | (1,070,506,405) |
| Cash Dividend | - | - | (141,035,910) | - | - | - | (141,035,910) | - | (141,035,910) |
| Gain/(Loss) on Marketable Securities | - | - | - | (1,252,648) | - | - | (1,252,648) | (1,716,128) | (2,968,776) |
| Revaluation during the year | - | - | - | - | - | 667,058,888 | 667,058,888 | - | 667,058,888 |
| Adjustment for SGL deconsolidation | - | - | - | - | - | - | - | (271,117,562) | (271,117,562) |
| Adjustment for Subsidiary | - | - | 22,740,114 | - | - | 19,691,729 | 42,431,843 | (42,431,843) | - |
| Balance as on 30.06.2022 | 1,410,359,100 | 1,250,000,000 | 1,470,192,772 | - | - | 1,543,873,498 | 5,674,425,370 | 90,396,230 | 5,764,821,601 |


Managing Director


Chairman


Chief Financial Officer

Company Secretary


Pinaki Das, FCA
Senior Partner
Enrollment Number: 151
Pinaki & Company
Chartered Accountants

Signed in terms of our separate report of even date annexed.

Place: Dhaka, Bangladesh;


Dated: 02 November 2023

DVC: N/A

SHASHA DENIMS LIMITED AND ITS SUBSIDIARY CONSOLIDATED STATEMENT OF CASH FLOWS

as at and for the year ended June 30, 2023

| Particulars | Amount in BDT | |
|--|------------------------|------------------------|
| | 2022-2023 | 2021-2022 |
| Cash flow from operating activities | | |
| Collection from Turnover | 8,562,916,196 | 9,506,268,983 |
| Payment for cost & other expenses | (5,774,597,422) | (9,809,691,049) |
| Financial Expenses | (888,519,477) | (704,686,971) |
| Income Tax Paid | (105,342,015) | (71,800,127) |
| Net cash provided by operating activities | 1,794,457,282 | (1,079,909,165) |
| Cash flow from investing activities | | |
| Acquisition of Fixed Assets | (117,962,445) | (299,722,575) |
| Capital Work in Progress | - | (4,000,000) |
| Deposit for Share | 66,381,622 | |
| Investment | 121,800,000 | (52,500,000) |
| Net Cash provided by investing activities | 70,219,177 | (356,222,575) |
| Cash flow from financing activities | | |
| Long Term Loan | (417,258,244) | 925,719,064 |
| Current portion of Long term loan | (4,014,536) | 352,978,703 |
| Dividend Paid | (141,035,910) | (141,035,910) |
| Lease Liability-ROU | 3,257,110 | 2,474,104 |
| Un-Climed IPO Subscription | - | (3,436,928) |
| Un-Climed Dividend | 465,489 | 1,207,082 |
| Others Payable | 977,500 | - |
| Financial Liability | - | (46,550,000) |
| Short-Term Loan | (1,636,293,623) | 661,976,163 |
| Net Cash provided by financing activities | (2,193,902,215) | 1,753,332,278 |
| Increase/ (decrease) in cash and bank balances | (329,225,755) | 317,200,538 |
| Effect of Un-realized Gain/(Loss) due to Currency Translation | 112 | 762,958 |
| Cash and bank balances on opening | 630,868,143 | 313,082,379 |
| Cash and bank balances on closing | 301,642,500 | 631,045,876 |
| Net Operating cash flow per share | 12.72 | (7.66) |


Managing Director

Place: Dhaka, Bangladesh;

Dated: 02 November 2023

DVC: N/A


Chairman

Signed in terms of our separate report of even date annexed.


Chief Financial Officer

Company Secretary


Pinaki Das, FCA
Senior Partner
Enrollment Number: 151
Pinaki & Company
Chartered Accountants

SHASHA DENIMS LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended June 30, 2023

1 Reporting Entity

1.1 Company Profile

1.1.1 Shasha Denims Limited (the parent company)

Shasha Denims Limited a Private Limited Company with an incorporation date on 28th October 1996 had been converted into a Public Limited Company on 1st day October 1997 under the companies Act 1994. Registered office of the companies is at House # 07, Road # 117, Gulshan, Dhaka.

1.1.2 Shasha Textiles Limited

Shasha Textiles Limited was originally incorporated as a Public Limited Company on 18th September 2003, Regd. No. C-50512(807) under the companies Act.1994 Registered office of the companies is at House # 07, Road # 117, Gulshan; Dhaka.

1.1.3 EOS Textile Mills Limited

EOS Textile Mills Ltd.(the company) is a private limited company incorporated in Bangladesh on 08 June 1998 with the registered of Joint Stock Companies & Firm, Dhaka under the companies Act, 1994 bearing registration under C- 35550 (2326)/98. The company has also obtained permission from Bangladesh Export Processing Zone vide letter no-9 P-M-DEPZ. 01(119)/98/866 dated 28 June 1998 for setting up a Textile (including its/factory is situated at Plot # 1-6, 17-22, Savar, Dhaka Export Processing Zone, Bangladesh.

1.2 Nature of Business

1.2.1 Shasha Denims Limited

The main activities of the company were concentrated in Manufacturing, Dyeing, Weaving & Finishing of Denim Fabric and exporting the same.

1.2.2 Shasha Textiles Limited

The main activities of the company were concentrated in Textile and Textile related business. However, the company is yet to start its commercial operation.

1.2.3 EOS Textile Mills Limited

The Company is a 100% Export oriented Textile Mills. The principals activities of the company are to carry out all or any of the Business as spinners, weavers, hosiery manufactures, exporters wholesalers & retail dealers in acrylic wool, textile and fabric of all kinds, mill owner, and dress makers tailors outfitters, gloves, dry cleaners, dealers in readymade sweaters garments. The company also carries on business in particulars of dyeing, weaving, finishing denim, twill etc., and cutting, sewing living jeans, Jackets etc.

1.2.4 Shasha Garments Limited (Associates Company)

Shasha Garments Limited originally limited as a Private Limited Company on 18th November 1991 under the companies Act.1913. Registered office of the companies is at House # 07, Road # 117, Gulshan, Dhaka. The main activities of the company were concentrated in Manufacturing various types of garments, shirt, children wear, female wear and exporting the same.

1.2.5 Energis Power Corporation Limited (Associates Company)

Energis Power Corporation Limited (the Company) was incorporated in Bangladesh on December 28, 2008 as a Private Limited Company. On April 20, 2009 the Company registered itself as a Public Limited Company under the Companies Act, 1994. The registered office of the Company is situated at House # 07, Road # 117, Gulshan, Dhaka.

2 Basis of Preparation

2.1 Statement of Compliance

The financial statements of the company under reporting have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act 1994, The Securities and Exchange Rules 1987, International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and International Financial Reporting Standards (IFRS) and other applicable laws and regulations.

2.2 Basis of consolidation

The group financial statements include the financial statements of Shasha Denims Limited and subsidiaries that it controls. The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee. Intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full. Profits or losses resulting from intra-group transactions that are recognized in assets are eliminated in full. The Group presents non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of Shasha Denims Limited.

Shasha Denims Limited recognizes and measures goodwill or a gain from bargain purchase in accordance with the IFRS 3: "Business Combination". IFRS 3 requires goodwill acquired in a business combination or a gain from a bargain purchase to be measured as consideration transferred plus non-controlling interest on acquisition date minus total fair value of net assets of acquire at the date of acquisition.

Shasha Denims Limited recognizes the resulting gain arising from a bargain purchase in the profit or loss on the acquisition date.

2.2.1 Subsidiaries

Subsidiaries are entities controlled by the group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

| Name of the company | Operating segment | Ownership interests held by NCI | |
|------------------------|-------------------|---------------------------------|---------|
| | | 2022-23 | 2021-22 |
| Shasha Textiles Ltd. | Textile products | 0.10% | 0.10% |
| EOS Textile Mills Ltd. | Textile products | 2.00% | 2.00% |

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

2.2.2 Shasha Garments Ltd. (Change from Subsidiary to Associate Company)

According to para 10 of IFRS 10: Consolidated and Separate Financial Statements; An Investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's return.

Shasha Denims Limited(SDL) has 42.19% shareholding interest in Shasha Garments Ltd.(SGL) and the common Directors of SDL aggregately hold more than 50% voting rights in SGL. In this circumstance, it does not necessarily mean that all common directors of SGL will agree on major operation, financial and strategic decision proposed by SDL unless there is a shareholder's agreement in place which gives absolute power to 42.19% holding to take majority decision. Moreover, a decision taken by SDL may be outvoted by other directors/shareholders which presumably indicates that SDL has no absolute control over SGL even though the common directors jointly have more than 50% voting right in SGL. In view of the above, investment in SGL is considered as Associate Company . SDL uses Equity method of accounting for investment in SGL.

2.2.3 Energis Power Corporation Ltd. (Change from Subsidiary to Associate Company)

According to para 10 of IFRS 10: Consolidated and Separate Financial Statements; An Investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's return.

As on 30 June 2022, the Company had 82.293% shareholding interest in ENERGIS POWER CORPORATION LTD. ("EPCL") and reported EPCL as subsidiary in the Consolidated Financial Statements. However, the shareholders of the Company in the 25th AGM dated on 20th December 2022 have approved to transfer/dispose of six (6) crore shares (approximately 37.34%) of EPCL to Shasha Garments Ltd. Subsequently, the Board Meeting of EPCL held on 20 December 2022, had unanimously approved the transfer of six crore shares of EPCL to Shasha Garments Ltd. As a result, the shareholding interest of the Company in EPCL has reduced to approximately 44.96%. Due to the loss of control over EPCL, the Company has derecognized the assets and liabilities of EPCL from the Consolidated Statement of Financial Position ("CSFP") which were previously reported line by line basis in the CSFP.

According to IAS 28: Investments in Associates and Joint Ventures, "Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case". Accordingly, the Company has now significant influence over EPCL and treated EPCL as associate company. The Company has applied the equity method of accounting in order to recognize the investment in associate in the Consolidated Financial Statements.

Moreover, Comparative information in the Consolidated Financial Statements has been reported as is basis and could not be comparable with the current period information as EPCL and Shasha Garments Limited has become an associate entity which was previously reported as subsidiary entity.

2.2.4 Non Controlling Interest

Non-Controlling Interest are measured at their proportionate share of the acquires identifiable net assets at the date of acquisition as per Para 19 of IFRS-3 "Business Combinations".

The company presents the non-controlling interests in the consolidated balance sheet within equity, separately from the equity of the owners of parent as per Para 22 of IFRS-10 "Consolidated Financial Statements".

Changes in Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction as per Para 23 of IFRS-10 "Consolidated Financial Statements".

The company attributes the profit and loss to the owners of the parent and to the non-controlling interests even if the results in the non-controlling interest having a deficit balance as per provision of Para B94 of IFRS-10 "Consolidated Financial Statements".

When the proportion of the equity held by the non-controlling interests changes, the company adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary and recognized directly in equity for any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent by as per provision of Para B96 of IFRS-10 "Consolidated Financial Statements".

2.3 Reporting Period

The financial period of the company covers the period from 1 July 2022 to 30 June 2023

2.4 Date of Authorization

The board of directors has authorized these financial statements on 26 October 2023.

2.5 Reporting Currency and Level of Precision

The figure in the financial statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicates otherwise.

3 Significant accounting policies

Shasha Denims Limited selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless a IFRS specifically requires or permits categorization of items for which different policies may be appropriate. The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Changes in accounting policies

Shasha Denims Limited changes its accounting policy only if the change is required by a IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the company's financial position, financial performance or cash flows. Changes in accounting policies is to be made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied.

3.1.1 Implementation of IFRS 16 'Lease'

"In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016 that is effective for annual periods that begin on or after 1 January 2019) for Shasha Denims Limited and all of its subsidiaries.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3.16. The impacts of the adoption of IFRS 16 on the company financial statements are described below.

The date of initial application of IFRS 16 for the Group is 1 July 2019.

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information."

3.1.1.1 Impact on lease accounting

3.1.1.1.1 Former operating lease

As a lessee, the Group leases factory and head office premises. IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Under IFRS 16, the company

(a) Recognizes right-of-use assets and lease liabilities in both the separated and consolidated statement of financial position, initially measured at the present value of the future lease payments; i.e. these leases are on-balance sheet.

(b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss of both the separated and consolidated statement of profit and loss account;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in both the separated and consolidated statement of cash flows.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

On transition, for these leases, lease liabilities and Right-of-use assets were measured at the present value of the remaining lease payments, discounted at the Group incremental borrowing rate (weighted average) as at 1 July 2019 (see Note 3.1.1.3.). Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review,
- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- used hindsight when determining the lease term.

3.1.1.1.2 Former finance lease

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

3.1.1.2 Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

3.1.1.3 "Financial impact of the initial application of IFRS 16

3.1.1.3.1 Impact on transaction

On transition to IFRS 16, As Right of use assets was equivalent to the lease liabilities at the date of initial application, no cumulative effect was necessary in retained earnings at the date of initial application. The impact on transition as at 1 July 2019 is summarized below.

| | <u>Amount in BDT</u> <u>Shasha Denims</u> <u>Limited</u> | <u>Amount in BDT</u> <u>Shasha Denims</u> <u>Limited</u> |
|---------------------|--|--|
| Right-of-use assets | 71,321,111 | 249,555,028 |
| Lease liabilities | 73,038,212 | 258,272,306 |

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 9% for Shasha Denims Limited and its subsidiaries.

3.1.1.3.2 Impact on profit or loss for the year ended 30 June 2023

| | <u>Amount in BDT</u> <u>Shasha Denims</u> <u>Limited</u> | <u>Amount in BDT</u> <u>Shasha Denims</u> <u>Limited</u> |
|--|--|--|
| Increase in depreciation of right-of-use asset | (5,757,586) | (7,009,663) |
| Increase in finance costs | (9,498,903) | (13,843,722) |
| Decrease in rent expenses | 17,288,361 | 23,493,603 |
| Increase/ (Decrease) in profit for the year | 2,031,872 | 2,640,218 |

3.1.1.3.2 Impact on assets & liabilities as at 30 June 2023

| | <u>Amount in BDT</u> <u>Shasha Denims</u> <u>Limited</u> | <u>Amount in BDT</u> <u>Shasha Denims</u> <u>Limited</u> |
|-----------------------------------|--|--|
| Right-of-use-assets | 101,768,782 | 145,591,472 |
| Net impact on total assets | 101,768,782 | 145,591,472 |
| Lease liabilities | 109,220,839 | 157,393,794 |
| Net impact on liabilities | 109,220,839 | 157,393,794 |

For the impact of IFRS 16 on EPS for the period, see Note 32.1. For the details of accounting policies under IFRS 16 and IAS 17, see Note 3.16.

3.1.2 Change in accounting estimates

Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account.

3.1.3 Correction of error (if any)

Shasha Denims Limited corrects material prior period errors retrospectively by restating the comparative amounts for the prior period (s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

3.2 Foreign currency

Foreign currencies are converted into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are reconverted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the profit or loss account.

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

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

3.3.2 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 Profit or Loss and other Comprehensive Income as incurred.

3.3.3 Depreciation

Shasha Denims Limited uses the reducing balance method to depreciate each item of property, plant and equipment.

The rates of depreciation, applied on reducing balance method, for the current and comparative year are as follows:

| | 2022-23 | 2021-22 |
|--------------------------------|---------|---------|
| Building & Civil work | 5% | 5% |
| Plant & Machinery | 10% | 10% |
| Generator, Sub-Sta., Elec. | 10% | 10% |
| Turbine | 8% | 8% |
| Local Machinery & Installation | 8% | 8% |
| Workshop Equipment | 15% | 15% |
| Fire Extinguisher | 20% | 20% |
| Office Equipment | 20% | 20% |
| Furniture & Fixture | 15% | 15% |
| Crockery & Cutlery | 20% | 20% |
| Air Conditioner | 15% | 15% |
| Sanitary Fittings | 15% | 15% |
| Vehicle | 15% | 15% |
| Office Decoration | 15% | 15% |
| Hydrant Line | 15% | 15% |
| ETP Plant | 15% | 15% |
| Other Assets | 15% | 15% |
| Deep Tube-Well | 15% | 15% |
| CC Camera | 10% | 10% |
| Oil Tanker | 10% | 10% |
| Furnace Oil Reserver | 15% | 15% |

3.4 Investments

Investments include investment in subsidiaries and some other non operating companies which represents management vision to business expansion.

3.4.1 Impairment of Investment

The carrying value of the Company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Statement Profit or Loss and other Comprehensive Income.

As per valuation report of M/S Hoda Vasi Chowdhury & Co. Chartered Accountants on the fixed assets and Inventory of Energis Power Corporation Ltd. (EPCL) It is found that carrying amount of investment in EPCL is higher than recoverable amount. Thus it indicates that Investment in EPCL of SDL is impaired. Accordingly as per IAS 36, SDL recognized impairment loss on investment in EPCL.

3.5 Capital Work in Progress

Capital Work in Progress comprises the capital expenditures incurred in regular course of business. These items are classified in two categories: plant & machinery and Building & civil works. As both the items are qualifying assets, all expenses associated with these items are recognized as capital work in progress.

3.6 Inventories

Inventories are measured at lower of cost and estimated net realizable value. The cost of inventories is measured by using weighted average cost formula and includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.7 Impairment of Assets

The carrying value of the Company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Statement Profit or Loss and other Comprehensive Income.

3.7.1 Revaluation of assets:

The carrying amount of the entity's fixed assets are reviewed and its value found appreciates thus the revaluation surplus amount is recorded directly in equity in a form of revaluation reserve. As per the valuation was conducted by M/s Hoda Vasi Chowdhury & Co. Chartered Accountants on 30 June 2022, the valuation surplus on vehicle has been recognized in the financial statements as per IAS 16. Revaluation has been conducted following the guide line of IFRS 13.

3.8 Deposit for shares

Deposit for shares are investment of the company to its other sister concerns in which the company has significant interest and control. Deposit for shares are being provided with an objective to assist these companies being capable of running its business without interruption as well as the company can enhance its control over these companies.

3.9 Financial instruments

3.9.1 Financial assets

Investment in subsidiaries

Separate financial statements are to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements for a group of entities under its control. Shasha Denims Limited has disclosed the information to enable users of the financial statements to evaluate the nature of the relationship between Shasha and its subsidiaries. Investment in subsidiaries is accounted for in Shasha Denims Limited's separate financial statements at cost.

Trade receivables

Trade receivables are measured in accordance with the business model under which each portfolio of trade receivable is held. Shasha Denims Limited has a portfolio of trade receivables that is being managed within a business model whose objective is to collect contractual cash flows, and are measured at amortized cost. Trade receivables measured at amortized cost are carried at the original invoice amount less allowance for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the nature of the business unit and the location and type of customer.

When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement. Subsequent recoveries of amounts previously provided for or written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and financial institutions, and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortized cost under the hold to collect classification, where they meet the hold to collect “solely payments of principals and interests” test criteria under IFRS 9. Those not meeting these criteria are held at fair value through profit and loss.

3.9.2 Financial liability

Trade payables

Trade payables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortized cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognized as a charge to the income statement over the period of the relevant borrowing.

3.10 Borrowing cost

Shasha Denims Limited capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Shasha Denims Limited recognizes other borrowing costs as an expense in the period in which it incurs them.

3.11 Income tax

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

3.11.1 Current tax

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.11.2 Deferred tax

(a) Principle of recognition

Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with as other comprehensive income is recognized as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income

(b) Taxable temporary difference

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(c) Deductible temporary difference

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(d) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3.12 Employee benefit

The Company maintains defined contribution plan (provident fund) for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds.

3.13 Revenue recognition

3.13.1 Export sales

Shasha Denims Limited receives revenue for supply of goods to external customers against orders received. The majority of contracts that Shasha Denims Limited enters into relate to sales orders containing single performance obligations for the delivery of denims fabrics.

Product revenue is recognized when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer. Value added tax and other sales taxes are excluded from revenue.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognized in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

3.14 Financial Income

Financial Income comprises interest income arising from the idle fund as well as yet to be utilized IPO fund kept in Fixed Deposit (FDR) mode. However these deposits are being encashed as and when necessary to ensure the smooth construction of new factory building and importation of new machinery as declared in the prospectus.

3.15 Finance expenses

Finance expenses comprise interest expense on term loan, overdraft, and bank charges. It also includes bill discounting charge which evolves as the most effective financial arrangement of the parent company. All finance expenses are recognized in the Statement Profit or Loss and other Comprehensive Income.

3.16 Accounting for leases

Group acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to factory or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group incremental borrowing rate. Generally, the Group uses its incremental borrowing rate (weighted average) at the date of commencement of lease as the discount rate.

The Group determines its incremental borrowing rate by analyzing its borrowings from various external sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group acting as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Currently the Group has no operating lease as a lessor.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

3.17 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares and diluted EPS where applicable. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company net of non controlling interest on consolidated profit by the weighted average number of ordinary shares during the period, adjusted for the effect of change in number of shares for bonus issue. 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 was no dilutive potential ordinary shares during the relevant periods.

3.18 Statements of Cash flows

Cash flows from operating activities have been presented under direct method. However to comply with the directives of official gazette of BSEC, an indirect method of cash flows are measured and presented only for the operating cash flows of the company.

3.19 Events after the reporting period

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in a separate note, if any.

3.20 Comparative Figure

Shasha Denims Ltd.(SDL) holds 42.19% shareholding of Shasha Garments Ltd.(SGL) in 2020-2021. Therefore the comparative figures in 2020-2021 comprise the performance and position of SGL following consolidation principle of subsidiary. However the management has reassessed the condition of control Vs significant influence as describe note no: 2.2.2 and decided that it is prudent to account for that investment as per IAS 28 investment in associates. Thus comparatives are not be directly compared.

4. **Property, Plant & Equipment**

| Particulars | Original Cost | | | | Depreciation | | | Written Down Value before Impairment & deconsolidation as at 30.06.23 | Written Down Value after Impairment & deconsolidation as at 30.06.23 | |
|--|------------------------|--------------------------|--------------------|------------------------|---------------------------|------------------------|----------------|---|--|-------------------------|
| | Balance as at 01.07.22 | Addition during the year | Revaluation | Sale/ Disposal/ Adjust | Total Cost as at 30.06.23 | Balance as at 01.07.22 | Sale/ Disposal | | | Charged during the year |
| Tangible Assets | | | | | | | | | | |
| Land & Land Development | 1,766,490,000 | - | - | - | 1,766,490,000 | - | - | - | - | 1,766,490,000 |
| Building & Civil work | 1,220,235,071 | 49,478,196 | - | - | 1,269,713,267 | 607,225,383 | 30,324,711 | 637,550,094 | 637,550,094 | 614,384,382 |
| Plant & Machinery | 4,574,075,079 | 51,042,185 | - | - | 4,625,117,264 | 2,283,823,874 | 186,771,856 | 2,470,595,730 | 2,154,521,533 | 1,774,505,651 |
| Generator, Sub-Sta., Elec. | 895,310,934 | 10,839,311 | - | - | 906,150,245 | 390,823,376 | 48,653,938 | 439,477,314 | 466,672,930 | 438,694,594 |
| Turbine | 169,041,444 | - | - | - | 169,041,444 | - | - | - | 169,041,444 | - |
| Local Machinery & Installation | 33,615,065 | - | - | - | 33,615,065 | - | - | - | 33,615,065 | - |
| Workshop Equipment | 41,530,716 | - | - | - | 41,530,716 | 39,239,070 | 343,747 | 39,582,817 | 1,947,899 | 1,947,899 |
| Fire Extinguisher/Director, Alarm System | 32,957,278 | 214,770 | - | - | 33,172,048 | 19,212,317 | 2,774,984 | 21,987,301 | 11,184,747 | 11,184,747 |
| Office Equipment | 49,244,000 | 1,123,324 | - | - | 50,367,324 | 39,005,720 | 2,230,636 | 41,236,356 | 9,130,968 | 9,130,968 |
| Furniture & Fixture | 5,765,246 | 34,240 | - | - | 5,799,486 | 4,488,198 | 189,346 | 4,677,544 | 1,121,942 | 1,104,201 |
| Crockery & Cutlery | 171,849 | - | - | - | 171,849 | 120,810 | 10,208 | 131,018 | 40,831 | 40,831 |
| Air Conditioner | 34,124,290 | 663,300 | - | - | 34,787,590 | 18,184,893 | 1,838,145 | 20,023,038 | 14,764,552 | 14,758,400 |
| Sanitary Fittings | 24,788 | - | - | - | 24,788 | 23,939 | 127 | 24,066 | 722 | 722 |
| Vehicle, Crane, Truck | 119,337,641 | 530,300 | - | - | 119,867,941 | 71,668,719 | 4,536,291 | 76,205,010 | 43,662,931 | 25,912,931 |
| Office Decoration | 6,619,682 | 1,693,093 | - | - | 8,312,775 | 4,482,192 | 381,614 | 4,863,806 | 3,448,969 | 3,448,969 |
| Hydrant Line | 4,847,338 | - | - | - | 4,847,338 | 1,549,133 | 494,731 | 2,043,864 | 2,803,474 | 2,803,474 |
| ETP Plant | 37,643,175 | - | - | - | 37,643,175 | 23,959,341 | 1,483,398 | 25,442,739 | 12,200,436 | 12,200,436 |
| Other Assets | 32,642,691 | 2,253,725 | - | - | 34,896,416 | 19,256,521 | 2,191,716 | 21,448,237 | 13,448,180 | 13,448,138 |
| Deep Tube-Well | 6,821,916 | - | - | - | 6,821,916 | 4,409,719 | 322,132 | 4,731,851 | 2,090,065 | 1,825,412 |
| CC Camera | 30,000 | - | - | - | 30,000 | 4,033 | 3,895 | 7,928 | 22,072 | 22,072 |
| Oil Tanker | 146,467 | - | - | - | 146,467 | - | - | - | 146,467 | - |
| Furnace Oil Reserver | 1,688,571 | - | - | - | 1,688,571 | 1,259,956 | 28,507 | 1,288,463 | 400,108 | 161,537 |
| Sub-Total | 9,032,363,242 | 117,872,444 | - | - | 9,150,235,686 | 3,528,737,194 | - | 282,579,981 | 3,811,317,175 | 4,692,064,886 |
| As at 30 June 2022 | 8,063,115,400 | 299,620,747 | 669,627,094 | - | 9,032,363,242 | 3,232,698,541 | - | 296,038,653 | 3,528,737,194 | 5,503,626,046 |

5. Intangible Assets

| Particulars | Original Cost | | | | Depreciation | | | Written Down Value before deconsolidation EPCL as at 30.06.23 | |
|---------------------------|------------------------|--------------------------|-------------|------------------------|---------------------------|------------------------|----------------|---|-------------------------|
| | Balance as at 01.07.22 | Addition during the year | Revaluation | Sale/ Disposal/ Adjust | Total Cost as at 30.06.23 | Balance as at 01.07.22 | Sale/ Disposal | | Charged during the year |
| Software Development | 94,856,802 | 90,000 | - | - | 94,946,802 | 74,794,512 | - | 2,015,492 | 76,810,004 |
| As at 30 June 2022 | 94,754,974 | 101,828 | - | - | 94,856,802 | 72,573,221 | - | 2,221,292 | 74,794,512 |

Software Development 94,856,802 90,000 - - 94,946,802 74,794,512 - 2,015,492 76,810,004

As at 30 June 2022 **94,754,974** **101,828** **-** **-** **94,856,802** **72,573,221** **-** **2,221,292** **74,794,512**

5.1 Allocation of Depreciation & Amortization

| | |
|----------------|--------------------|
| Factory | 279,167,886 |
| Administrative | 5,427,588 |
| Total | 284,595,474 |

| Notes | Particulars | Amount in BDT | |
|------------|--|----------------------|----------------------|
| | | 30.06.23 | 30.06.22 |
| 6. | Right of Use Assets | | |
| | Opening Balance | 130,004,900 | 249,555,028 |
| | Add: Addition during the year | 22,596,235 | 1,792,468 |
| | Less: Adjustment for Lease Cancelled | - | 16,336,813 |
| | Less: Adjustment Lease-SGL for Deconsolidation | - | 98,333,792 |
| | Less: Accumulated Depreciation-ROU | 7,009,663 | 6,671,991 |
| | | 145,591,472 | 130,004,900 |
| 7. | Investment in Associates | | |
| | Shasha Apparels Ltd. | 801,000 | 801,000 |
| | Shasha Spinning Ltd. | 496,960 | 496,960 |
| | Shasha Denims Ltd. Unit-2 | 15,939,189 | 15,939,189 |
| | Cider Education Services Ltd. | 9,990,000 | 9,990,000 |
| | TelStar Communication Ltd. | 300,000 | 300,000 |
| | Trade Matrix Bangladesh Ltd. | 300,000 | 300,000 |
| | Fly Dhaka Airlines Ltd. | 52,500,000 | 52,500,000 |
| | Shasha Garments Ltd. Note: 7.1 | 299,395,504 | 227,543,892 |
| | Energis Power Corporation Ltd. Note: 7.2 | 32,269,469 | - |
| | Energis Holdings Ltd. | 350,000 | 350,000 |
| | | 412,342,123 | 308,221,041 |
| 7.1 | Investment in Shasha Garments Ltd. | | |
| | Opening Balance | 227,543,892 | 15,000,000 |
| | Add: Proportionate retained earnings up to 2020-2021 | - | 182,173,847 |
| | Add: Share of profit for during the period | 71,851,612 | 30,370,045 |
| | | 299,395,504 | 227,543,892 |
| 7.2 | Investment in Energis Power Corporation | | |
| | Opening Balance | - | - |
| | Investment | 146,671,637 | - |
| | Add: Proportionate retained earnings up to 29/12/2022 | (73,855,288) | - |
| | Add: Share of profit for during the period (30/12/2022-30.06.23) | (40,546,879) | - |
| | | 32,269,469 | - |
| 8. | Inventories | | |
| | Yarn | 937,640,989 | 1,877,124,723 |
| | Chemical | 435,970,630 | 558,488,102 |
| | Packing Materials | 3,181,799 | 7,335,305 |
| | Stationery | 1,121,123 | 1,193,125 |
| | Spare Parts & Others | 218,590,465 | 196,751,781 |
| | Fuel, Oil & Lubricants | 3,329,307 | 2,897,778 |
| | Finished Fabric | 348,104,176 | 437,973,260 |
| | Work-in-Progress- Fabric | 280,015,290 | 250,772,552 |
| | Work-in-Progress- Sizing Yarn & Chemical | 96,907,730 | 45,565,713 |
| | | 2,324,861,510 | 3,378,102,338 |
| 9. | Materials In Transit | | |
| | Yarn | 118,641,092 | 77,764,371 |
| | Chemical | 31,489,416 | 14,760,750 |
| | Spare Parts & Others | 1,865,575 | 6,159,541 |
| | | 151,996,083 | 98,684,661 |

| Notes | Particulars | Amount in BDT | |
|---------------|--|----------------------|----------------------|
| | | 30.06.23 | 30.06.22 |
| 10. | Accounts Receivable | | |
| | Export Bill receivable-Shasha Denims Ltd. | 2,511,784,803 | 2,315,736,182 |
| | Export Bill receivable-EOS Textile Mills Ltd. | 391,822,931 | 391,600,823 |
| | Rental Bill-BPDB-Energis Power Corporation Ltd. | - | 707,292,819 |
| | Energy Bill-BPDB-Energis Power Corporation Ltd. | - | 11,201,245 |
| | Service Charge (Transportation)-Energis Power Corporation Ltd. | - | 70,370,601 |
| | Fuel Payment-HFO-Energis Power Corporation Ltd. | - | 69,065,212 |
| | Disputed Deduction-Fuel- Energis Power Corporation Ltd. | - | 849,459,265 |
| | | 2,903,607,733 | 4,414,726,148 |
| 11. | Deposit for Shares | | |
| | Form Icon Limited | - | 66,381,622 |
| | | - | 66,381,622 |
| 12. | Advance Deposit & Prepayments | | |
| | Security Deposit & Guarantee (Note: 12.1) | 107,869,905 | 105,164,855 |
| | Advances (Note: 12.2) | 136,627,983 | 329,774,404 |
| | Prepayments (Note: 12.3) | 239,779,413 | 170,462,672 |
| | | 484,277,300 | 605,401,932 |
| 12.1 | Security Deposit & Bank Guarantee | | |
| | Security Deposit (Note: 12.1.1) | 104,757,265 | 88,196,255 |
| | Bank Guarantee (Note: 12.1.2) | 3,112,640 | 16,968,600 |
| | | 107,869,905 | 105,164,855 |
| 12.1.1 | Security Deposit | | |
| | Security Deposit BEPZA Land | 1,117,871 | 1,117,871 |
| | Security Deposit BEPZA Land-94-101 | 2,994,488 | 2,994,488 |
| | Security Deposit BEPZA Land-128-129 | 970,129 | 970,129 |
| | Security Deposit BEPZA Land Elect. Plot-289-292 | 2,511,209 | 406,904 |
| | Security Deposit BEPZA Land-183 | 476,201 | - |
| | Security Deposit BEPZA Land-277 | 159,283 | 159,283 |
| | Security Deposit BEPZA Electric | 1,356,842 | 1,356,842 |
| | Security Deposit BEPZA Water Connection | 117,510 | 117,510 |
| | Security Deposit Titas Gas | 33,332,600 | 19,477,100 |
| | Security Deposit-TBL | 270,000 | 270,000 |
| | Security BOC Cylinder | 54,000 | 54,000 |
| | Security Deposit-T&T | 33,000 | 33,000 |
| | Security Deposit Titas Gas | 29,562,100 | 29,562,100 |
| | Security Deposit-BEPZA | 6,543,649 | 6,543,649 |
| | Group4s Security | - | - |
| | Security Deposit-Mobile | 21,000 | 21,000 |
| | Security Deposit-CDBL | 411,636 | 411,636 |
| | Security Deposit-Office Rent | 400,000 | 400,000 |
| | Security Deposit-High end Security | 669,500 | 184,500 |
| | Security Deposit-Load 2500 KW | 2,152,500 | 2,152,500 |
| | Security Deposit- Others | 1,500,000 | 1,500,000 |
| | Security Deposit-Electricity 2500 kW | 20,103,747 | 20,103,747 |
| | BPDB | - | 359,996 |
| | | 104,757,265 | 88,196,255 |

| Notes | Particulars | Amount in BDT | |
|---------------|---|--------------------|--------------------|
| | | 30.06.23 | 30.06.22 |
| 12.1.2 | Bank Guarantee & L/C margin | | |
| | BG Margin-Titas Gas-Bank Asia | 523,750 | 523,750 |
| | BG Margin-Titas Gas-PBL Utara | 1,588,890 | 15,444,850 |
| | BG-Green Delta Insurance | 1,000,000 | 1,000,000 |
| | | 3,112,640 | 16,968,600 |
| 12.2 | Advances | | |
| | Office Employees | 11,979,789 | 13,207,446 |
| | Flat Purchase-Samudra Builders | 16,711,925 | 16,711,925 |
| | Office, Store & Garage Rent | 278,000 | 278,000 |
| | D.G Department of Environment | 2,288,000 | 2,288,000 |
| | Others Receivable | 9,058,696 | 9,058,696 |
| | Land & Land Development | 64,293,702 | 82,551,070 |
| | Adv. For Road & Bridge | 17,000,000 | - |
| | Advance-Suppliers & Others -EOS | 15,017,871 | 205,679,267 |
| | | 136,627,983 | 329,774,404 |
| 12.2.1 | Full amount received during the period from the Insurance Company. | | |
| 12.3 | Prepayments | | |
| | Factory Expenses | 6,149,821 | 5,086,033 |
| | Mobile Bill & Others | - | 3 |
| | L/C & Bank Guarantee Margin | - | 3,966,029 |
| | L/C & Bank Guarantee Margin-EPCL | - | 6,093,408 |
| | Adv. For Customs Appel. Tribunal | 4,797,232 | 3,901,372 |
| | Advance Income Tax (Note: 12.3.1) | 165,635,328 | 111,307,399 |
| | Advance Against Purchase (Note: 12.3.2) | 63,197,032 | 40,108,428 |
| | | 239,779,413 | 170,462,672 |
| 12.3.1 | Advanced Income Tax | | |
| | Opening Balance | 111,307,399 | 94,358,027 |
| | Addition during the year | 98,770,637 | 49,241,581 |
| | Adjusted during the year | (38,146,192) | (19,337,959) |
| | Adjustment AIT-SGL for Deconsolidation | - | (12,954,251) |
| | Adjustment AIT-EPCL for Deconsolidation | (6,296,516) | - |
| | Closing balance | 165,635,328 | 111,307,399 |
| 12.3.2 | Advance Against Purchase | | |
| | Foreign-TT | 8,458,176 | 4,334,992 |
| | Local Purchase | 54,738,855 | 35,773,436 |
| | | 63,197,032 | 40,108,428 |
| 13. | Cash and Cash Equivalents | | |
| | Cash in Hand (Note: 13.1) | 2,392,334 | 2,625,715 |
| | Cash at Bank- Current Account (Note: 13.2) | 48,252,861 | 170,353,706 |
| | Cash at Bank- Foreign Currency (Note: 13.3) | 72,759,985 | 361,045,507 |
| | Cash at Bank Fixed Deposit (Note: 13.5) | 178,237,321 | 97,020,949 |
| | | 301,642,500 | 631,045,877 |

| Notes | Particulars | Amount in BDT | |
|-------------|--|-------------------|--------------------|
| | | 30.06.23 | 30.06.22 |
| 13.1 | Cash in Hand | | |
| | Head Office | 163,490 | 1,874,702 |
| | Factory Office | 2,228,844 | 751,013 |
| | | 2,392,334 | 2,625,715 |
| 13.2 | Cash at Bank- Current Account | | |
| | United Commercial Bank Ltd., CD-5463 | 75,247 | 75,937 |
| | Sonali Bank Ltd.,CD-33053716 | 135,793 | 136,254 |
| | The Premier Bank Ltd., CD-11002930 | - | 2,356 |
| | The Premier Bank Ltd., CD-7632 | 4,588 | 86,886,824 |
| | Trust Bank Ltd.,CD-33001855 | 261,211 | 262,051 |
| | One Bank Ltd., CD-5006 | 1,640,511 | 20,782,616 |
| | First Security Bank, CD-111000553-4 | 10,752 | 13,052 |
| | United Commercial Bank Ltd.,CD-14/10 | 485,960 | 748,802 |
| | HSBC CD A/C # 31011 | 60,725 | 64,415 |
| | Premier Bank Ltd., STD A/C # 596 | 18,850 | 18,850 |
| | Bank Asia Ltd., RAD A/C | - | 1 |
| | Premier Bank Ltd. SND-228 | 2,151,471 | 2,121,102 |
| | The Premier Bank Ltd.,CD-7609 | 995,497 | 996,687 |
| | United Commercial Bank ltd.,CD-105-440 | 735 | 1,425 |
| | Bank Asia Ltd., CD-1208 | - | 49,190 |
| | Sonali Bank CD-705 | - | 46,938 |
| | The Premier Bank Ltd., CD-6886 | - | 5,332 |
| | DBBL CD-11820 | - | 8,099 |
| | Pubali Bank Ltd. CD-31950 | - | 35,449 |
| | Midland Bank Limited-CD-2956 | 147,865 | 13,062 |
| | Premier Bank Ltd., -603 | 20,722,557 | 29,950,811 |
| | NCC Bank Ltd.-4419 | 1,970 | - |
| | Eastern Bank Ltd. Principal Br. HPA/C # 8906 | 5,419,066 | 5,330,552 |
| | United Commercial Bank Ltd., Dividend A/C | 1,650,445 | 1,202,682 |
| | Pubali Bank Ltd. CD A/C # 49138 | 482 | 1,770 |
| | Cash at Bank-EOS | 13,749,236 | 19,594,047 |
| | The City Bank-2001 | - | 510 |
| | Eastern Bank Ltd. Gulshan Branch CD-989 | 248,267 | |
| | Bank Asia Ltd., STD-625 | 471,636 | 2,004,893 |
| | | 48,252,861 | 170,353,706 |

| Notes | Particulars | Amount in BDT | |
|-------------|--|---------------------------|----------------------|
| | | 30.06.23 | 30.06.22 |
| | USD | | |
| 13.3 | Cash at Bank- Foreign Currency Account | | |
| | The Premier Bank Ltd., FC-128/04 | 55 | 5,855 |
| | Bank Asia Ltd.,FC-344 | 22,000 | 2,354,000 |
| | Bank Asia Ltd.,FC- RAD A/C | 64,508 | 6,902,397 |
| | Sonali Bank Ltd.,FC-045 | 81,534 | 8,724,177 |
| | Midland Bank Ltd. FC-0011-1310000456 | 5,648 | 604,301 |
| | Eastern Bank Ltd.- USD Account | 1,062 | 113,625 |
| | Eastern Bank Ltd.- USD Account | 1,598 | 170,992 |
| | Eastern Bank Ltd.- Euro Account | 146 | 17,441 |
| | Eastern Bank Ltd.- GBP Account | 115 | 16,117 |
| | The Premier Bank Ltd., FC-313 | 270,408 | 28,933,629 |
| | The Premier Bank Ltd., FC-83 | 232,873 | 24,917,451 |
| | | 679,947 | 72,759,985 |
| | | 679,947 | 72,759,985 |
| 13.4 | Cash at Bank- Fixed Deposit Account | | |
| | The Premier Bank Ltd., Uttara Branch | | 79,854,194 |
| | One Bank Ltd., Ganakbari Branch | | 68,356,475 |
| | IPDC Finance Ltd., Gulshan Branch | | 30,026,651 |
| | Total: | | 178,237,321 |
| | | | 178,237,321 |
| 14. | Share Capital | | |
| | Authorized Capital | | |
| | 20,00,00,000 Ordinary shares of TK.10/- each | | 2,000,000,000 |
| | 2,50,00,000 Redeemable preference shares of TK.10/- each | | 250,000,000 |
| | | | 2,250,000,000 |
| | | | 2,250,000,000 |
| | Issued & Paid up Capital | | |
| | Ordinary Shares | | 1,410,359,100 |
| | Stock Dividend | | - |
| | | | 1,410,359,100 |
| | | | 1,410,359,100 |
| | The Range of shareholding | | |
| | Shareholding Range | No. of Shareholder | No. of share |
| | Up to 500 Share | 4552 | 934,139 |
| | 501 to 5000 shares | 2357 | 4,688,668 |
| | 5001 to 10000 shares | 507 | 3,866,525 |
| | 10001 to 20000 Shares | 323 | 4,685,384 |
| | 20,001 to 30,000 Shares | 131 | 3,263,865 |
| | 30,001 to 40,000 Shares | 95 | 3,338,759 |
| | 40,001 to 50,000 Shares | 59 | 2,722,365 |
| | 50,001 to 1,00,000 Shares | 88 | 6,549,534 |
| | 1,00,001 to 5,00,000 Shares | 83 | 16,212,385 |
| | 5,00,001 to 10,00,000 Shares | 10 | 6,787,884 |
| | 10,00,001 and above Shares | 18 | 87,986,402 |
| | | 8,223 | 141,035,910 |
| | | 8,223 | 141,035,910 |
| | | | Percentage |
| | | | 0.662 |
| | | | 3.324 |
| | | | 2.742 |
| | | | 3.322 |
| | | | 2.314 |
| | | | 2.367 |
| | | | 1.930 |
| | | | 4.644 |
| | | | 11.495 |
| | | | 4.813 |
| | | | 62.386 |
| | | | 100.00 |
| | | | 100.00 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|----------------------------|------------------------------------|
| | | 30.06.23 | 30.06.22 |
| 15. | Share on Premium Account | | |
| | 5,00,00,000 Shares of Tk. 25 each | 1,250,000,000 | 1,250,000,000 |
| | | 1,250,000,000 | 1,250,000,000 |
| 16. | Revaluation reserve | | |
| | Opening Balance | 1,543,873,498 | 857,122,881 |
| | Add; During the year Note: 16.1 | - | 667,058,888 |
| | Add: Adjustment during the period-EPCL | (8,958,323) | 19,691,729 |
| | | 1,534,915,175 | 1,543,873,498 |
| 16.1 | Revaluation During the year | | |
| | Shasha Textile Ltd. | - | 658,100,565 |
| | Energis Power Corporation Ltd. | - | 8,958,323 |
| | | - | 667,058,888 |
| 17. | Non Controlling Interest | | |
| | Opening Balance | 90,396,230 | 664,619,729 |
| | Addition during the period note: 17.1 | (12,287,228) | (258,957,966) |
| | Gain/(Loss) on Marketable Securities -Unrealized | - | (1,716,128) |
| | Adjustment for deconsolidation-SGL, EPCL & Others | (43,804,380) | (313,549,405) |
| | | 34,304,623 | 90,396,230 |
| 17.1 | NCI Addition during the period | | 30/06/2023 |
| | Name of the company | NC Share Holdings % | Total Profit |
| | Shasha Textiles Ltd. | 0.10% | (1,358,147) |
| | Energis Power Corporation Ltd. (EPCL) | 17.71% | (78,578,871) |
| | EOS Textile Mills Ltd. | 2.00% | 81,418,084 |
| | | | 1,481,065 |
| | | | (12,287,228) |
| | | | Proportionate profit of NCI |
| | | | (1,321) |
| | | | (13,914,269) |
| | | | 1,628,362 |
| | | | (12,287,228) |
| | EPCL has become an Associate Company after transferring shares 6 crore shares on 29/12/2022 to Shasha Garments Ltd. Accordingly NCI has been calculated upto transferred of shares. | | |
| 18. | Long Term Loan | | |
| | Project Loan for 55MW Power Plant (Note: 18.1) | - | 99,364,204 |
| | Agrani Bank Ltd. & The Premier Bank Ltd-EPCL | - | 1,165,814,118 |
| | The Premier Bank Ltd.-EOS | 139,391,413 | 191,217,948 |
| | The Premier Bank Ltd.-SDL | 598,339,395 | 963,771,104 |
| | | 737,730,808 | 2,420,167,374 |
| 18.1 | Project Loan for 55MW Power Plant | | |
| | United Commercial Bank Ltd. | - | 98,274,025 |
| | IDLC | - | 1,090,179 |
| | | - | 99,364,204 |
| 19. | Lease Liability | | |
| | Shasha Denims Ltd. | 107,782,702 | 86,739,074 |
| | EOS Textile Mills Ltd. | 30,044,671 | 34,763,993 |
| | | 137,827,373 | 121,503,067 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|----------------------|--------------------|
| | | 30.06.23 | 30.06.22 |
| 20. | Deffererd Tax Liability | | |
| | Opening Balance | 197,036,657 | 183,524,716 |
| | Less: Deffered Tax Adjustment (SGL) | - | (1,892,893) |
| | Add: During the year | 2,071,577 | 15,404,834 |
| | | 199,108,235 | 197,036,657 |
| | Deffererd Tax Calculation has been given seperately in respective company's financial statements. | | |
| 20.1 | Shasha Denims Ltd. | | |
| | Temporary Differences between Accounting base & Tax base Assets & Liabilities | 936,768,168 | 917,394,457 |
| | | - | |
| | | 936,768,168 | 917,394,457 |
| | Tax Rate | 15% | 15% |
| | | 140,515,225 | 137,609,169 |
| 20.2 | EOS Textile Mills Ltd. | | |
| | Temporary Differences between Accounting base & Tax base Assets & Liabilities | 390,620,063 | 396,183,259 |
| | | - | - |
| | | 390,620,063 | 396,183,259 |
| | Tax Rate | 15% | 15% |
| | | 58,593,009 | 59,427,489 |
| 21. | Accounts Payable | | |
| | Accounts Payable-Shasha Denims Ltd. | 1,264,326,798 | 880,593,623 |
| | Accounts Payable-EOS Textile Mills Ltd. | 138,867,472 | 112,455,175 |
| | Accounts Payable-Energis Power Corporation Ltd. | - | 488,371 |
| | | 1,403,194,269 | 993,537,170 |
| 22. | Liabilities for Expenses | | |
| | Liability-Shasha Denims Ltd. | 196,651,834 | 92,453,123 |
| | Liability-Energis Power Corporation Ltd. | - | 2,540,037 |
| | Liability -Shasha Textiles Ltd. | 80,500 | 977,500 |
| | | 196,732,334 | 95,970,660 |
| 23. | Provision for Income Tax | | |
| | Opening Balance | 89,078,597 | 79,117,065 |
| | Add: During the year | 96,550,259 | 54,855,986 |
| | Add: Addittional Tax Charge after Assesment A/Y 2021-2022 | 6,571,263 | - |
| | Less: Adjustment Tax-SGL for deconsolidation | - | 13,970,378 |
| | Less: Adjustment | 45,007,780 | 30,924,076 |
| | Closing Balance: | 147,192,339 | 89,078,597 |
| 24. | Un-Claimed Dividend | | |
| | Un-Claimed Dividend/undistributed dividends of the company are as follows: | | |
| | 2018-2019 | 42,046 | 353,321 |
| | 2019-2020 | 389,714 | 393,479 |
| | 2020-2021 | 459,552 | 460,282 |
| | 2021-2022 | 781,259 | - |
| | | 1,672,571 | 1,207,082 |

| Notes | Particulars | Amount in BDT | |
|-------------|--|----------------------|----------------------|
| | | 30.06.23 | 30.06.22 |
| 25 | Short Term Loan | | |
| | Bank Asia Ltd. (Note: 25.1) | 25,218,848 | 790,924,507 |
| | The Premier Bank Ltd. (Note: 25.2) | 2,445,575,603 | 3,317,507,748 |
| | United Commercial Bank Ltd. (Note: 25.3) | - | 35,742,762 |
| | IPDC Finance Ltd. | 100,962,500 | 100,000,000 |
| | One Bank Ltd., Ganakbari Branch | 61,188,072 | - |
| | Eastern Bank Ltd. | 42,024,684 | - |
| | Short Term Loan-EOS | 239,866,017 | 282,229,440 |
| | Agrani Bank Ltd.-EPCL | - | 222,849,201 |
| | Others Loan | - | 451,973,135 |
| | | 2,914,835,724 | 5,201,226,793 |
| 25.1 | Bank Asia Ltd. | | |
| | Bank Asia Ltd., OD-692 | - | 204,151,834 |
| | Bank Asia Ltd., -EDF | - | 31,494,015 |
| | Bank Asia Ltd., -FBN | 25,218,848 | 555,278,658 |
| | Total: | 25,218,848 | 790,924,507 |
| 25.2 | The Premier Bank Ltd. | | |
| | The Premier Bank Ltd.,OD-141 | 612,660,432 | 612,498,944 |
| | The Premier Bank Ltd.,-FBN | 1,642,514,785 | 941,340,976 |
| | The Premier Bank Ltd.,-EDF/PAD | - | 1,745,707,759 |
| | The Premier Bank Ltd.-Short Term Loan-219,220 | 119,226,506 | - |
| | The Premier Bank Ltd.-SOD | 71,173,878 | - |
| | The Premier Bank Ltd.,STL for Wages & Others | - | 17,960,069 |
| | | 2,445,575,603 | 3,317,507,748 |
| 25.3 | United Commercial Bank Ltd. | | |
| | UCBL STL-001 | - | 35,742,762 |
| | Total: | - | 35,742,762 |
| Notes | Particulars | Amount in BDT | |
| | | 2022-2023 | 2021-2022 |
| 26. | Revenue | | |
| | Export Bill -Shasha Denims Ltd. | 7,880,570,468 | 8,570,487,857 |
| | Export Bill -EOS Textile Mills Ltd. | 868,372,153 | 803,176,123 |
| | | 8,748,942,621 | 9,373,663,980 |
| 27. | Cost of Goods Sold | | |
| | Materials-Yarn | 5,052,235,114 | 6,184,426,072 |
| | Materials-Chemical | 642,638,069 | 584,478,246 |
| | Packing Materials | 37,119,572 | 28,201,090 |
| | Raw Materials Consumed | 5,731,992,755 | 6,797,105,408 |
| | Add: Factory Overhead (Note: 27.1) | 1,480,246,683 | 1,307,864,527 |
| | Cost of Production | 7,212,239,438 | 8,104,969,935 |
| | Opening Work-in-Progress | 54,820,391 | 97,289,158 |
| | Less: Closing Work-in-Progress | 116,666,672 | 54,820,391 |
| | Cost of Goods Manufactured | 7,150,393,157 | 8,147,438,702 |
| | Opening Finished Goods-Shasha Denims Ltd. | 384,353,268 | 555,419,964 |
| | Opening Finished Goods-EOS Textile Mills Ltd. | 53,619,992 | 29,366,799 |
| | Opening Semi Finished Goods-EOS Textile Mills Ltd. | 195,952,161 | 141,322,088 |
| | Less: Closing Finished Goods-EOS Textile Mills Ltd. | 59,011,984 | 53,619,992 |
| | Less: Closing Semi Finished Goods-EOS Textile Mills Ltd. | 163,348,618 | 195,952,161 |
| | Less: Closing Finished Goods-Shasha Denims Ltd. | 289,092,192 | 384,353,268 |
| | Cost of Goods Sold | 7,272,865,784 | 8,239,622,132 |

| Notes | Particulars | Amount in BDT | |
|-------------|----------------------------------|----------------------|----------------------|
| | | 2022-2023 | 2021-2022 |
| 27.1 | Factory Overhead | | |
| | Factory Wages & allowance | 612,886,365 | 464,391,416 |
| | Security Service charges | 9,381,213 | 9,063,345 |
| | BEPZA Utility | 134,010,127 | 102,756,907 |
| | Electric bill for Bepza & Others | 12,238,009 | 65,341,026 |
| | Gas bill,S/Charge for Bepza | 20,018,710 | 13,958,336 |
| | Water bill for Bepza | 23,350,047 | 30,396,911 |
| | Medical bill | 4,179,503 | 4,411,280 |
| | BEPZA-Worker Welfare Fund | 689,204 | 471,984 |
| | BEPZA-Waste Water Bill | 24,883,526 | 31,197,206 |
| | BEPZA-EP/IP/SC | 288,601 | 287,265 |
| | BEPZA-Lab Service Bill | 63,862 | 49,445 |
| | BEPZA Automation Service-land | 1,120 | 5,020 |
| | BEPZA Generator Service Charge | 16,039,092 | 3,954,567 |
| | Gas bill-Titas | 197,735,319 | 136,808,141 |
| | Fuel, Oil and Lubricant | 7,808,987 | 7,652,391 |
| | Spare parts | 52,968,415 | 61,501,118 |
| | Stationery | 1,480,628 | 4,498,457 |
| | Ink & Cartidge | 373,715 | 411,753 |
| | Repair | 1,803,680 | 6,367,187 |
| | Electrical expenses | 310,682 | 1,055,692 |
| | Labour charges | 1,495,393 | 3,638,874 |
| | Fabric Test/Mending | 2,630,158 | 1,478,458 |
| | Gov. Duty & Vat Exp. | 2,200,204 | 654,311 |
| | Environmental Assessment Fee | - | 60,000 |
| | Car Fuel | 811,344 | 483,569 |
| | Carrying Charges | 2,429,414 | 12,762,928 |
| | Freight Charge | 4,876,931 | 4,627,374 |
| | Insurance Premium | 10,494,619 | 10,446,549 |
| | Laboratory Expenses | 313,210 | 421,927 |
| | House Rent for workers | 3,505,200 | 3,505,200 |
| | P.F Contribution | 18,498,205 | 17,266,518 |
| | Entertainment | 3,945,341 | 6,694,129 |
| | Gratuity Expenses | 19,926,794 | - |
| | Group Insurance | 3,841,111 | 3,821,077 |
| | CDI Clearence | - | 173 |
| | ERP Softwear Maintenance Charge | 827,966 | - |
| | Depreciation-ROU | 4,402,934 | 3,817,765 |
| | Conveyance | 288,927 | 337,565 |
| | Land Rent, Rates, Taxes & Others | 80,240 | 413,190 |
| | Depreciation | 279,167,886 | 292,855,474 |
| | | 1,480,246,683 | 1,307,864,527 |

| Notes | Particulars | Amount in BDT | |
|------------|---|--------------------|--------------------|
| | | 2022-2023 | 2021-2022 |
| 28. | Administrative Expenses | | |
| | Directors Remuneration | 16,560,000 | 18,585,000 |
| | Salary and allowance | 104,346,420 | 95,171,620 |
| | Office Rent-Vat | 552,600 | 522,600 |
| | Electric Bill | 460,446 | 442,521 |
| | Gas Bill | 24,840 | 27,750 |
| | Wasa Bill | 256,945 | 297,915 |
| | Telephone Bill | 390,612 | 346,017 |
| | Mobile Bill | 1,074,727 | 1,135,505 |
| | Store Rent | 300,000 | - |
| | Office Expenses | 800,259 | 898,718 |
| | Donation & Subscription | 304,636 | 332,807 |
| | Fees & forms | 7,223,830 | 4,580,742 |
| | Mortgage, Renewal & Registration with DSE,CSE Fee | 2,834,995 | 3,523,337 |
| | P.F Contribution | 4,074,717 | 3,492,857 |
| | Postage & stamps | 258,842 | 622,030 |
| | Stationery | 1,049,944 | 1,029,388 |
| | Ink & Cartidge | 297,750 | 234,060 |
| | Entertainment | 1,103,338 | 1,208,868 |
| | Travelling & Conveyance | 22,887,078 | 10,356,427 |
| | Photocopy | 38,306 | 11,135 |
| | Courier bill | 4,484,031 | 3,077,063 |
| | Board Meeting Fees | 412,500 | 276,500 |
| | Paper bill | 12,045 | 8,860 |
| | Car Fuel | 2,164,908 | 7,299,694 |
| | Car Expenses | 1,734,183 | 851,895 |
| | Internet Bill | 1,285,277 | 1,295,667 |
| | Computer Accessories | 522,192 | 173,265 |
| | Books & Periodicals | 1,200 | 1,100 |
| | AGM Expenses | 1,071,960 | 942,809 |
| | Uniform & Leverage | 7,960 | 321,990 |
| | Fabric Test/Color tuch up | 388,259 | 422,251 |
| | Credit Rating Fees | 430,000 | 107,500 |
| | Consultancy/Professional Fees | 4,853,000 | 6,938,700 |
| | Tax Charge after assesment | 6,281,053 | 9,171,079 |
| | Softwear Maintenance Charge | - | 280,000 |
| | Advertisement | 672,417 | 1,056,323 |
| | Insurance | 14,896 | 2,914 |
| | Audit Fees | 939,782 | 2,187,543 |
| | Dhaka Stock,Ctg Stock Exchange & BSEC Charge | 1,164,144 | 1,270,144 |
| | Traning & Development | - | 8,998 |
| | Clearing Charge | 10,305,782 | 8,583,079 |
| | Sales Commission | - | 2,339,188 |
| | Commercial Exp. | 65,307 | 485,660 |
| | Carrying Charge | - | 2,000 |
| | Labour Charge | 25,130 | 7,000 |
| | Survey Charge | 31,000 | 88,000 |
| | Security Guard Expenses | 600,000 | - |
| | Land Development Expenses | 346,321 | - |
| | Misc. Exp. | 2,413,497 | 4,016,998 |
| | Depreciation-ROU-Store Rent | 597,489 | 247,498 |
| | Depreciation-ROU-Office Rent | 2,009,239 | 2,606,728 |
| | Depreciation (note:5.1) | 5,427,588 | 5,404,470 |
| | | 213,101,446 | 202,294,213 |

| Notes | Particulars | Amount in BDT | |
|------------|--|--------------------|--------------------|
| | | 2022-2023 | 2021-2022 |
| 29. | Selling ,Commercial & Distribution Expenses | | |
| | Sample & Marketing Expenses | 53,428,454 | 43,116,756 |
| | | 53,428,454 | 43,116,756 |
| 30. | Financial Expenses | | |
| | Bank Charges & Commission | | |
| | L/C advising and amend.charges | 669,535 | 688,961 |
| | Comm.and Intt.for Export | 1,035,506 | 3,936,940 |
| | Bank Charges & Commission | 10,341,229 | 5,676,743 |
| | Discount/Exchange loss/(gain) for FBN & Others | 487,437,762 | 163,420,377 |
| | Foreign Bank Charge | 8,264,336 | 9,858,630 |
| | Interest | | |
| | Bank Asia Ltd.,Interest on OD-692 | 15,430,497 | 21,167,197 |
| | Bank Asia Ltd.,Int. on Term Loan & Others | 17,811,875 | 24,895,118 |
| | The Premier Bank Ltd., Int. on OD | 54,705,729 | 45,693,038 |
| | Midland Bank Ltd. | - | 2,188,616 |
| | The Premier Bank Ltd., Int. on term loan & Others | 91,668,594 | 110,643,805 |
| | Interest on EDF/PAD, SOD & Others | 114,110,432 | 28,270,663 |
| | IPDC- Interest on Loan A/C | 9,691,864 | 3,210,660 |
| | Interest on STL for Wages & Others | 186,301 | 1,652,668 |
| | Interest Expenses on Lease liability | 9,498,903 | 8,286,341 |
| | Bank Charge, Intt. On Long & Short Term-EOS | 67,666,912 | 32,831,936 |
| | Bank Charge, Intt. On Long & Short Term-EPCL | 78,386,607 | 242,267,162 |
| | | 966,906,083 | 704,688,851 |
| 31. | Non-Operating Income | | |
| | Exchange Gain /(Loss) | 112 | 762,958 |
| | Forfeight Amount from Provident Fund | 1,040,966 | 4,123,980 |
| | Others Income | 1,914,847 | 3,106,582 |
| | | 2,955,925 | 7,993,520 |
| 32 | Share of profit of equity accounted investees | | |
| | Shahsa Garments Ltd. (42.19% owned by SDL) | 71,851,612 | 30,370,045 |
| | Energis Power Corporation Ltd. (44.96% owned by SDL) | (40,546,879) | - |
| | | 31,304,733 | 30,370,045 |
| 33 | Corporate Tax | | |
| | Shasha Denims Ltd. Note 33.1 | 81,854,275 | 45,275,777 |
| | EOS Textile Mills Ltd. Note 33.2 | 14,695,984 | 9,580,209 |
| | | 96,550,259 | 54,855,986 |
| | Effective Tax Rate | | |
| | a. Current taxes expenses | 96,550,259 | 54,855,986 |
| | b. Accounting profit before tax | 252,903,946 | 225,655,567 |
| | Effective tax rate | 38.18% | 24.31% |

| Notes | Particulars | Amount in BDT | |
|-------------|--|--------------------|--------------------|
| | | 2022-2023 | 2021-2022 |
| 33.1 | Shahsa Denims Ltd. | | |
| | Net Profit before tax | 237,561,376 | 362,670,858 |
| | Less: Financial Income | 7,307,167 | 3,349,974 |
| | Less: Non Operating Income | 1,179,142 | 6,359,396 |
| | Add: Accounting base Depreciation | 201,163,669 | 210,154,776 |
| | Add: Provision of Gratuity | 19,926,794 | - |
| | Less: Tax Base Depreciation | 247,916,231 | 280,474,478 |
| | Net profit for Tax Calculation | 202,249,299 | 282,641,786 |
| | Tax Rate Business Income | 15% | 30,337,395 |
| | Financial Income | 27.5% | 2,009,471 |
| | Non-Operating Income | 27.5% | 324,264 |
| | Total Tax | 32,671,130 | 45,066,345 |
| | Minimum Tax deduction at source & Others | 81,854,275 | 45,275,777 |
| | The above income tax provision is the tax deducted at source from export proceeds under section 53BB and under section 53F. Both the provisions of income is subject to payment of minimum tax under section 82(C) irrespective of the profit or loss of the company. Hence calculation followed the according law references. | | |
| 33.2 | EOS Textile Mills Ltd. | | |
| | Net Profit or (Loss) before Tax | 95,279,588 | 78,572,688 |
| | Less: Others Income | 1,776,783 | 1,634,124 |
| | Add: Accounting base Depreciation | 83,413,405 | 88,084,723 |
| | Add: Provision of Gratuity | 4,547,273 | 4,018,650 |
| | Less: Tax Base Depreciation | 86,763,385 | 108,449,126 |
| | Less: Gratuity Paid | 872,701 | 537,708 |
| | Net profit for Tax Calculation | 93,827,397 | 60,055,103 |
| | Tax Rate Business Income | 15% | 14,074,110 |
| | Non-Operating Income | 35% | 621,874 |
| | Total Tax | 14,695,984 | 9,580,209 |
| | Less; Adjustment | - | - |
| | | 14,695,984 | 9,580,209 |
| 34. | Deferred Tax Expenses/(Income) | | |
| | Shasha Denims Ltd. | Note 34.1 | 2,906,056 |
| | EOS Textile Mills Ltd. | Note 34.2 | (834,480) |
| | | | 2,071,577 |
| 34.1 | Shasha Denims Ltd. | | |
| | Temporary Differences between Accounting base & Tax | | |
| | base Assets & Liabilities | | 936,768,168 |
| | Tax Rate | 15% | 15% |
| | Deferred tax (assets)/ liabilities | | 140,515,225 |
| | Less: Opening balance | | 137,609,169 |
| | Deferred tax (income) / expenses | | 2,906,056 |
| | | | 10,547,955 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|----------------------|------------------------|
| | | 2022-2023 | 2021-2022 |
| 34.2 | EOS Textile Mills Ltd. | | |
| | Temporary Differences between Accounting base & Tax base Assets & Liabilities | 390,620,063 | 396,183,259 |
| | Temporary Differences | 390,620,063 | 396,183,259 |
| | Tax Rate | 15% | 15% |
| | Deferred tax (assets)/ liabilities | 58,593,009 | 59,427,489 |
| | Less: Opening balance | 59,427,489 | 54,570,610 |
| | | (834,480) | 4,856,879 |
| | Adjustment for Acquisition | - | - |
| | Deferred tax (income) / expenses | (834,480) | 4,856,879 |
| 35. | Earnings Per Share (EPS) | | |
| | Net Profit after Tax | 197,874,071 | (811,548,439) |
| | Outstanding Weight Average Number of Share | 141,035,910 | 141,035,910 |
| | Basic Earnings Per Share (EPS) | 1.40 | (5.75) |
| 36. | Operating Cash flow reconciliation with indirect method | | |
| | Net cash generated from operating activities | | |
| | Net Profit before tax | 331,482,817 | 195,285,521 |
| | Adjustment for non cash items: | 331,482,817 | 195,285,521 |
| | Depreciation & amortizations | 284,595,474 | 298,259,943 |
| | Exchange gain or loss | (112) | (762,958) |
| | | 284,595,362 | 297,496,985 |
| | Financial Expenses | 888,519,477 | 704,688,851 |
| | Cash generated from operating activities before changes in working capital | 1,504,597,655 | 1,197,471,357 |
| | Adjustment for | | |
| | (increase)/decrease in inventories & material in transit | 997,907,879 | (815,856,610) |
| | (increase)/decrease in accounts receivable | (196,270,728) | 122,648,285 |
| | (increase)/decrease in advance, deposits & prepayments | (37,625,589) | 141,119,453 |
| | (increase)/decrease interest receivable | (18,677) | (623,819) |
| | increase/(decrease) accounts payable | 410,145,471 | (930,343,716) |
| | increase/(decrease) liabilities for expenses | 109,582,763 | (17,837,018) |
| | Cash generated by operation | 1,283,721,119 | (1,500,893,425) |
| | Finance expenses | (888,519,477) | (704,686,971) |
| | Income tax paid | (105,342,015) | (71,800,127) |
| | Net cash generated from operating activities | 1,794,457,282 | (1,079,909,165) |
| | Net cash generated from operating activities | 1,794,457,282 | (1,079,909,165) |
| | Outstanding Weight Average Number of Share(note-35) | 141,035,910 | 141,035,910 |
| | | 12.72 | (7.66) |

| Notes | Particulars | Amount in BDT | |
|-------------|--|--------------------|--------------------|
| | | 2022-2023 | 2021-2022 |
| 36.1 | Impact of IFRS 16: Leases on Earnings Per Share (EPS) | | |
| | Increase in depreciation of right-of-use asset | (7,009,663) | (6,671,991) |
| | Increase in interest expenses | (13,843,722) | (12,647,219) |
| | Decrease in Rent expenses | 23,493,603 | 17,534,707 |
| | Increase/ (Decrease) in profit for the year | 2,640,218 | (1,784,503) |
| | Increase/(Decrease) in Earnings Per Share (EPS) | 0.02 | (0.01) |
| 36.2 | Outstanding Weighted Average Number of Share | | |
| | Opening Number of Shares | 141,035,910 | 141,035,910 |
| | Bonus Shares Issued | - | - |
| | Outstanding Weight Average Number of Share | 141,035,910 | 141,035,910 |
| 37. | Net Assets Value Per Share (NAV) | | |
| | Net Assets | 5,722,305,208 | 5,674,425,370 |
| | Outstanding Weight Average Number of Share (note 36.2) | 141,035,910 | 141,035,910 |
| | Net Assets Value per Share | 40.57 | 40.23 |
| | Net Assets Value per Share, adjusted | | |

38. Events after the reporting period

The Board of Directors in their meeting held on 26/10/2023 have recommended cash dividend @ 10 % amounting to Tk. 14,10,35,910/- for the year ended 30 June 2023 subject to approval of the shareholders in the Annual General Meeting scheduled to be held on 21/12/2023 The financial statements for the year ended 30 June 2023 have not been included the effects of the above cash dividend which will be accounted for in the period when shareholders' right to receive the payment will be established.

39. General

1) All the figures in the financial statements represent Bangladesh Taka currency rounded off to the nearest Taka.

2) The comparative information have been disclosed in respect of the year 2021-2022 for all numerical information in the financial statements and also the narrative and descriptive information as found relevant for understanding of the current year's financial statements.

There are no other material events identified after the statement of financial position date which require adjustment or disclosure in these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SHASHA DENIMS LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shasha Denims Limited, (the Company) which comprise the statement of financial position as at 30 June 2023 and the statement of profit or loss and other 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2023 and of its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

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 Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and Institute of Chartered Accountants of Bangladesh (ICAB) bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

The key audit matter are discussed below together with an explanation of the risk and our audit response were tailored to address these specific areas:

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| Revenue | |
| <p>The Company reported total revenue of Taka 7,880,570,468 for the year ended on 30 June 2023.</p> <p>We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Company and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.</p> <p>ISAs require that, as part of our overall response to the risk of fraud, when identifying and assessing the risks of material misstatement due to fraud, we evaluate which types of revenue or revenue transactions might give rise to potential fraud risks.</p> | <p>Audit procedures performed</p> <p>We performed walkthroughs of the revenue cycle at significant components to have an understanding of when the revenue should be recognized, to map out the relevant controls end to end and the processes in place.</p> <p>We assessed the design and implementation of these controls. We tested a sample of individual sales transactions and traced to dispatch notes and subsequent cash receipt or other supporting documents.</p> <p>We performed analytical reviews to identify any unusual or one-off material revenue transactions. We identified and considered the impact of any credit notes or inventory</p> |

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| <p>The Company were concentrated in Manufacturing, dyeing, weaving & finishing of denim fabric and exporting the same. We have specifically focused this key audit matter to cut-off and occurrence for revenue recorded within June 2023. Pressures to meet stakeholders' expectations could provide incentives to record revenues where controls of the goods have not passed.</p> <p>The associated disclosure is included within Note 27. For specific detail on the Company's accounting policy, please see Note 3.13.</p> | <p>returns occurring after year-end, including evaluating the impact of any material overdue debts from customers.</p> <p>With regard to the implementation of IFRS 15 "Revenue from Contract with Customers", we verified management's conclusion from assessing different types of contracts and the accuracy of the revised accounting policies in light of the industry's specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment on a sample basis. In addition, we verified the accuracy of IFRS 15 related disclosures.</p> <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied that the revenue recognition policies have been applied appropriately. Based on the work performed, we concluded that revenue has been recorded appropriately.</p> |
| Inventory | |
| <p>At the reporting date, the carrying value of inventory amounted to Taka 1,547,800,887 which is 17.18% of total assets. Inventories were considered as a key audit matter due to the size of the balance and because inventory valuation involves management judgement.</p> <p>Inventory valuation and existence was an audit focus area because of the number of locations/stores that inventory was held at, and the judgement applied in the valuation of inventory to incorporate inventory shrinkage.</p> <p>According to the Company's accounting policy, inventories are measured at the lower of cost or net realizable value. The Company has specific procedures for identifying risk for obsolete items and measuring inventories at the lower of cost and net realizable value.</p> | <p>Audit procedures performed</p> <ul style="list-style-type: none"> Assessing the compliance of company's accounting policies over inventory with applicable accounting standards. Assessing the inventory valuation process and practices. On major locations, we tested the effectiveness of the key controls. Assessing the analyses made by management with respect to slow moving and obsolete stock. Attending inventory count on 30 June 2023 and reconciling the count results to the inventory listings to test the completeness of data. 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. Reviewing the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year. Evaluating the correctness of the valuation of raw materials and packing material as per FIFO method. Reviewing the calculation of standard labor hours and their regular comparison with actual labor hours of production; and reviewing the process of valuing work-in-progress. |

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|---|---|
| <p>The associated disclosure is included within Note 9. For specific detail on the Company's accounting policy, please see Note 3.6.</p> | <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied that the inventory recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that inventories have been recorded appropriately.</p> |
| <p>Property, plant and equipment</p> | |
| <p>At the reporting date, the carrying value of the Company's property, plant and equipment amounted to Taka 1,970,348,831. The valuation of property, plant, and equipment was identified as a key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.</p> <p>In considering the valuation of property, plant, and equipment, we focused on the assessment of the followings:</p> <ul style="list-style-type: none"> • Inherent risks associated with property, plant and equipment. • Potential misstatements in property, plant, and equipment on account of frauds and errors. • Assessment of useful lives of assets. • Assessment of impairment of assets. <p>Inherent risks associated with property, plant and equipment</p> <ul style="list-style-type: none"> • Property, plant and equipment may include assets that should have been derecognized following sale, other transfer of rights or abandonment. • Expenditure that should have been recognized as property, plant and equipment but has not been so recognized, including capitalized finance costs. • Depreciation may have been incorrectly calculated. <p>Potential misstatements in property, plant, and equipment on account of frauds and errors</p> <ul style="list-style-type: none"> • Purchase of an asset at an inflated price especially from a related party. • Wrong write-off of the asset as scrap, obsolescence, missing, donated, or destroyed. • Expenditures for repairs and maintenance recorded as property, plant and equipment or vice versa. | <p>Audit procedures performed</p> <ul style="list-style-type: none"> • We obtained an understanding of the client and its environment to consider inherent risk related to property, plant, and equipment. Our understanding includes: <ul style="list-style-type: none"> → Obtaining an understanding of the internal control over property, plant, and equipment. → Assessing the risks of material misstatement and designing tests of controls and substantive procedures that cover the following aspects: <ul style="list-style-type: none"> ✓ Substantiate the existence of property, plant, and equipment. ✓ Establish the completeness of recorded property, plant, and equipment. ✓ Verify the cut-off of transactions affecting property, plant, and equipment. ✓ Establish the proper valuation or allocation of property, plant, and equipment and the accuracy of transactions affecting property, plant, and equipment. ✓ Determine the correctness and appropriateness of classification of property, plant and equipment. • We obtained an understanding of the potential misstatements in property, plant, and equipment on account of frauds and errors. • We evaluated the assumptions made by management in the determination of useful lives to ensure that these are consistent with the principles of IAS 16. "Property, Plant and Equipment". • We compared the useful lives of each class of asset in the current year to the prior year to determine whether there were any significant changes in the useful lives of assets, and considered the reasonableness of changes based on our knowledge of the business and the industry. |

| Key audit matter description | How the scope of our audit responded to the key audit matter |
|--|--|
| <ul style="list-style-type: none"> Capitalization of expenditure which are not normally attributable to the cost of the property, plant and equipment. Recording of an asset purchased, which in effect has not actually been received by the entity at all. <p>Assessment of useful lives of assets</p> <p>Management applies estimates and judgements in its determination of useful lives of assets and reviews the useful lives of assets at each financial year end and adjusts for changes, where appropriate.</p> <p>Impairment of assessment</p> <p>At the end of each reporting period, management assesses whether there is any indication that an asset may be impaired. If any such indication exists, management estimates the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.</p> <p>The associated disclosure is included within Note 4. For specific detail on the Company's accounting policy, please see Note 3.3.</p> | <ul style="list-style-type: none"> We assessed whether there are circumstances that indicate a possible impairment of property, plant and equipment and if such circumstances exist, how the same have been dealt with by the entity. <p>Key observations communicated to the Audit Committee</p> <p>We were quite satisfied that the property, plant and equipment recognition and measurement policies have been applied appropriately. Based on the work performed, we concluded that property, plant and equipment have been recorded appropriately.</p> |
| Short Term and Long Term Loan Liabilities: | |
| <p>The Company long term and short term loan (Non current & Current Liabilities) is 598,339,395 and 2,674,969,707 respectively as at 30 June 2023. The company borrowed loan from different Bank for the purpose of working Capital as well.</p> <p>The company may face difficulties due to unfavorable movement in interest rate, monetary policy and adverse variance between import & export that may result in short term cash flow crisis.</p> <p>See note no 18 and 26 to the financial statements</p> | <p>Audit procedures performed</p> <ul style="list-style-type: none"> Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure the proper use of loan. We verified sanction letter, loan schedule and bank statements to confirm the loan outstanding and found that the balance had been reported in the Financial Statements accurately. We also submit the balance confirmation to the respective banks and financial institutions. We also checked the financial expenses and classification of loan and repayment schedule as well. We had checked the recording date of transactions and found the recording date is in line with the loan disbursement date. We also confirmed that the company had paid its installments within due time <p>Key observations communicated to the Audit Committee</p> <p>The result of our testing is satisfactory and we considered the carrying amount of loan recognized to be acceptable and recorded in correctly.</p> |

Reporting on Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 appears 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 respect of these matters.

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, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 Company 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 auditor's report unless law or regulation precludes public disclosure about the matter or

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, 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 statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts; and
- d) the expenditure incurred was for the purposes of the Company's business.

Place: Dhaka, Bangladesh;

Dated: 02 November 2023

DVC: 2311020151AS768640



Pinaki Das, FCA

Senior Partner

Enrollment Number: 151

Pinaki & Company

Chartered Accountants

SHASHA DENIMS LIMITED

STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

| Particulars | Notes | Amount in BDT | |
|--|-----------|----------------------|-----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| NON-CURRENT ASSETS | | 4,185,988,479 | 4,409,725,058 |
| Property, Plant & Equipment | 4 | 1,970,348,831 | 2,053,450,412 |
| Intangible Assets | 5 | 3,238,698 | 3,508,846 |
| Right of Use Assets | 6 | 101,768,782 | 84,930,133 |
| Investment | 7 | 1,780,632,168 | 1,937,835,667 |
| Capital in Work in Progress | 8 | 330,000,000 | 330,000,000 |
| CURRENT ASSETS | | 4,821,826,687 | 6,023,149,754 |
| Inventories | 9 | 1,547,800,887 | 2,690,135,859 |
| Materials In Transit | 10 | 151,996,083 | 98,684,661 |
| Accounts Receivable | 11 | 2,511,784,803 | 2,315,736,182 |
| Interest Receivable-FDR | | 642,496 | 623,819 |
| Deposit for Share | 12 | - | 66,381,622 |
| Advance, Deposit & Prepayments | 13 | 323,983,107 | 241,927,567 |
| Cash and Cash Equivalent | 14 | 285,619,311 | 609,660,044 |
| TOTAL | | 9,007,815,165 | 10,432,874,812 |
| EQUITY AND LIABILITIES | | | |
| CAPITAL & RESERVE | | 3,663,878,361 | 3,687,516,725 |
| Share Capital | 15 | 1,410,359,100 | 1,410,359,100 |
| Share Premium Account | 16 | 1,250,000,000 | 1,250,000,000 |
| Retained Earnings | 17 | 1,003,519,261 | 1,027,157,625 |
| NON CURRENT LIABILITIES | | 846,637,322 | 1,188,119,346 |
| Long Term Loan | 18 | 598,339,395 | 963,771,104 |
| Lease Liability | 19 | 107,782,702 | 86,739,074 |
| Deferred Tax Liability | 20 | 140,515,225 | 137,609,169 |
| CURRENT LIABILITIES | | 4,497,299,481 | 5,557,238,740 |
| Accounts Payable | 21 | 1,264,326,798 | 880,593,623 |
| Liability for Expenses | 22 | 196,651,834 | 92,453,123 |
| Provision for Tax | 23 | 127,129,938 | 75,509,138 |
| Current Portion of Long Term Loan | 24 | 231,110,497 | 235,125,033 |
| Current Portion of Lease Liability | 19 | 1,438,137 | 3,450,832 |
| Unclaimed Dividend | 25 | 1,672,571 | 1,207,082 |
| Short Term Loan | 26 | 2,674,969,707 | 4,268,899,907 |
| TOTAL | | 9,007,815,165 | 10,432,874,812 |
| Net Asset Value (NAV) Per Share | 37 | 25.98 | 26.15 |



Managing Director



Chairman



Chief Financial Officer



Company Secretary

Place: Dhaka, Bangladesh;

Dated: 02 November 2023

DVC: 2311020151AS768640

Signed in terms of our separate report of even date annexed.



Pinaki Das, FCA

Senior Partner

Enrollment Number: 151

Pinaki & Company
Chartered Accountants

SHASHA DENIMS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2023

| Particulars | Notes | Amount in BDT | |
|--|-----------|----------------------|----------------------|
| | | 2021-2023 | 2020-2022 |
| Revenue | 27 | 7,880,570,468 | 8,570,487,857 |
| Less: Cost of Goods Sold | 28 | 6,611,576,728 | 7,591,223,877 |
| Gross Profit | | 1,268,993,741 | 979,263,980 |
| Less: Administrative Expenses | 29 | 165,639,534 | 153,597,863 |
| Less: Selling & Distribution Exp. | 30 | 53,428,454 | 43,116,756 |
| Operating Profit | | 1,049,925,753 | 782,549,361 |
| Add: Financial Income | | 7,307,167 | 3,349,974 |
| Less: Financial Expenses | 31 | 820,850,685 | 429,587,873 |
| Net Financial Expenses | | 813,543,518 | 426,237,899 |
| Profit before Non-operating income | | 236,382,235 | 356,311,462 |
| Add: Non-Operating Income | 32 | (34,224,357) | 6,359,396 |
| Less: Impairment of Investment in EPCL | 33 | - | 1,054,048,743 |
| Net Profit/(Loss) before tax | | 202,157,878 | (691,377,884) |
| Less: Income Tax | | | |
| Current Tax | 34 | 81,854,275 | 45,275,777 |
| Deferred Tax | 35 | 2,906,056 | 10,547,955 |
| Net Profit/ (loss) for the year after Corporate Tax | | 117,397,546 | (747,201,617) |
| Other Comprehensive income | | - | - |
| Total Comprehensive income | | 117,397,546 | (747,201,617) |
| Basic Earning Per Share (EPS) | 36 | 0.83 | (5.30) |



Managing Director



Chairman



Chief Financial Officer



Company Secretary

Place: Dhaka, Bangladesh;

Dated: 02 November 2023

DVC: 2311020151AS768640

Signed in terms of our separate report of even date annexed.



Pinaki Das, FCA

Senior Partner

Enrollment Number: 151

Pinaki & Company

Chartered Accountants

SHASHA DENIMS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June,2023

2022-2023

| Particulars | Share Capital | Share Premium | Retained Earnings | Total |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Balance as on 01.07.2022 | 1,410,359,100 | 1,250,000,000 | 1,027,157,625 | 3,687,516,725 |
| Cash Dividend -2021-2022 | - | - | (141,035,910) | (141,035,910) |
| Net Profit/(Loss) for the period | - | - | 117,397,546 | 117,397,546 |
| Balance as on 30.06.2023 | 1,410,359,100 | 1,250,000,000 | 1,003,519,261 | 3,663,878,361 |

2021-2022

| Particulars | Share Capital | Share Premium | Retained Earnings | Total |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
| Balance as on 01.07.2021 | 1,410,359,100 | 1,250,000,000 | 1,915,395,152 | 4,575,754,252 |
| Cash Dividend -2020-2021 | - | - | (141,035,910) | (141,035,910) |
| Net Profit/(Loss) for the period | - | - | (747,201,617) | (747,201,617) |
| Balance as on 30.06.2022 | 1,410,359,100 | 1,250,000,000 | 1,027,157,625 | 3,687,516,725 |



Managing Director



Chairman



Chief Financial Officer




Company Secretary

SHASHA DENIMS LIMITED

STATEMENT OF CASH FLOWS

as at and for the year ended June 30, 2023

| Particulars | Notes | Amount in BDT | |
|---|------------|------------------------|----------------------|
| | | 2022-2023 | 2021-2022 |
| Cash flow from operating activities | | | |
| Collection from Turnover | | 7,692,989,368 | 8,838,214,736 |
| Payment for cost & other expenses | | (5,076,388,974) | (8,085,916,572) |
| Financial Expenses | | (820,850,685) | (429,587,873) |
| Income Tax Paid | | (88,425,653) | (57,087,927) |
| Net cash provided by operating activities | | 1,707,324,055 | 265,622,364 |
| Cash flow from investing activities | | | |
| Fixed Assets | | (117,791,941) | (188,101,440) |
| Capital Work in Progress | | - | (4,000,000) |
| Deposit for Share | | 66,381,622 | - |
| Investment in Associates | | 121,800,000 | (52,500,000) |
| Net Cash provided by investing activities | | 70,389,681 | (244,601,440) |
| Cash flow from financing activities | | | |
| Dividend Paid-Cash | | (141,035,910) | (141,035,910) |
| Current Portion of Long Term Loan | | (4,014,536) | 80,224,109 |
| Lease Liability | | 2,192,285 | 1,393,219 |
| Unclaimed Dividend | | 465,489 | 1,207,082 |
| IPO fund received | | - | (3,436,928) |
| Long -Term Loan | | (365,431,709) | (48,409,112) |
| Short-Term Loan | | (1,593,930,200) | 494,094,484 |
| Net Cash provided by financing activities | | (2,101,754,582) | 384,036,944 |
| Increase/ (decrease) in cash and bank balances | | (324,040,845) | 405,057,868 |
| Effect on Unrealized Gain/Loss | | 112 | 762,958 |
| Cash and bank balances on opening | | 609,660,044 | 203,839,217 |
| Cash and bank balances on closing | | 285,619,311 | 609,660,044 |
| Net operating Cash flow per share | (Note: 39) | 12.11 | 1.88 |


Managing Director


Chairman


Chief Financial Officer


Company Secretary

SHASHA DENIMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

as at and for the year ended June 30, 2023

1 Reporting entity

1.1 Company profile

Shasha Denims Limited a Private Limited Company with an incorporation date on 28th October 1996 had been converted into a Public Limited Company on 1st day October 1997 under the companies Act 1994. Registered office of the companies is at House # 07, Road # 117, Gulshan, Dhaka.

1.2 Nature of business

The main activities of the company were concentrated in Manufacturing, Dyeing, Weaving & Finishing of Denim Fabric and exporting the same.

2 Basis of preparation of financial statements

2.1 Statement of compliance

The financial statements of the company under reporting have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act 1994, The Securities and Exchange Rules 1987, International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other applicable laws and regulations.

2.2 Measurement of elements in the financial statements

The group has presented separate financial statements in addition to consolidated financial statements.

2.3 Reporting period

The financial period of the company covers the period from July 2022 to June 2023

2.4 Date of authorization

The board of directors has authorized these financial statements on 26/10/2023

2.5 Reporting currency and level of precision

The figure in the financial statements represent Bangladesh Currency (Taka), which have been rounded off to the nearest Taka except where indicates otherwise.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosures requirements for contingent assets and liabilities during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

In particular, significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, amortization, impairment, net realizable value of inventories, accruals, taxation and provision

2.7 Comparative information and rearrangement thereof

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

2.8 Going concern

When preparing financial statements, management makes an assessment of Shasha Denims Limited's ability to continue as a going concern. Shasha Denims Limited prepares financial statements on a going concern basis.

2.9 Accrual basis of accounting

Shasha Denims Limited prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

2.10 Materiality and aggregation

Shasha Denims Limited presents separately each material class of similar items. The Company presents separately items of a dissimilar nature or function unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function.

2.11 Offsetting

Shasha Denims Limited does not offset assets and liabilities or income and expenses, unless required or permitted by a IFRS.

3 Significant accounting policies

Shasha Denims Limited selects and applies its accounting policies consistently for similar transactions, other events and conditions, unless a IFRS specifically requires or permits categorization of items for which different policies may be appropriate. The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

3.1 Changes in accounting policies

Shasha Denims Limited changes its accounting policy only if the change is required by a IFRS or results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the company's financial position, financial performance or cash flows. Changes in accounting policies is to be made through retrospective application by adjusting opening balance of each affected components of equity i.e. as if new policy has always been applied.

3.1.1 Implementation of IFRS 16 'Lease'

"In the current year, the Company has applied IFRS 16 (as issued by the IASB in January 2016 that is effective for annual periods that begin on or after 1 January 2019) for Shasha Denims Limited.

FRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3.16. The impacts of the adoption of IFRS 16 on the company financial statements are described below.

The date of initial application of IFRS 16 for the Group is 1 July 2019.

Shasha Denims Limited has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information."

3.1.1.1 Impact on lease accounting

3.1.1.1.1 Former operating lease

As a lessee, the Company leases factory and head office premises. IFRS 16 changes how the company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet. Under IFRS 16, the company

(a) Recognizes right-of-use assets and lease liabilities in the company statement of financial position, initially measured at the present value of the future lease payments; i.e. these leases are on-balance sheet.

(b) Recognizes depreciation of right-of-use assets and interest on lease liabilities in profit or loss of the company statement of profit and loss account;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the Company statement of cash flows.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

On transition, for these leases, lease liabilities and Right-of-use assets were measured at the present value of the remaining lease payments, discounted at the Company incremental borrowing rate (weighted average) as at 1 July 2019 (see Note 3.1.1.4.). Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

3.1.3 Changes in accounting estimates

The Company used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Company:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review,
- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- used hindsight when determining the lease term.

3.1.1.1.2 Former finance lease

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Company recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Company financial statements.

3.1.1.2 Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

3.1.1.3 "Financial impact of the initial application of IFRS 16

Financial impact of the initial application of IFRS 16

3.1.1.3.1 Impact on transaction

On transition to IFRS 16, As Right to use of assets was equivalent to the lease liabilities at the date of initial application, no cumulative effect was necessary in retained earnings at the date of initial application. The impact on transition as at 1 July 2019 is summarized below.

| | Amount in BDT |
|-----------------------|----------------------|
| | Shasha Denims |
| | Limited |
| Right -of- use assets | 84,930,133 |
| Lease liabilities | 90,189,906 |

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 9% for Shasha Denims Limited.

3.1.1.3.2 Impact on profit or loss for the year ended 30 June 2023

| | Amount in BDT |
|--|----------------------|
| | Shasha Denims |
| | Limited |
| Increase in depreciation of right-of-use asset | (5,757,586) |
| Increase in finance costs | (9,498,903) |
| Decrease in rent expenses | 17,288,361 |
| Increase/ (Decrease) in profit for the year | 2,031,872 |

3.1.1.3.2 Impact on assets & liabilities as at 30 June 2023

| | Amount in BDT |
|-----------------------------------|------------------------------|
| | Shasha Denims Limited |
| Right-of-use-assets | 101,768,782 |
| Net impact on total assets | 101,768,782 |
| Lease liabilities | 109,220,839 |
| Net impact on liabilities | 109,220,839 |

For the impact of IFRS 16 on EPS for the period, see Note 29.1. For the details of accounting policies under IFRS 16 and IAS 17, see Note 3.16.

3.1.3 Change in accounting estimates

Estimates arise because of uncertainties inherent within them, judgment is required but this does not undermine reliability. Effect of changes of accounting estimates is included in profit or loss account.

3.1.4 Correction of error (if any)

Shasha Denims Limited corrects material prior period errors retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

3.2 Reporting foreign currency transactions

Foreign currencies are converted into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are reconverted at the rates prevailing at the balance sheet date. Non-monetary assets and liabilities are reported using the exchange rate at the date of transaction. Differences arising on conversion are charged or credited to the profit or loss account.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

3.2.2 Subsequent measurement

A foreign currency transaction may give rise to assets or liabilities that are denominated in a foreign currency. These assets and liabilities is translated into Shasha Denims Limited's functional currency at each reporting date. Foreign currency monetary items outstanding at the end of the reporting date are translated using the closing rate. The difference between this amount and the previous carrying amount in functional currency is an exchange gain or loss. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise

3.3 Property, plant and equipment

3.3.1 Recognition and measurement

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

3.3.2 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 Profit or Loss and other Comprehensive Income as incurred.

3.3.3 Depreciation

Shasha Denims Limited uses the reducing balance method to depreciate each item of property, plant and equipment.

The rates of depreciation, applied on reducing balance method, for the current and comparative year are as follows

| | 2022-23 | 2021-22 |
|----------------------------|---------|---------|
| Building & Civil work | 5% | 5% |
| Plant & Machinery | 10% | 10% |
| Generator, Sub-Sta., Elec. | 10% | 10% |
| Workshop Equipment | 15% | 15% |
| Fire Extinguisher | 20% | 20% |
| Office Equipment | 20% | 20% |
| Furniture & Fixture | 15% | 15% |
| Crockery & Cutlery | 20% | 20% |
| Air Conditioner | 15% | 15% |
| Sanitary Fittings | 15% | 15% |
| Vehicle | 15% | 15% |
| Office Decoration | 15% | 15% |
| Hydrant Line | 15% | 15% |
| ETP Plant | 15% | 15% |
| Other Assets | 15% | 15% |
| Deep Tube-Well | 15% | 15% |
| CC Camera | 15% | 15% |

3.3.4 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included as other income in profit or loss when the item is derecognized.

3.4 Investments

Investments include investment in subsidiaries and some other non operating companies which represents management vision to business expansion. Investment is usually measured at equity method for the associates of the company only for those which are in operations.

3.4.1 Impairment of Investment

The carrying value of the Company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Statement Profit or Loss and other Comprehensive Income.

As per valuation report of M/S Hoda Vasi Chowdhury & Co. Chartered Accountants on the fixed assets and Inventory of EPCL, It is found that carrying amount of investment in EPCL is higher than recoverable amount. Thus it indicates that Investment in EPCL of SDL is impaired. Accordingly as per IAS 36, SDL recognized impairment loss on investment in EPCL.

3.5 Capital work in progress

Capital Work in Progress comprises the capital expenditures incurred for some regular capital items which is yet to be ready for its intended use. These items are classified in two categories: plant & machinery and Building & civil works. As both the items are qualifying assets, all expenses associated with these items are recognized as capital work in progress.

3.6 Inventories

Inventories are measured at lower of cost and estimated net realizable value. The cost of inventories is measured by using weighted average cost formula and includes expenditure incurred for acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

3.7 Impairment

The carrying value of the Company's assets other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses, if any, are recognized in the Statement Profit or Loss and other Comprehensive Income.

3.8 Deposit for shares

Deposit for shares are investment of the company to its other sister concerns in which the company has significant interest and control. Deposit for shares are being provided with an objective to assist these companies being capable of running its business without interruption as well as the company can enhance its control over these companies.

3.9 Financial instruments

3.9.1 Financial assets

Investment in subsidiaries

Separate financial statements are to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements for a group of entities under its control. Shasha Denims Limited has disclosed the information to enable users of the financial statements to evaluate the nature of the relationship between Shasha and its subsidiaries. Investment in subsidiaries is accounted for in Shasha Denims Limited's separate financial statements at cost.

Trade receivables

Trade receivables are measured in accordance with the business model under which each portfolio of trade receivable is held. Shasha Denims Limited has a portfolio of trade receivables that is being managed within a business model whose objective is to collect contractual cash flows, and are measured at amortized cost. Trade receivables measured at amortized cost are carried at the original invoice amount less allowance for expected credit losses.

Expected credit losses are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The expected credit loss rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the nature of the business unit and the location and type of customer.

When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement. Subsequent recoveries of amounts previously provided for or written off are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and financial institutions, and highly liquid investments with maturities of three months or less when acquired. They are readily convertible into known amounts of cash and are held at amortized cost under the hold to collect classification, where they meet the hold to collect "solely payments of principals and interests" test criteria under IFRS 9. Those not meeting these criteria are held at fair value through profit and loss.

3.9.2 Financial liability

Trade payables

Trade payables are recognized initially at fair value. Subsequent to initial recognition they are measured at amortized cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortized cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognized as a charge to the income statement over the period of the relevant borrowing.

3.10 Borrowing cost

Shasha Denims Limited capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Shasha Denims Limited recognizes other borrowing costs as an expense in the period in which it incurs them.

3.11 Income tax

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

3.11.1 Current Tax

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.11.2 Deferred Tax

(a) Principle of recognition

Deferred tax is recognized as income or an expense amount within the tax charge, and included in the net profit or loss for the period. Deferred tax relating to items dealt with as other comprehensive income is recognized as tax relating to other comprehensive income within the statement of profit or loss and other comprehensive income.

(b) Taxable temporary difference

A deferred tax liability is recognized for all taxable differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(c) Deductible temporary difference

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(d) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3.12 Employee benefit

The Company maintains defined contribution plan (provident fund) for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective trust deeds.

3.13 Revenue recognition

Shasha Denims Limited receives revenue for supply of goods to external customers against orders received. The majority of contracts that Shasha Denims Limited enters into relate to sales orders containing single performance obligations for the delivery of denims fabrics.

Product revenue is recognized when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer. Value added tax and other sales taxes are excluded from revenue.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognized in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

3.14 Financial income

Financial Income comprises interest income arising from the idle fund during the regular course of the business.

3.15 Financial expenses

Finance expenses comprise interest expense on term loan, overdraft, and bank charges. It also includes bill discounting charge which evolves as the most effective financial arrangement of the company. All finance expenses are recognized in the Statement Profit or Loss and other Comprehensive Income.

3.16 Accounting for leases

Company acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to factory or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company incremental borrowing rate. Generally, the Company uses its incremental borrowing rate (weighted average) at the date of commencement of lease as the discount rate.

The Company determines its incremental borrowing rate by analyzing its borrowings from various external sources.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company acting as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone selling prices.

When the Company acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Currently the Company has no operating lease as a lessor.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company net investment outstanding in respect of the leases.

3.17 Workers Profit Participation Fund (WPPF)

In 2015, the Government has formulated the relevant rules under the Act, which is called the Bangladesh Labor Rules 2015 (the Rules). According to the provisions of said rule 212, Government of Bangladesh (GoB) will create a central fund and circulate official gazette to the sector wise industry's representative who are engaged in 100% export oriented business regarding the administration and framework of such fund. Though the contribution of the company on the central fund can be estimated reliably, the mode of payment and the associated regulatory and administrative bodies of such fund like banks and others are not ready to receive the fund currently. As a result, the company has not yet started provisioning such amount in its financial statements.

3.18 Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares and diluted EPS where applicable. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company net of non controlling interest on consolidated profit by the weighted average number of ordinary shares during the period, adjusted for the effect of change in number of shares for bonus issue. 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 was no dilutive potential ordinary shares during the relevant periods.

3.19 Statements of cash flows

Cash flows from operating activities have been presented under direct method. However to comply with the directives of official gazette of BSEC, an indirect method of cash flows are measured and presented only for the operating cash flows of the company.

3.20 Events after the reporting period

Events after the reporting date that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting date that are not adjusting events are disclosed in a separate note, if any.

4. SCHEDULE OF FIXED ASSETS

| Particulars | Original Cost | | | | Depreciation | | | | Written down Value as at 30.06.2023 | |
|---|------------------------|--------------------------|----------------|-----------------------------|--------------|------------------------|----------------|-------------------------|-------------------------------------|------------------------|
| | Balance as at 01.07.22 | Addition during the year | Sale/ Disposal | Total Cost as at 30.06.2023 | Rate % | Balance as at 01.07.22 | Sale/ Disposal | Charged during the year | | Total as at 30.06.2023 |
| Tangible Assets | | | | | | | | | | |
| Building & Civil work | 412,618,221 | 49,478,196 | - | 462,096,417 | 5% | 144,501,769 | - | 13,968,989.27 | 158,470,758 | 303,625,659 |
| Plant & Machinery | 2,899,182,116 | 51,042,185 | - | 2,950,224,301 | 10% | 1,521,326,909 | - | 139,645,944.94 | 1,660,972,854 | 1,289,251,447 |
| Generator, Sub-Sta., Elec. | 541,039,714 | 10,839,311 | - | 551,879,025 | 10% | 210,819,297 | - | 34,025,058.96 | 244,844,356 | 307,034,669 |
| Workshop Equipment | 7,382,975 | - | - | 7,382,975 | 15% | 5,091,329 | - | 343,746.89 | 5,435,076 | 1,947,899 |
| Fire Extinguisher/Ditector,Alarm System | 32,957,278 | 214,770 | - | 33,172,048 | 20% | 19,212,317 | - | 2,774,983.55 | 21,987,301 | 11,184,747 |
| Office Equipment | 21,859,782 | 952,820 | - | 22,812,602 | 20% | 15,838,329 | - | 1,353,672.89 | 17,192,002 | 5,620,600 |
| Furniture & Fixture | 4,577,980 | 34,240 | - | 4,612,220 | 15% | 3,327,662 | - | 187,547.70 | 3,515,210 | 1,097,010 |
| Crockery & Cutlery | 171,849 | - | - | 171,849 | 20% | 120,810 | - | 10,207.80 | 131,018 | 40,831 |
| Air Conditioner | 9,331,048 | 663,300 | - | 9,994,348 | 15% | 6,556,484 | - | 522,277.60 | 7,078,762 | 2,915,586 |
| Sanitary Fittings | 24,788 | - | - | 24,788 | 15% | 23,939 | - | 127.37 | 24,066 | 722 |
| Vehicle, Crane, Truck | 84,880,358 | 530,300 | - | 85,410,658 | 15% | 57,035,211 | - | 4,225,223.63 | 61,260,435 | 24,150,223 |
| Office Decoration | 6,619,682 | 1,693,093 | - | 8,312,775 | 15% | 4,482,192 | - | 381,614.10 | 4,863,806 | 3,448,969 |
| Hydrant Line | 4,847,338 | - | - | 4,847,338 | 15% | 1,549,133 | - | 494,730.75 | 2,043,864 | 2,803,474 |
| ETP Plant | 8,958,616 | - | - | 8,958,616 | 15% | 6,658,322 | - | 345,044.07 | 7,003,366 | 1,955,250 |
| Other Assets | 32,390,257 | 2,253,725 | - | 34,643,982 | 15% | 19,188,122 | - | 2,173,316.79 | 21,361,439 | 13,282,543 |
| Deep Tube-Well | 5,547,072 | - | - | 5,547,072 | 15% | 3,422,847 | - | 318,633.72 | 3,741,481 | 1,805,591 |
| Furnace Oil Reserver | 1,450,000 | - | - | 1,450,000 | 15% | 1,259,956 | - | 28,506.58 | 1,288,463 | 161,537 |
| CC Camera | 30,000 | - | - | 30,000 | 15% | 4,033 | - | 3,895.05 | 7,928 | 22,072 |
| Total | 4,073,869,073 | 117,701,941 | - | 4,191,571,014 | | 2,020,418,662 | - | 200,803,522 | 2,221,222,183 | 1,970,348,831 |
| As at 30 June 2022 | 3,885,869,461 | 187,999,611 | - | 4,073,869,073 | | 1,810,645,904 | - | 209,772,756 | 2,020,418,661 | 2,053,450,412 |

5. Intangible Assets

| Particulars | Original Cost | | | | Depreciation | | | | Written down Value as at 30.06.2023 | |
|--|------------------------|--------------------------|----------------|-----------------------------|--------------|------------------------|----------------|-------------------------|-------------------------------------|------------------------|
| | Balance as at 01.07.22 | Addition during the year | Sale/ Disposal | Total Cost as at 30.06.2023 | Rate % | Balance as at 01.07.22 | Sale/ Disposal | Charged during the year | | Total as at 30.06.2023 |
| Software Development | 7,292,952 | 90,000 | - | 7,382,952 | 10% | 3,784,107 | - | 360,147.03 | 4,144,254 | 3,238,698 |
| | 7,292,952 | 90,000 | - | 7,382,952 | | 3,784,107 | - | 360,147 | 4,144,254 | 3,238,698 |
| As at 30 June 2022 | 7,191,124 | 101,828 | - | 7,292,952 | | 3,402,087 | - | 382,020 | 3,784,107 | 3,508,846 |
| 5.1 Allocation of Depreciation & Amortization | | | | | | | | | | |
| Factory | 198,348,202 | | | | | | | | | |
| Administrative | 2,815,467 | | | | | | | | | |
| Total | 201,163,669 | | | | | | | | | |

**The allocation of depreciation is based on the nature of assets contribution directly to the production and administration of operation

| | Notes | Amount in BDT | |
|------------|---|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 6 | Right of Use Assets | | |
| | Opening Balance | 84,930,133 | 104,894,392 |
| | Add : Addition during the Year | 22,596,235 | 1,792,468 |
| | Less : Cancelled Lease | - | 16,336,813 |
| | Less : Accumulated depreciation | 5,757,586 | 5,419,914 |
| | | 101,768,782 | 84,930,133 |
| 7 | Investment | | |
| | Shasha Textiles Ltd. | 308,200,420 | 308,200,420 |
| | Shasha Apparels Ltd. | 801,000 | 801,000 |
| | Shasha Spinning Ltd. | 496,960 | 496,960 |
| | Shasha Garments Ltd. | 15,000,000 | 15,000,000 |
| | EOS Textiles Mills Limited | 1,265,486,461 | 1,265,486,461 |
| | Shasha Denims Ltd. Unit-2 | 15,939,189 | 15,939,189 |
| | Cider Education Services Ltd. | 9,990,000 | 9,990,000 |
| | TelStar Communication Ltd. | 300,000 | 300,000 |
| | Energis Power Corporation Ltd. (note:7.1) | 111,268,138 | 268,471,637 |
| | Trade Matrix Bangladesh Ltd. | 300,000 | 300,000 |
| | Fly Dhaka Airlines Ltd | 52,500,000 | 52,500,000 |
| | Energis Holdings Ltd. | 350,000 | 350,000 |
| | | 1,780,632,168 | 1,937,835,667 |
| 7.1 | Energis Power Corporation Ltd. | | |
| | Investment | 268,471,637 | 268,471,637 |
| | Less: Share Sale 6,00,00,000 @ 2.03 | 121,800,000 | - |
| | | 146,671,637 | 268,471,637 |
| | Loss on Investment | 35,403,499 | - |
| | | 111,268,138 | 268,471,637 |
| 8 | Capital work in progress | | |
| | Capital work in progress | 330,000,000 | 330,000,000 |
| 9 | Inventories | | |
| | Yarn | 594,063,800 | 1,644,225,568 |
| | Chemical | 290,857,598 | 414,599,721 |
| | Packing Materials | 3,181,799 | 7,335,305 |
| | Stationery | 1,121,123 | 1,193,125 |
| | Spare Parts & Others | 152,580,666 | 135,144,990 |
| | Fuel, Oil & Lubricants | 3,329,307 | 2,897,778 |
| | Finished Fabric | 289,092,192 | 384,353,268 |
| | Work-in-Progress- Fabric | 116,666,672 | 54,820,391 |
| | Work-in-Progress- Sizing Yarn | 96,907,730 | 45,565,713 |
| | | 1,547,800,887 | 2,690,135,859 |

As per proposal of Board of Directors of Shasha Denims Ltd., the shareholders of the company in the 25th AGM held on 20 December, 2022 approved to transfer/sell off six crore shares to Shasha Garments Ltd. at NAV price as on 30-06-2022. Accordingly six crore shares have been transferred/sold to Shasha Garments Ltd.

| Notes | Particulars | Amount in BDT | |
|---------------|--|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 10. | Materials In Transit | | |
| | Yarn | 118,641,092 | 77,764,371 |
| | Chemical | 31,489,416 | 14,760,750 |
| | Spare Parts & Others | 1,865,575 | 6,159,541 |
| | | 151,996,083 | 98,684,661 |
| 11. | Accounts Receivable (note-11.1) | | |
| | Export | 2,511,784,803 | 2,315,736,182 |
| | | 2,511,784,803 | 2,315,736,182 |
| 11.1 | As these receivables are due from various clients number of which is not less than 100, to maintain the harmonization of financial statements the bear up is not presented here. However all the receivables are good in standard and average age is only 90 days. | | |
| 12. | Deposit for Shares | | |
| | Form Icon Limited | - | 66,381,622 |
| | | - | 66,381,622 |
| 13. | Advance Deposit & Prepayments | | |
| | Security Deposit & Guarantee | Note: 13.1 | 70,251,156 |
| | Advances | Note: 13.2 | 40,166,852 |
| | Prepayments | Note: 13.3 | 213,565,099 |
| | | | 323,983,107 |
| 13.1. | Security Deposit & Bank Guarantee | | |
| | Security Deposit | Note: 13.1.1 | 67,138,516 |
| | Bank Guarantee | Note: 13.1.2 | 3,112,640 |
| | | | 70,251,156 |
| 13.1.1 | Security Deposit | | |
| | Security Deposit BEPZA Land | | 1,117,871 |
| | Security Deposit BEPZA-Land-94-101 | | 2,994,488 |
| | Security Deposit BEPZA 128-129 | | 970,129 |
| | Security Deposit BEPZA-Land-277 | | 159,283 |
| | Security Deposit BEPZA Land Plot-289-292 | | 2,511,209 |
| | Security Deposit BEPZA Land Plot-183 | | 476,201 |
| | Security Deposit BEPZA Electric | | 1,356,842 |
| | Security Deposit BEPZA Water Connection | | 117,510 |
| | Security Deposit Titas Gas | | 33,332,600 |
| | Security Deposit-TBL | | 270,000 |
| | Security BOC Cylinder | | 54,000 |
| | Security Deposit-T&T | | 33,000 |
| | Security Deposit-Mobile | | 8,000 |
| | Security Deposit-Central Depository of Bangladesh | | 411,636 |
| | Security Deposit Office Rent | | 400,000 |
| | Security Deposit Highend Security | | 669,500 |
| | Security Deposit-Load 2500 KW | | 2,152,500 |
| | Security Deposit- 2500 kW | | 20,103,747 |
| | Group4s Security | | - |
| | | | 67,138,516 |
| | | | 50,477,506 |

| Notes | Particulars | Amount in BDT | |
|---------------|--|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 13.1.2 | Bank Guarantee | | |
| | BG Margin-Titas Gas-PBL Uttara | 523,750 | 523,750 |
| | BG Margin-Titas Gas-PBL Uttara | 1,588,890 | 15,444,850 |
| | Margin for Green Delta | 1,000,000 | 1,000,000 |
| | | 3,112,640 | 16,968,600 |
| 13.2 | Advances | | |
| | Office & Factory Employees | 11,852,231 | 5,595,084 |
| | Store & Garage Rent | - | 85,000 |
| | Advance Office Rent | 256,000 | 171,000 |
| | Flat Purchase-Samudra Builders | 16,711,925 | 16,711,925 |
| | Other Receivable | 9,058,696 | 9,058,696 |
| | D.G Department of Environment | 2,288,000 | 2,288,000 |
| | | 40,166,852 | 33,909,705 |
| 13.3 | Prepayments | | |
| | Factory Expenses | 6,149,821 | 5,086,033 |
| | Store & Garage Rent | 22,000 | 22,000 |
| | Adv. Against Purchase | Note: 13.3.1 | 63,197,032 |
| | Mobile Bill & Others | - | 3 |
| | LC and Bank Guaranttee Margin | - | 3,966,029 |
| | Advance Income Tax | Note: 13.3.2 | 139,399,015 |
| | VAT-Customs Ex-Appeal Tribunal | 4,797,232 | 3,901,372 |
| | | 213,565,099 | 140,571,756 |
| 13.3.1 | Adv. Against Purchase | | |
| | Foreign- T.T | 8,458,176 | 4,334,992 |
| | Local suppliers | 54,738,855 | 35,773,436 |
| | | 63,197,032 | 40,108,429 |
| 13.3.2 | Advance Income Tax | | |
| | Opening Balance | 87,487,890 | 61,550,072 |
| | Addition during the year | 81,854,275 | 45,275,777 |
| | Adjusted during the year | (29,943,151) | (19,337,959) |
| | | 139,399,015 | 87,487,890 |
| 14 | Cash and Cash Equivalents | | |
| | Cash in Hand | Note: 14.1 | 1,114,612 |
| | Cash at Bank- Current Account | Note: 14.2 | 33,507,393 |
| | Cash at Bank- Foreign Currency Account | Note: 14.3 | 72,759,985 |
| | Cash at Bank- Fixed Deposit Account | Note: 14.4 | 178,237,321 |
| | | 285,619,311 | 609,660,042 |
| 14.1 | Cash in Hand | | |
| | Head Office | 163,206 | 1,841,694 |
| | Factory Office | 951,406 | 135,355 |
| | | 1,114,612 | 1,977,049 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 14.2 | Cash at Bank- Current Account | | |
| | UCB CD-05411010000005463,Gulshan Branch | 75,247 | 75,937 |
| | Sonali Bank Ltd., Local Office, CD-33053716 | 135,793 | 136,254 |
| | The Premier Bank Ltd., Gulshan Branch, CD-11002930 | - | 2,356 |
| | The Premier Bank CD-7632 | 4,588 | 86,886,824 |
| | Trust Bank Ltd., Gulshan Branch,CD-33001855 | 261,211 | 262,051 |
| | One Bank Ltd., Savar Branch, CD-5006 | 1,640,511 | 20,782,616 |
| | First Security Islami Bank, Gulshan Branch CD-111000553-4 | 10,752 | 13,052 |
| | United Commercial Bank Ltd., Uttara Branch,CD-14/10 | 485,960 | 748,802 |
| | HSBC # 31011 | 60,725 | 64,415 |
| | Premier Bank STD-13000000596 | 18,850 | 18,850 |
| | Bank Asia Ltd., Corporate Branch, STD-625 | 471,636 | 2,004,893 |
| | Midland Bank Limited-CD-2956 | 147,865 | 13,062 |
| | EBL CD-104 1060000989 | 248,267 | - |
| | Eastern Bank Ltd., Principal Br.-High Performance A/C-58906 | 5,419,066 | 5,330,552 |
| | PBL Ac # 603 (4% Saveings A/C) | 20,722,557 | 29,950,811 |
| | Premier Bank Ltd. Uttara Br. STD-22-8 | 2,151,471 | 2,121,102 |
| | NCC Bank Ltd.00270210014419 | 1,970 | - |
| | UCB-1051101000000655 Div 19-20 | 349,713 | - |
| | Dividend A/C (18+19+20) | 490,988 | 1,202,682 |
| | UCB-2021-22 A/C-00148 | 809,744 | - |
| | Pubali Bank CD-2438901049138 | 482 | 1,770 |
| | The City Bank-2001 | - | 510 |
| | | 33,507,393 | 149,616,538 |
| 14.3 | Cash at Bank- Foreign Currency Account | | |
| | | USD | |
| | The Premier Bank Ltd., Gulshan Branch,FC-128/04 | 55 | 5,855 |
| | Bank Asia Ltd., Corporate Branch,FC-344 | 22,000 | 2,354,000 |
| | Bank Asia RAD | 64,508 | 6,902,397 |
| | Eastern Bank Ltd.- USD Account | 1,062 | 113,625 |
| | Eastern Bank Ltd.- USD Account | 1,598 | 170,992 |
| | Eastern Bank Ltd.- Euro Account | 146 | 17,441 |
| | Eastern Bank Ltd.- GBP Account | 115 | 16,117 |
| | Sonali Bank Ltd.,FC-045 | 81,534 | 8,724,177 |
| | Mid-FC Margin 0011-1310000456 | 5,648 | 604,301 |
| | Premier Bank FC-313 | 270,408 | 28,933,629 |
| | The Premier Bank Ltd., Uttara Branch FC-83 | 232,873 | 24,917,451 |
| | | 72,759,985 | 361,045,506 |
| 14.4 | Cash at Bank- Fixed Deposit (FDR) | | |
| | The Premier Bank Ltd., Uttara Branch | 79,854,194 | 77,020,949 |
| | IPDC Finance Ltd., Gulshan Branch | 30,026,651 | 20,000,000 |
| | One Bank Ltd., Savar Branch | 68,356,475 | - |
| | | 178,237,321 | 97,020,949 |

| Notes | Particulars | Amount in BDT | |
|------------|--|---------------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 15. | Share Capital | | |
| | Authorized Capital | | |
| | 20,00,00,000 ordinary shares of TK.10/- each | 2,000,000,000 | 2,000,000,000 |
| | 2,50,00,000 redeemable preference shares of TK.10/- each | 250,000,000 | 250,000,000 |
| | | 2,250,000,000 | 2,250,000,000 |
| | Issued & Paid up Capital | | |
| | | 1,410,359,100 | 1,410,359,100 |
| | | - | - |
| | | 1,410,359,100 | 1,410,359,100 |
| | The Range of shareholding | | |
| | Shareholding Range | No. of Shareholder | No. of share |
| | | | Percentage |
| | Up to 500 Share | 4552 | 934,139 |
| | 501 to 5000 shares | 2357 | 4,688,668 |
| | 5001 to 10000 shares | 507 | 3,866,525 |
| | 10001 to 20000 Shares | 323 | 4,685,384 |
| | 20,001 to 30,000 Shares | 131 | 3,263,865 |
| | 30,001 to 40,000 Shares | 95 | 3,338,759 |
| | 40,001 to 50,000 Shares | 59 | 2,722,365 |
| | 50,001 to 1,00,000 Shares | 88 | 6,549,534 |
| | 1,00,001 to 5,00,000 Shares | 83 | 16,212,385 |
| | 5,00,001 to 10,00,000 Shares | 10 | 6,787,884 |
| | 10,00,001 and above Shares | 18 | 87,986,402 |
| | | 8,223 | 141,035,910 |
| | Shareholding Position: | | |
| | Mr. Anisul Islam Mahmud | | 34,167,445 |
| | Mr. Shams Mahmud | | 15,029,648 |
| | Ms. Zareen Mahmud Hosein | | 3,781,713 |
| | Institute | | 31,923,073 |
| | Public | | 56,134,031 |
| | | | 141,035,910 |
| | | | 100.00 |
| 16. | Share on Premium Account | | |
| | 5,00,00,000 Shares of Tk. 25 each | | |
| | | 1,250,000,000 | 1,250,000,000 |
| 17. | Retained Earnings | | |
| | Opening Balance | 1,027,157,624 | 1,915,395,151 |
| | Add : Net Profit during the Year | 117,397,546 | (747,201,617) |
| | | 1,144,555,170 | 1,168,193,534 |
| | Less : Final Dividend | 141,035,910 | 141,035,910 |
| | Less : Stock Dividend | - | - |
| | | 1,003,519,260 | 1,027,157,624 |
| 18 | Long Term Loan | | |
| | Premier Bank Ltd | 829,449,891 | 953,060,724 |
| | Bank Asia Ltd | - | 245,835,414 |
| | | 829,449,891 | 1,198,896,138 |
| | Less : Current Portion of Long Term Loan | 231,110,497 | 235,125,033 |
| | | 598,339,395 | 963,771,105 |

| Notes | Particulars | Amount in BDT | |
|------------|---|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 19 | Lease Liability | | |
| | Opening Balance | 90,189,907 | 108,760,947 |
| | Add: Addition During the year | 22,596,235 | 1,792,468 |
| | Add: Interest Expenses | 9,498,903 | 8,286,341 |
| | Less : Cancelled Lease | - | 16,938,641 |
| | Less : Lease Liability | 13,064,206 | 11,711,208 |
| | Actual Lease Liability | 109,220,839 | 90,189,907 |
| | Less : Current Portion of Lease Liability | 1,438,137 | 3,450,832 |
| | | 107,782,702 | 86,739,075 |
| 20. | Deferred Tax Liability | | |
| | Deferred tax has been calculated base on taxable/deductable temporary difference arising due to difference in the carrying amount of the assets & Liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standard (IAS) 12 "Income Tax" | | |
| | Temporary Differences between Accounting base & Tax base Assets & Liabilities (Note:35) | 936,768,168 | 917,394,457 |
| | | 936,768,168 | 917,394,457 |
| | Tax Rate | 0.15 | 0.15 |
| | | 140,515,225 | 137,609,169 |
| 21 | Accounts Payable | | |
| | Dhaka Logistics Network | 305,525 | 239,452 |
| | General Enterprise | - | 68,468 |
| | New Khan Transport Agency | 4,075,505 | 5,014,605 |
| | Bismillah Rubber & Engineering | - | 4,050 |
| | ITS Labtest Bangladesh Ltd. | 177,170 | - |
| | Dexterous Engr.-Chiller | - | 584,088 |
| | Credit Rating Agency of BD Ltd | 215,000 | - |
| | Computer City | 10,400 | 48,400 |
| | Giant Technologies Ltd. | - | 7,192 |
| | Taqwa Enterprise | 8,213 | - |
| | Trident Agency | 240,840 | - |
| | Mission Computer & Technology | 3,100 | - |
| | Mayer Doa Mechanical | - | 8,198 |
| | Creative Technology | 22,000 | - |
| | Sun Tech Energy Ltd | 12,450 | 12,450 |
| | MS Nabil Enterprise | 26,055 | 30,613 |
| | Sovereign Tecnology | - | 55,720 |
| | CDBL | 106,000 | 106,000 |
| | Mozumder Sikder Associates | 3,000 | 3,000 |
| | Multibrand Workshop Ltd. | 89,650 | 19,800 |
| | Formic Engineering | 5,513 | 5,513 |
| | Southwest Composite Ltd. | 11 | 10 |
| | Mehedi Enterprise | 16,440 | 16,440 |
| | JK yarn Dyeing | 2,846,673 | 26 |
| | The Business Standard | 5,820 | 5,820 |
| | Cargoline | - | 798,337 |
| | Nazim Uddin -Painter | - | 90 |
| | Royal Denims Ltd | - | 2,805,401 |
| | Agni System Ltd. | 50,820 | 112,400 |
| | Amanat Shah Fabrics Ltd. | 31,139 | 31,139 |
| | Powermann Bangladesh Ltd. | 14,538 | 14,538 |
| | Karnaphuli Insurance-Open Cov. | 1,480,674 | 479,895 |

| Notes | Particulars | Amount in BDT | |
|-------|--------------------------------|----------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| | TUV | 849 | 849 |
| | Exclusive Energy Engineering | 11,400 | 5,100 |
| | Rafin Cargo Transport | 129,281 | - |
| | Soldio Design | 107,758 | - |
| | Sami Enterprise | 135,000 | - |
| | Multibrand Workshop Ltd. | - | - |
| | Infinity Technologies | 1,067,455 | - |
| | NZ Textile Ltd. | 33,746 | - |
| | Warrior Security | 11,004 | 11,004 |
| | Gazi Tanks | 16 | 16 |
| | Texworld Technologies | - | 32,000 |
| | Berger Paint BD.Ltd. | 672 | 672 |
| | MJL Bangladesh Ltd. | 27,421 | 29,424 |
| | Energypac Power/Engineering | 2,392 | 2,392 |
| | Jamuna Denims Weaving Ltd. | 28,657 | 28,657 |
| | ARB Associates | - | 50,000 |
| | One Composite Mills ltd. | - | 58,375 |
| | Dutch Bangla Chamber | - | 100,000 |
| | Chem one Bd | 37,789 | 37,789 |
| | Haque Textiles | 36,012 | 36,012 |
| | Mahmud Fabrics & Finishing | - | 753,770 |
| | Ranka Denim Textile Mills Ltd. | 18 | 18 |
| | Anil Salam Idris & Co. | 22,500 | 12,500 |
| | Aegis service ltd | 55 | 55 |
| | AL Baraka Enterprise | 165,169 | 154,649 |
| | Consumer Gas Services | 119,200 | 92,200 |
| | Zohura & Sons | 798,913 | 733,084 |
| | Kazi Razzak Int | 6 | - |
| | Shapnil Enterprise | 2 | - |
| | Express C & F Agent | 6 | - |
| | Yas Orient Pvt Limited | 3,834 | - |
| | BBS Cables Ltd. | 80,320 | - |
| | Tex House Corporation | 3,716 | - |
| | Nice Denims Ltd | 100,000 | - |
| | Rotation World Ltd. | 150,612 | - |
| | Easland Insurance Co.Ltd. | 1,250 | - |
| | Titas Spinning & Denim Co.Ltd. | 141,000 | - |
| | Ha-Meem Spinning Mills | 26,219 | - |
| | Envoy Textiles Ltd | - | 1,424 |
| | Nazim Uddin -Painter | 615 | - |
| | MR Travels | 902,595 | 433,349 |
| | Navana Limited Factory | - | 68,905 |
| | Newteric Engineering & Techn. | 1,950 | 1,950 |
| | SGS Bangladesh | - | 2,839 |
| | Bangla Trac Ltd | - | 1,740 |
| | Universal Techpark | 48,990 | 48,990 |
| | Rafin Cargo Transport | - | 41,891 |
| | M.A Zaman Engineering | - | 9,450 |
| | Modern Poloy | - | 286,232 |
| | Bureau Veritas Hongkong Ltd. | 49,517 | 49,517 |
| | Green International System | 70,000 | 70,000 |
| | Import Liability | note-21.1 | 866,967,123 |
| | | 1,250,264,322 | 866,967,123 |
| | | 1,264,326,798 | 880,593,622 |

| Notes | Particulars | Amount in BDT | |
|-------------|--|----------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 21.1 | Import Liability | | |
| | Yarn & Others | 756,520,552 | 685,711,366 |
| | Overdue Import Liability for yarn (DL) | 421,283,909 | - |
| | Chemical | 59,958,163 | 102,335,832 |
| | Spare Parts & Packing Materials | 12,501,698 | 78,919,925 |
| | | 1,250,264,322 | 866,967,123 |
| 22. | Liabilities for Expenses | | |
| | BEPZA-Electric Bill | 1,865,323 | 597,322 |
| | BEPZA-Water Bill | 3,554,760 | 2,344,504 |
| | BEPZA-Gas Bill Service Charge | 7,360,625 | 2,321,491 |
| | BEPZA-Medical Bill | 110,813 | 94,350 |
| | BEPZA-Workers Welfare Fund | 48,888 | 41,625 |
| | BEPZA-Automation Fund | 51,826 | 20,268 |
| | BEPZA-WWT | 3,666,331 | 2,354,796 |
| | BEPZA Generator Service Charges | 2,911,943 | 1,252,826 |
| | Titas Gas Bill | 52,693,834 | 13,053,744 |
| | Electric Bill | 119,092 | 88,339 |
| | Wasa Bill | 25,417 | 27,853 |
| | Gas Bill | 5,220 | - |
| | Telephone Bill | 12,309 | 16,535 |
| | Mobile Bill | 2,595 | 3,411 |
| | Rent Gulshan Office | 566,500 | 580,900 |
| | Remuneration | 789,619 | 1,389,619 |
| | Salary, Wages & Overtime | 32,242,713 | 15,976,614 |
| | Gratuity Expenses Payable | 19,926,794 | - |
| | AIT-Titas, Salary & Others | 700,287 | 478,617 |
| | P.F Payable | 6,256,151 | 5,489,390 |
| | Tax Liability | 18,324,800 | 18,324,800 |
| | Stamp Payable | 16,420 | 14,150 |
| | Guest House Rent | 600,502 | 625,502 |
| | Exchange/Discount (SB & BAL) | 38,532,529 | 20,462,661 |
| | Audit Fees Payable | 402,500 | 402,500 |
| | Board Meeting/Advisor Fees Payable | 55,250 | 57,500 |
| | Consultancy Fees Payable | 1,930,000 | 3,920,000 |
| | Afroza Enterprise | 120,000 | 120,000 |
| | Sadia Transport agency | 150,000 | 150,000 |
| | Share Biz Kortcha | 11,398 | 11,398 |
| | DHL World Wide Express (BD)P. Ltd. | 198,654 | 94,652 |
| | Royal Office | 108,100 | 32,983 |
| | Nirapad Aluminum | 18,020 | 18,020 |
| | AD Creation | 210,203 | 210,203 |
| | G4s Security Services BD. (P) Ltd. | 60,400 | 592,001 |
| | Highend Securities | 763,500 | 184,500 |
| | Sanyo Refrigeration Works | 34,433 | 8,500 |
| | Extreme World | 69,417 | 67,113 |
| | ZK Bearing & Tools | - | 32,267 |
| | Techno International | - | 2,400 |
| | Razia Motors-2 | - | 6,700 |
| | ST Express | 275,347 | 237,355 |
| | Gulshan Club | 850 | 751 |
| | Nisa Software | 22,500 | 22,500 |
| | CU Certification | 1,287,447 | - |
| | Rinsco | 6,600 | - |
| | Unique Thread | 125,665 | 125,665 |
| | Travel Wise Ltd | 42,305 | 42,305 |
| | Other Expenses | 373,954 | 554,493 |
| | | 196,651,834 | 92,453,123 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|--------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 23. | Provision for Income Tax | | |
| | As per Last Year | 75,509,138 | 50,005,421 |
| | Add: During the year | 81,854,275 | 45,275,777 |
| | Add: Provision for tax after assesment (2020-2021) | 6,571,263 | - |
| | Less: Tax Paid | 36,804,739 | 19,772,060 |
| | | 127,129,938 | 75,509,138 |
| 24. | Current Portion of Long Term Loan | | |
| | Premier Bank Ltd | 231,110,497 | 173,478,526 |
| | Bank Asia Limited | - | 61,646,507 |
| | | 231,110,497 | 235,125,033 |
| 25. | Unclaimed Dividend | | |
| | Unclaimed Dividend/undistribution dividends of the company are as follows | | |
| | 2018-2019 | 42,046 | 353,321 |
| | 2019-2020 | 389,714 | 393,479 |
| | 2020-2021 | 459,552 | 460,282 |
| | 2021-2022 | 781,259 | - |
| | | 1,672,571 | 1,207,082 |
| | Opening unclaimed dividend | 1,207,082 | |
| | Add: unclaimed dividend for 2021-2022 | 836,266 | |
| | Less: Dividend paid during the period | 59,833 | |
| | Less: Dividend transferred to CMSF | 310,943 | |
| | Closing balance | 1,672,571 | |
| 26. | Short Term Loan | | |
| | Bank Asia Ltd. | Note: 26.1 | 25,218,848 |
| | The Premier Bank Ltd. | Note: 26.2 | 2,445,575,603 |
| | One Bank Limited | Note: 26.3 | 61,188,072 |
| | IPDC Finance Ltd | | 100,962,500 |
| | Eastern Bank Limited | | 42,024,684 |
| | Shasha Garments Ltd | | - |
| | | | 60,467,652 |
| | | | 2,674,969,707 |
| | | | 4,268,899,907 |
| 26.1 | Bank Asia Ltd. | | |
| | Bank Asia Ltd., Corporate Branch, OD-692 | | - |
| | Bank Asia Ltd., Corporate Br.-FBN | | 204,151,834 |
| | Bank Asia Ltd., Corporate Branch, EDF | | 25,218,848 |
| | | | 555,278,658 |
| | | | - |
| | | | 31,494,015 |
| | | | 25,218,848 |
| | | | 790,924,507 |
| 26.2 | The Primier Bank Ltd. | | |
| | The Premier Bank Ltd., Uttara Branch, OD-141 | | 612,660,432 |
| | The Premier Bank Ltd., Uttara Branch-FBN | | 612,498,944 |
| | The Premier Bank Ltd., Uttara Branch STL-219 | | 1,642,514,785 |
| | The Premier Bank Ltd., Uttara Branch STL-220 | | 941,340,976 |
| | The Premier Bank Ltd., Uttara Branch SOD-3242 | | 33,913,860 |
| | The Premier Bank Ltd., Uttara Branch EDF | | 85,312,646 |
| | The Premier Bank Ltd., Uttara Branch STL-02(Salary) | | 71,173,878 |
| | The Premier Bank Ltd., Uttara Branch STL-10(Salary) | | - |
| | The Premier Bank Ltd., Uttara Branch STL-15(Salary) | | - |
| | The Premier Bank Ltd., Uttara Branch PAD AC | | - |
| | | | 1,707,628,395 |
| | | | 8,782,238 |
| | | | 4,811,386 |
| | | | 4,366,445 |
| | | | 38,079,364 |
| | | | 2,445,575,603 |
| | | | 3,317,507,748 |

| Notes | Particulars | Amount in BDT | |
|-------------|---|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 26.3 | One Bank Ltd | | |
| | OBL-SOD-0051020012786 | 61,188,072 | - |
| | | 61,188,072 | - |
| 27. | Revenue (note-27.1) | 7,880,570,468 | 8,570,487,857 |
| Notes | Particulars | Amount in BDT | |
| | | 2022-2023 | 2021-2022 |
| 27.1 | As export revenue is achieved through proper banking channel from a large number of client base of the company, to maintain the harmonization of financial statements the break up is not presented here. | | |
| 28. | Cost of Goods Sold: | | |
| | Materials-Yarn (Note: 28.1) | 4,825,102,477 | 5,678,914,190 |
| | Materials-Chemical (Note:28.2) | 574,697,348 | 584,478,246 |
| | Packing Materials (Note 28.3) | 34,371,547 | 25,965,117 |
| | Raw Materials Consumed | 5,434,171,372 | 6,289,357,553 |
| | Add: Factory Overheads (Note:28.4) | 1,143,990,560 | 1,088,330,861 |
| | Cost of Goods Manufactured | 6,578,161,932 | 7,377,688,414 |
| | Opening Work-in-Progress | 54,820,391 | 97,289,158 |
| | Less: Closing Work-in-Progress | 116,666,672 | 54,820,391 |
| | Cost of Production | 6,516,315,651 | 7,420,157,181 |
| | Opening Finished Goods | 384,353,268 | 555,419,964 |
| | Less: Closing Finished Goods | 289,092,192 | 384,353,268 |
| | Cost of Goods Sold | 6,611,576,728 | 7,591,223,877 |
| 28.1 | Cost of Materials -Yarn | | |
| | Opening Stock | | |
| | Yarn | 1,644,225,568 | 940,902,663 |
| | Work in Process-Yarn | 45,565,713 | 83,019,960 |
| | | 1,689,791,281 | 1,023,922,623 |
| | Add: Purchases (Import) | 3,741,877,768 | 6,194,596,017 |
| | Add: CIF Cost | 84,404,959 | 150,186,831 |
| | | 5,516,074,007 | 7,368,705,471 |
| | Less: Closing Stock | | |
| | Yarn | 594,063,800 | 1,644,225,568 |
| | Work in Process-Yarn | 96,907,730 | 45,565,713 |
| | Cost of Materials -Yarn | 4,825,102,477 | 5,678,914,190 |
| 28.2 | Cost of Materials -Chemical | | |
| | Opening Stock | | |
| | Chemical | 414,599,721 | 138,972,117 |
| | Add: Purchase | 441,007,487 | 839,746,356 |
| | Add: CIF Cost | 9,947,738 | 20,359,495 |
| | | 865,554,946 | 999,077,968 |
| | Less: Closing Stock | | |
| | Chemical | 290,857,598 | 414,599,721 |
| | Cost of Materials -Chemical | 574,697,348 | 584,478,247 |
| 28.3 | Packing Materials | | |
| | Opening Stock | 7,335,305 | 3,718,899 |
| | Add: Purchase | 30,218,041 | 29,581,522 |
| | Less: Closing Stock | 3,181,799 | 7,335,305 |
| | Cost of Materials -Packing | 34,371,547 | 25,965,116 |

| Notes | Particulars | Amount in BDT | |
|-------------|---------------------------------------|----------------------|----------------------|
| | | 2022-2023 | 2021-2022 |
| 28.4 | Factory Overhead | | |
| | Factory Wages & allowance | 534,169,800 | 444,378,950 |
| | Security Service charges | 9,381,213 | 9,063,345 |
| | BEPZA Others Utility | 4,224,155 | 1,515,955 |
| | Electric bill for Bepza | 12,231,522 | 65,324,547 |
| | Gas bill,S/Charge for Bepza | 20,018,710 | 13,958,336 |
| | Water bill for Bepza | 23,350,047 | 30,396,911 |
| | Medical bill | 3,391,851 | 3,757,074 |
| | BEPZA-Worker Welfare Fund | 554,169 | 471,984 |
| | BEPZA-Waste Water Bill | 24,883,526 | 31,197,206 |
| | BEPZA Generator Service Charge | 16,039,092 | 3,954,567 |
| | BEPZA-EP/IP/SC | 288,601 | 287,265 |
| | BEPZA Automation Service-Land | 1,120 | 5,020 |
| | BEPZA Lab Service Bill | 63,862 | 49,445 |
| | Gas bill-Titas | 197,735,319 | 136,808,141 |
| | Fuel, Oil and Lubricant (Note : 28.5) | 7,808,987 | 7,652,391 |
| | Spare parts (Note : 28.6) | 17,822,763 | 61,501,118 |
| | Stationery (Note : 28.7) | 1,480,628 | 4,498,457 |
| | Ink & Crtridge (Note : 28.8) | 373,715 | 411,753 |
| | Repair and Maintenance | 1,803,680 | 2,255,115 |
| | Electrical expenses | 310,682 | 1,055,692 |
| | Local Labour Bill | 1,495,393 | 3,495,734 |
| | Fabric Test | 2,150,147 | 1,478,458 |
| | Entertainment | 3,945,341 | 6,694,129 |
| | Environmental Assessment Fees | - | 60,000 |
| | Carrying Charges | 2,429,414 | 12,762,928 |
| | Freight Charges | 4,876,931 | 4,627,374 |
| | Insurance Premium | 5,576,314 | 5,546,870 |
| | Laboratory Expenses | 313,210 | 421,927 |
| | Worker & Staff Accommodation expenses | 3,505,200 | 3,505,200 |
| | P.F Contribution | 18,498,205 | 17,266,518 |
| | Gratuity Expenses | 19,926,794 | - |
| | CD for Custom Clearance | - | 173 |
| | Group Insurance | 3,841,111 | 3,821,077 |
| | Depreciation - ROU | 3,150,857 | 2,565,688 |
| | Depreciation (note:5.1) | 198,348,202 | 207,541,513 |
| | | 1,143,990,560 | 1,088,330,861 |
| 28.5 | Fuel,Oil & Lubricant | | |
| | Opening Stock | 2,897,778 | 2,728,305 |
| | Add: Purchase | 8,240,516 | 7,821,864 |
| | Less: Closing Stock | 3,329,307 | 2,897,778 |
| | | 7,808,987 | 7,652,391 |
| 28.6 | Spare Parts | | |
| | Opening Stock | 135,144,990 | 131,315,813 |
| | Add: Purchase | 35,258,439 | 65,330,296 |
| | Less: Closing Stock | 152,580,666 | 135,144,990 |
| | | 17,822,762 | 61,501,119 |
| 28.7 | Stationery | | |
| | Opening Stock | 878,090 | 655,763 |
| | Add: Purchase | 1,403,662 | 4,720,784 |
| | Less: Closing Stock | 801,123 | 878,090 |
| | | 1,480,628 | 4,498,457 |

| Notes | Particulars | Amount in BDT | |
|-------------|--------------------------------|--------------------|--------------------|
| | | 2022-2023 | 2021-2022 |
| 28.8 | Ink & Cartridge | | |
| | Opening Stock | 315,035 | 545,838 |
| | Add: Purchase | 378,680 | 180,950 |
| | Less: Closing Stock | 320,000 | 315,035 |
| | | 373,715 | 411,753 |
| 29 | Administrative Expenses | | |
| | Directors Remuneration | 12,960,000 | 18,585,000 |
| | Salary and allowance | 78,881,641 | 68,672,366 |
| | Rent-Vat | 552,600 | 522,600 |
| | Electricity Bill | 460,446 | 442,521 |
| | Gas Bill | 24,840 | 27,750 |
| | Wasa bill | 256,945 | 297,915 |
| | Telephone bill | 106,367 | 101,510 |
| | Mobile bill | 1,074,727 | 1,070,497 |
| | Office Expenses | 800,259 | 898,718 |
| | Subscription | 304,636 | 332,807 |
| | Fees & forms | 6,960,358 | 4,460,609 |
| | Credit Rating Fees | 430,000 | - |
| | Store Rent | 300,000 | - |
| | Renewal & Registration Fee | 2,126,331 | 1,700,209 |
| | P.F Contribution | 4,074,717 | 3,492,857 |
| | Postage & stamps | 258,842 | 622,030 |
| | Stationery | 761,733 | 689,039 |
| | Ink & Cartridge | 297,750 | 234,060 |
| | Entertainment | 373,868 | 440,736 |
| | Travelling & Conveyance | 22,872,393 | 10,227,783 |
| | Photocopy | 38,306 | 11,135 |
| | Courier bill | 4,388,520 | 2,891,278 |
| | Board Meeting Fees | 412,500 | 276,500 |
| | Audit Fees | 744,282 | 1,785,043 |
| | Paper bill | 12,045 | 8,860 |
| | Car Fuel | 2,164,908 | 7,299,694 |
| | Internet Bill | 861,997 | 896,967 |
| | Computer Accessories | 237,092 | 173,265 |
| | Books & Periodicals | 1,200 | 1,100 |
| | AGM expenses | 1,071,960 | 942,809 |
| | Uniform & Leverage | 7,960 | 321,990 |
| | Car Expenses | 1,211,835 | 667,699 |
| | Consultancy/Professional Fees | 4,853,000 | 4,547,750 |
| | Software Maintenance Charge | - | 280,000 |
| | Advertisement | 672,417 | 1,056,323 |
| | Insurance | 14,896 | 2,914 |
| | Training Expenses | - | 8,998 |
| | DSE,CSE & BSEC Charges | 1,164,144 | 1,270,144 |
| | Tax after Assessment | 6,281,053 | 9,171,079 |
| | Misc. Exp. | 2,200,770 | 3,697,818 |
| | Depreciation-ROU (Store Rent) | 597,489 | 247,498 |
| | Depreciation-ROU (Office Rent) | 2,009,239 | 2,606,728 |
| | Depreciation (note:5.1) | 2,815,467 | 2,613,263 |
| | | 165,639,534 | 153,597,862 |

| Notes | Particulars | Amount in BDT | |
|------------|---|---------------------|----------------------|
| | | 2022-2023 | 2021-2022 |
| 30. | Selling & Distribution Expenses | | |
| | Sample Expenses & Marketing Exp. | 53,428,454 | 43,116,756 |
| | | 53,428,454 | 43,116,756 |
| 31. | Financial Expenses | | |
| | Bank Charges & Commission | | |
| | L/C advising and amend.charges | 667,655 | 688,961 |
| | Comm.and Intt.for Export | 1,035,506 | 3,936,940 |
| | Bank Charge & Others | 7,365,442 | 5,674,863 |
| | Bank Guranttee Commission | 2,975,787 | - |
| | Discount/Exchange Loss & Bill Purchase | 487,437,762 | 163,420,377 |
| | Foreign Bank Charge | 8,264,336 | 9,858,630 |
| | INTEREST | | |
| | Bank Asia Ltd., Corporate Branch OD-692 | 15,430,497 | 21,167,197 |
| | Bank Asia Ltd., Corporate Branch TL # 8147 | 1,599,290 | 2,232,081 |
| | Bank Asia Ltd., Corporate Branch TL # 8148 | 4,183,926 | 5,843,135 |
| | Bank Asia Ltd., Corporate Branch TL # 8149 | 12,028,659 | 16,819,902 |
| | The Premier Bank Ltd., Uttara Branch OD-141 | 54,705,729 | 45,693,038 |
| | The Premier Bank Ltd., Uttara Branch DL 717-552,557,573,574 | 6,163,605 | 2,063,088 |
| | The Premier Bank Ltd., Uttara Branch STL-02(salary & Wages) | 52 | 57 |
| | The Premier Bank Ltd., Uttara Branch STL-10(salary & Wages) | 102,852 | 844,653 |
| | The Premier Bank Ltd., Uttara Branch STL-15(salary & Wages) | 83,397 | 807,958 |
| | The Premier Bank Ltd., Uttara Branch Term Loan-169 | 14,838,317 | 19,810,141 |
| | The Premier Bank Ltd., Uttara Branch Term Loan-175 | 64,115,362 | 73,643,137 |
| | The Premier Bank Ltd., Uttara Branch TL-18, & 201 | 3,607,488 | 378,477 |
| | The Premier Bank Ltd., Uttara Branch Term Loan-219-220 | 2,943,822 | - |
| | The Premier Bank Ltd., Uttara Branch SOD-3242 | 2,479,878 | - |
| | Midland Bank Ltd., Gulshan Branch TRL-3421 | - | 1,021,768 |
| | Midland Bank Ltd., Gulshan Branch TRL-289 | - | 1,166,848 |
| | IPDC Finance Ltd. Interest Expenses | 9,691,864 | 3,210,660 |
| | Interest on EDF/PAD & Others | 36,613,608 | 28,270,660 |
| | Interest Expenses on Lease Liability | 9,498,903 | 8,286,341 |
| | One Bank Ltd., Ganak Bari Branch SOD Interest | 2,886,804 | - |
| | Intt.on Import-Overdue/Interim | 72,130,142 | 14,748,962 |
| | | 820,850,685 | 429,587,873 |
| 32. | Non-Operating Income | | |
| | Loss on Investment in EPCL | (35,403,499) | - |
| | Exchange Gain/(Loss) | 112 | 762,958 |
| | Forfeight Amount from Provident Fund | 1,040,966 | 4,123,980 |
| | Others Income | 138,064 | 1,472,458 |
| | | (34,224,357) | 6,359,396 |
| 33. | Impairment of Investment in EPCL | | |
| | Investment Amount | - | 1,322,520,380 |
| | EPCL's Net Assets Value per Share stood at BDT.2.03 | - | 268,471,637 |
| | Inmpairment of Investment in EPCL | - | 1,054,048,743 |

| Notes | Particulars | Amount in BDT | | |
|-------------|--|---|------------------------|------------------------|
| | | 2022-2023 | 2021-2022 | |
| 34. | Corporate tax : Corporate tax has been calculated on reduced | | | |
| | tax rate basis ie 15% on operatring profit only. | | | |
| | i.e. 15% Operation Profit Only | | | |
| | Current Tax | 81,854,275 | 45,275,777 | |
| | Tax from Operating Profit | 81,854,275 | 45,275,777 | |
| 34.1 | The above income tax provision is the tax deducted at source from export proceeds under section 53BB and under section 53F. Both the provisions of income is subject to payment of minimum tax under section 82(C) irrespective of the profit or loss of the company. Hence calculation followed the according law references. | | | |
| 35 | Deferred tax (Income) /Expenses | 2,906,056 | 10,547,956 | |
| | Deferred tax has been calculated base on taxable/deductable temporary difference arising due to difference in the carrying amount of the assets & Liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standard (IAS) 12 "Income Tax" | | | |
| | Deffered tax Assets/Liabilities arrived at as follows: | | | |
| | | Carrying amount on balance Sheet date (Taka) | Tax base (Taka) | Tem. Difference |
| | Assets: | | | |
| | Property, plant and equipment | 1,973,587,529 | 1,009,440,510 | 964,147,019 |
| | Right-of-use Assets | 101,768,782 | - | 101,768,782 |
| | Liabilities: | | | |
| | Employee Gratuity as on 30th June 2023 | 19,926,794 | - | (19,926,794) |
| | Lease Liability | 109,220,839 | - | (109,220,839) |
| | | 2,204,503,945 | 1,009,440,510 | 936,768,168 |
| | Applicable tax rate | | | 15% |
| | Deferred tax asset as on 30th June 2023 | | | 140,515,225 |
| | Deferred tax asset as on 30th June 2022 | | | 137,609,169 |
| | Deferred tax (Income) /Expenses | | | 2,906,056 |
| 36. | Earning Per Share (EPS) | | | |
| | Net Profit After Deferred Tax | 117,397,546 | (747,201,617) | |
| | Outstanding Weight Average Number of Share (note-36.2) | 141,035,910 | 141,035,910 | |
| | Basic Earning Per Share (EPS) | 0.83 | (5.30) | |
| 36.1 | Impact of IFRS 16: Leases on Earnings per Share (EpS) | | | |
| | Increase in depreciation of right-of-use asset | (5,757,586) | (5,419,914) | |
| | Increase in interest expenses | (9,498,903) | (8,286,341) | |
| | Decrease in Rent expenses | 17,288,361 | 12,313,036 | |
| | Increase/(Decrease) in profit for the year | 2,031,872 | (1,393,219) | |
| | Increase/(decrease) in Earnings per Share (EPS) for implementation of IFRS 16 | 0.01 | (0.01) | |

| Notes | Particulars | Amount in BDT | |
|-------------|---|----------------------|----------------------|
| | | 2022-2023 | 2021-2022 |
| 36.2 | Outstanding Weight Average Number of Share | | |
| | Opening Number of Shares | 141,035,910 | 141,035,910 |
| | Bonus Shares Issued | - | - |
| | Outstanding Weight Average Number of Share | 141,035,910 | 141,035,910 |
| 37 | Net Assets Value Per Share (NAV) | | |
| | Net Assets | 3,663,878,361 | 3,687,516,725 |
| | Outstanding Weight Average Number of Share (note 36.2) | 141,035,910 | 141,035,910 |
| | Net Assets Value per Share | 25.98 | 26.15 |
| | Net Assets Value per Share, adjusted | | |
| 38 | Operating Cash flow reconciliation with indirect method | | |
| | Net cash generated from operating activities | | |
| | Net Profit before tax | 237,561,376 | 362,670,858 |
| | Adjustment for non cash items: | | |
| | Depreciation & amortizations | 201,163,669 | 210,154,776 |
| | Loss on sale of assets | | - |
| | Exchange gain or loss | (112) | (762,958) |
| | | 201,163,557 | 209,391,818 |
| | Financial Expenses | 820,850,685 | 429,587,873 |
| | Cash generated from operating activities before changes in working Capital | 1,259,575,618 | 1,001,650,549 |
| | Adjustment for | | |
| | (increase)/decrease in inventories & material in transit | 1,089,023,550 | (644,015,083) |
| | (increase)/decrease in accounts receivable | (196,048,621) | 259,404,286 |
| | (increase)/decrease in advance, deposits & prepayments | (30,144,415) | 76,767,526 |
| | (increase)/decrease interest receivable | (18,677) | (623,819) |
| | increase/(decrease) accounts payable | 383,733,174 | 78,451,722 |
| | increase/(decrease) liabilities for expenses | 110,479,763 | (19,337,018) |
| | Cash generated by operation | 1,357,024,775 | (249,352,385) |
| | Finance expenses | (820,850,685) | (429,587,873) |
| | Income tax paid | (88,425,653) | (57,087,927) |
| | Net cash generated from operating activities | 1,707,324,054 | 265,622,364 |
| 39 | Net Operating cash flows per shares (NOCFPS) | | |
| | Net cash generated from operating activities | 1,707,324,054 | 265,622,364 |
| | Outstanding Weight Average Number of Share (note 36.2) | 141,035,910 | 141,035,910 |
| | | 12.11 | 1.88 |
| 40. | Financial risk management | | |
| | The company 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 analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. This note presents information about the company's exposure to each of the below risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments. | | |
| | <ul style="list-style-type: none"> ● Credit Risks ● Liquidity Risks ● Market Risk | | |

| | | Amount in BDT | |
|---------------|---|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 40.1.1 | 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 it arises principally from the company's receivables from export sales. | | |
| | Credit policy of Shasha Denims Limited is completely regulated by its export letter of credit terms and conditions. The payment term is 90 days in all the cases. However, in rare cases, due to incomplete documentation and processing delay the receivable remains more than the scheduled period. This exposure to credit risk is monitored on an on going basis. | | |
| | The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. | | |
| 40.1.2 | Exposure to Credit Risk | | |
| | The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was: | | |
| | Accounts receivables | 2,511,784,803 | 2,315,736,182 |
| | Cash and cash equivalents | 285,619,311 | 609,660,044 |
| | | 2,797,404,114 | 2,925,396,226 |
| | The maximum exposure to credit risk from export receivables at the reporting date by type of counterparty was: | | |
| | Domestic- Deemed export | 2,511,784,803 | 2,307,280,515 |
| | Direct Foreign Export | - | 8,455,668 |
| | | 2,511,784,803 | 2,315,736,183 |

40.1.3 Impairment Loss

Trade receivable is assessed at each date of statement of financial position to determine whether there is objective evidence that it is impaired. Trade receivable is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, etc. The usual terms of export letter of credit is only for 90 days and it hardly crosses this age limit only for insignificant periods. However, the chance of irrecoverability is almost zero. Shasha Denims Limited does not have a practice to make provision for any doubtful debts against any receivable.

The aging of receivables at the reporting date was:

| | 2022-2023 | | 2021-2022 | |
|----------------------|----------------------|-----------------|----------------------|-----------------|
| | Gross Taka | Impairment Taka | Gross Taka | Impairment Taka |
| Past due 0-30 days | 153,564,260 | - | 125,854,889 | - |
| Past due 31-90 days | 2,358,220,543 | - | 2,189,881,293 | - |
| Past due 91-150 days | - | - | - | - |
| Over 150 days | - | - | - | - |
| | 2,511,784,803 | - | 2,315,736,182 | - |

40.2 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 for 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 the basis of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

| | Carrying amount Taka | Contractual cash flows Taka | 6 months or less Taka | 6-12 months Taka | 1-2 years Taka | 2-5 years Taka | More than 5 years Taka |
|--|-------------------------|--------------------------------|--------------------------|----------------------|-------------------|-------------------|---------------------------|
| As at 30 June 2023 | | | | | | | |
| Non-derivative financial liabilities: | | | | | | | |
| Accounts Payable | 1,264,326,798 | 1,264,326,798 | 1,011,461,438 | 252,865,360 | - | - | - |
| Liability for Expenses | 196,651,834 | 196,651,834 | 186,819,242 | 9,832,592 | - | - | - |
| Short Term Loan | 2,674,969,707 | 2,674,969,707 | 1,740,358,861 | 934,610,847 | - | - | - |
| Derivative financial liabilities | - | - | - | - | - | - | - |
| | 4,135,948,339 | 4,135,948,339 | 2,938,639,541 | 1,197,308,798 | - | - | - |
| As at 30 June 2022 | | | | | | | |
| Non-derivative financial liabilities: | | | | | | | |
| Accounts Payable | 880,593,623 | 880,593,623 | 704,474,899 | 176,118,725 | - | - | - |
| Liability for Expenses | 92,453,123 | 92,453,123 | 87,830,467 | 4,622,656 | - | - | - |
| Short Term Loan | 4,268,899,907 | 4,268,899,907 | 3,334,289,061 | 934,610,847 | - | - | - |
| Derivative financial liabilities | - | - | - | - | - | - | - |
| | 5,241,946,654 | 5,241,946,654 | 4,126,594,428 | 1,115,352,227 | - | - | - |

40.3 Market risk

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

The Company is exposed to normal business risks from changes in market interest rates and currency rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative business.

40.3.1 Interest Rate Risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flow because of some floating/variable loan interest rates. The Company is primarily exposed to interest rate risk from its borrowings.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

| | Notes | Amount in BDT | |
|---|-------|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| Fixed rate instruments | | | |
| Fixed rate loans and receivable | | - | - |
| Other fixed rate instruments-FDR | | - | - |
| Financial assets | | - | - |
| Fixed rate bank overdraft | | 612,660,432 | 934,610,847 |
| Fixed rate loans | | - | - |
| Other fixed rate liabilities | | - | - |
| Financial liabilities | | 612,660,432 | 934,610,847 |
| Variable rate instruments | | | |
| Variable rate deposits at financial institution | | - | - |
| Variable rate loans and receivable | | - | - |
| Other variable rate instruments (assets) | | - | - |
| Financial assets | | - | - |
| Variable rate bank overdraft | | - | - |
| Variable rate loans | | - | - |
| Variable rate debentures | | - | - |
| Variable rate promissory notes | | - | - |
| Other variable rate liabilities | | 2,062,309,275 | 3,334,289,061 |
| Financial liabilities | | 2,674,969,707 | 4,268,899,907 |

40.3.2 Cash flow sensitivity analysis for variable rate instruments 2023

A change of 10 basis points in interest rates for variable rate instruments which comprise the accepted liability against import, EDF etc., in 2020 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Profit or loss | | Equity | |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 10 bp increase Taka | 10 bp decrease Taka | 10 bp increase Taka | 10 bp decrease Taka |
| 30 June 2023 | | | | |
| variable rate liabilities | 13,374,849 | (13,374,849) | 13,374,849 | (13,374,849) |
| Cash flow sensitivity | 13,374,849 | (13,374,849) | 13,374,849 | (13,374,849) |

Cash flow sensitivity analysis for variable rate instruments 2022

A change of 10 basis points in interest rates for variable rate instruments which comprise the bank overdrafts, accepted liability against import, EDF etc., in 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

| | Profit or loss | | Equity | |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 10 bp increase Taka | 10 bp decrease Taka | 10 bp increase Taka | 10 bp decrease Taka |
| 30 June 2022 | | | | |
| variable rate liabilities | 21,344,500 | (21,344,500) | 21,344,500 | (21,344,500) |
| Cash flow sensitivity | 21,344,500 | (21,344,500) | 21,344,500 | (21,344,500) |

40.3.3 Foreign Currency Risk

The Company is primarily exposed to foreign currency risk relating to purchases of raw materials which are denominated in foreign currencies.

As at 30 June, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

| | 2023 US Dollars | 2022 US Dollars |
|--|--------------------|--------------------|
| Accepted Liability for import of raw materials | 11,431,511 | 9,272,376 |

The following significant exchange rates are applied during the year:

| | Exchange rate as at | |
|-----------|----------------------|----------------------|
| | 30 June 2023 Taka | 30 June 2022 Taka |
| US Dollar | 109.37 | 93.50 |

40.3.4 Foreign exchange rate sensitivity analysis for foreign currency expenditures

Foreign exchange rate sensitivity is calculated on the basis of impact of change of 10 basis points in foreign exchange rates. This analysis presents the probable weakening of Taka against US Dollar and the possibility that the profit or loss and the equity would have increased (decreased) assuming all other variables, in particular interest rates remain constant. As per current practice, foreign exchange rate sensitivity analysis is done once at the end of the year. Result of the last assessment in 2022 & 2021 is summarized below.

| | Profit or loss | | Equity | |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 10 bp increase Taka | 10 bp decrease Taka | 10 bp increase Taka | 10 bp decrease Taka |
| 30 June 2023 | | | | |
| Expenditures denominated in USD | 57,158 | (57,158) | 57,158 | (57,158) |
| Exchange rate sensitivity | 57,158 | (57,158) | 57,158 | (57,158) |

| | Profit or loss | | Equity | |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|
| | 10 bp increase Taka | 10 bp decrease Taka | 10 bp increase Taka | 10 bp decrease Taka |
| 30 June 2022 | | | | |
| Expenditures denominated in USD | 46,362 | (46,362) | 46,362 | (46,362) |
| Exchange rate sensitivity | 46,362 | (46,362) | 46,362 | (46,362) |

40.3.5 Determination of fair value

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

According to the nature of financial instruments of the company, fair value of such instruments is not however likely to be significantly different from the carrying amounts of respective instruments. Hence determination of fair value is not performed as per the requirements of BFRS 7: Financial Instruments: Disclosures.

41. Capital Management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing company's internal capital adequacy to ensure company's operation as a going concern. Board of directors are charged with the ultimate responsibility for maintaining a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. All major investment and operational decisions with exposure to certain amount is evaluated and approved by the board. The Board of directors also monitor the return on capital, which the company defines as result from operating activities divided by total shareholders' equity. The Board of directors also monitor the level of dividends to ordinary shareholders.

42 Related party transactions

| Related Parties | Relationship | Nature of Transaction | 30-Jun-2023 | 30-Jun-2022 |
|--------------------------------|--------------------|-----------------------|---------------|---------------|
| Shasha Textiles Ltd. | Subsidiary Company | Investment in equity | 308,200,420 | 308,200,420 |
| Shasha Apparels Ltd. | Associates | Investment in equity | 801,000 | 801,000 |
| Shasha Spinnings Ltd. | Associates | Investment in equity | 496,960 | 496,960 |
| Cider Education Services Ltd. | Associates | Investment in equity | 9,990,000 | 9,990,000 |
| Telstar Communication | Common Director | Investment in equity | 300,000 | 300,000 |
| Energis Power Corporation Ltd. | Subsidiary Company | Investment in equity | 111,268,138 | 268,471,637 |
| Trade Matrix Bangladesh Ltd. | Associates | Investment in equity | 300,000 | 300,000 |
| Energis Holdings Ltd. | Associates | Investment in equity | 350,000 | 350,000 |
| Shasha Garments Ltd. | Associates | Investment in equity | 15,000,000 | 15,000,000 |
| Form Icon Limited | Associates | Share Money Deposit | - | 66,381,622 |
| Shasha Denims Ltd., (unit-2) | Associates | Investment in equity | 15,939,189 | 15,939,189 |
| EOS Textile Mills Ltd. | Subsidiary Company | Investment in equity | 1,265,486,461 | 1,265,486,461 |
| Fly Dhaka Airlines Ltd. | Associates | Investment in equity | 52,500,000 | 52,500,000 |

43 Disclosure as per requirement of Schedule XI, Part II of the Companies Act, 1994

43.1 Employee position of Shasha Denims Limited as per requirement of schedule XI, part II, Para-3

The company engaged 1,187 employees as of June 2023, of which 1183 is permanent employees and 4 is temporary workers .

43.2 Capacity utilization

Production capacity and current utilization is required by the Companies Act 1994, Schedule-XI, Part-II, Para-7. The Company is a Denim Fabrics manufacturer. Yearly production capacity is around 28.80 Million Yards.

44 Corporate Guarantee

Shasha Denims Limited Provided corporate guarantee to the bank against the loan facilities availed by the subsidiaries & Associates.

Details are as follows:

| Bank Name | Name of Subsidiaries | Amount in Taka |
|----------------------|------------------------------------|-----------------------|
| Agrani Bank Limited | Energies Power Corporation Limited | 1,148,100,000 |
| Premier Bank Limited | EOS Textile Mills Limited | 1,100,000,000 |

45 Events after the reporting period

The Board of Directors in their meeting held on 26/10/2023 have recommended cash dividend @ 10 % amounting to Tk. 14,10,35,910/- for the year ended 30 June 2023 subject to approval of the shareholders in the Annual General Meeting scheduled to be held on 21/12/2023 The financial statements for the year ended 30 June 2023 have not been included the effects of the above cash dividend which will be accounted for in the period when shareholders' right to receive the payment will be established.

46 General

- 1) All the figures in the financial statements represent Bangladesh Taka currency rounded off to the nearest Taka.
- 2) The comparative information have been disclosed in respect of the year 2022-2023 for all numerical information in the financial statements and also the narrative and descriptive information as found relevant for understanding of the current year's financial statements.

There are no other material events identified after the statement of financial position date which require adjustment or disclosure in these financial statements.

Annexture-A

| Particulars | Mode | Qty | Amount (TK) |
|-------------------------------------|------|---------------------|-------------------------|
| Group-A (Yarn) | | | |
| Yarn | K.G | 2,022,927.26 | 594,063,800.44 |
| Sizing Yarn in Weaving Dept. | K.G | 287,981.67 | 86,844,534.49 |
| Yarn in Warping Department | K.G | 36,100.00 | 10,063,195.63 |
| Total Group- A | | 2,347,008.93 | 690,971,530.56 |
| Group-B (Chemical) | | | |
| Chemical | K.G | 1,299,822.65 | 283,789,931.09 |
| Sizing Chemical in Weaving Dept. | K.G | 19,040.77 | 7,067,667.04 |
| Total Group- B | | 1,318,863.42 | 290,857,598.13 |
| Group-C (Finished Fabrics) | | | |
| Elite | yds | 1,115,643.00 | 276,251,882.17 |
| Shady | yds | 57,203.00 | 15,332,997.20 |
| Shady-Wastage | yds | 20,578.00 | 4,834,961.11 |
| Return | yds | (39,054.00) | (9,820,105.13) |
| Insta | yds | 10,073.00 | 2,492,456.23 |
| Total Group- C | | 1,164,443.00 | 289,092,191.58 |
| Group-D (Work in Process) | | | |
| Fabrics in Finishing Department | yds | 203,118.29 | 50,616,908.89 |
| Fabrics in Weaving Department | yds | 265,048.08 | 66,049,762.65 |
| Total Group- D | | 468,166.37 | 116,666,671.53 |
| Group-E(Packing,Spare & Others) | | | |
| Packing materials | | | 3,181,798.53 |
| Printing stationery | | | 801,123.38 |
| Printing stationery-Ink & Cartridge | | | 320,000.00 |
| Spare Parts | | | 143,170,029.73 |
| Welding Taps & Others | | | 6,232,064.56 |
| Electric Goods | | | 3,178,572.06 |
| Fuel, oil & lubricants | | | 3,329,307.03 |
| Total Group- E | | - | 160,212,895.28 |
| Grand Total (A+B+C+D+E) | | - | 1,547,800,887.08 |



AUDITORS' REPORT

TO THE SHAREHOLDERS OF ENERGIS POWER CORPORATION LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ENERGIS POWER CORPORATION LIMITED (hereinafter referred to as "the Company") which comprise the Statement of Financial Position as at 30 June 2023, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the Company give a true and fair view, of the financial position of the Company as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) in compliance with the provisions of the Companies Act, 1994 and other applicable laws and regulations.

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 (IESBA)'s Code of Ethics for Professional

Accountants together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB by-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going

We draw attention to Note 2.3 in the financial statements, which indicates that the Company incurred a net loss of Taka 168,766,898 during the year ended 30 June 2023, and, as of that date, and as stated in Note 2.3, these events or conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion on the financial statements is not modified in respect of this matter.

Key Audit Matter

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.

| Risk | Our response to the risk |
|--|---|
| 1. Operational and Financial Viability | |
| The Company has no revenues of its own. Therefore, there is a risk regarding the Company's going concern status. | We assessed the Company's ability to continue as a going concern. We obtained and evaluated commitments from the associated company and shareholders, which include assurances of ongoing financial support to meet the Company's obligations as they become due. |
| 2. Reliance on Financial Support | |
| The Company's loans with sister companies have increased by BDT 416,850,598 after adjustment. | We conducted a comprehensive examination of the loans with sister companies, scrutinizing the terms, conditions, and reasons for the increase. We assessed the impact of these loans on the Company's liquidity and its ability to manage its debt obligations. We also reviewed the adequacy of disclosures in the financial statements regarding these loans. |



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 these financial statements in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 requires 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditors' 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 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 a part of 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.
- 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.
- 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 auditors' 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 auditors' 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.

Report on other Legal and Regulatory Requirements

In accordance with Companies Act, 1994 and other applicable rules and regulations governing the Company, 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 purpose of our audit and made due verification thereof.
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the Company's financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh;

Dated: 12 October 2023

DVC: 2310300914AS874412

Hoque Bhattacharjee Das & Co.
Chartered Accountants
Shatadal Das, FCA
Partner
Enrollment No.914

ENERGIS POWER CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, Plant & Equipment | 4 | 646,853,623 | 646,853,623 |
| Current Assets | | 1,923,203,040 | 1,928,963,067 |
| Accounts Receivables | 5 | 1,707,389,142 | 1,707,389,142 |
| Inventories | 6 | 2,021,527 | 2,021,527 |
| Advances, Deposits & Pre-payments | 7 | 213,615,758 | 219,374,666 |
| Cash & Cash Equivalent | 8 | 176,613 | 177,732 |
| TOTAL ASSETS | | 2,570,056,664 | 2,575,816,690 |
| SHAREHOLDERS' EQUITY & LIABILITIES | | | |
| Shareholders' Equity | | 157,191,024 | 325,957,922 |
| Share Capital | 9 | 1,607,095,000 | 1,607,095,000 |
| Retained Earnings/(Loss) | | (1,460,789,915) | (1,292,023,017) |
| Revaluation Reserve | 10 | 10,885,939 | 10,885,939 |
| Non-Current Liabilities | | 1,073,210,550 | 1,323,978,322 |
| Term Loan-Long Term Portion | 11 | 1,033,421,766 | 1,265,178,322 |
| Financial Liabilities | 12 | 39,788,784 | 58,800,000 |
| Current Liabilities | | 1,339,655,089 | 925,880,447 |
| Short Term Loan | 13 | 204,665,192 | 258,591,963 |
| Other Loans with sister companies | 14 | 808,356,080 | 391,505,483 |
| Liability for Expenses | 15 | 617,537 | 2,540,037 |
| Current Portion of Long Term | 11 | 325,527,909 | 272,754,594 |
| Other Accounts Payable | 16 | 488,371 | 488,371 |
| Total Liabilities | | 2,412,865,639 | 2,249,858,769 |
| TOTAL EQUITY & LIABILITIES | | 2,570,056,664 | 2,575,816,690 |
| Net Asset Value Per Share (NAVPS) | | 0.98 | 2.03 |



Managing Director
(Javed Hosein)

These Financial Statement should be read in conjunction
with annexed notes

Auditors' report to the shareholders see annexed report of date

Place: Dhaka, Bangladesh;
Dated: 30 October 2023
DVC: 2310300914AS874412



Director
(Anisul Islam Mahmud)



Hoque Bhattacharjee Das & Co.
Chartered Accountants
Shatadal Das, FCA
Partner
Enrollment No.914

ENERGIS POWER CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended June 30, 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------------|------------------------|
| | | 2021-2023 | 2020-2022 |
| Revenue | | - | - |
| Operational Expenses | | - | - |
| Gross Profit | | - | - |
| Operating Expenses: | | | |
| General & Administrative Expenses | 17 | (10,111,377) | (1,546,386) |
| Operating Profit | | (10,111,377) | (1,546,386) |
| Financial Expense | 18 | (158,655,521) | (242,212,884) |
| Non-Operating Income | | - | - |
| Impairment of Fixed Assets & Inventory | 19 | - | (1,225,901,151) |
| Net Profit/ (Loss) | | (168,766,898) | (1,469,660,421) |
| Total Comprehensive Income/(Loss) for the year | | (168,766,898) | (1,469,660,421) |



Managing Director
(Javed Hosein)

These Financial Statement should be read in conjunction
with annexed notes

Auditors' report to the shareholders see annexed report of date

Place: Dhaka, Bangladesh;

Dated: 30 October 2023

DVC: 2310300914AS874412



Director
(Anisul Islam Mahmud)



Hoque Bhattacharjee Das & Co.
Chartered Accountants
Shatadal Das, FCA
Partner
Enrollment No.914

ENERGIS POWER CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2023

2022-2023

| Particulars | Share Capital Taka | Revaluation Surplus Taka | Retained Earnings Taka | Total equity Taka |
|------------------------------------|-----------------------|-----------------------------|---------------------------|----------------------|
| Balance as at July 01, 2022 | 1,607,095,000 | - | (1,292,023,017) | 315,071,983 |
| Net profit for the year | - | 10,885,939 | (168,766,898) | (157,880,959) |
| Balance as at 30 June, 2023 | 1,607,095,000 | 10,885,939 | (1,460,789,915) | 157,191,024 |

The accompanying notes form an integral part of these financial statements



Managing Director
(Javed Hosein)

Signed in terms of our report of same date annexed



Director
(Anisul Islam Mahmud)



Hoque Bhattacharjee Das & Co.
Chartered Accountants
Shatadal Das, FCA
Partner
Enrollment No.914

Place: Dhaka, Bangladesh;

Dated: 30 October 2023

DVC: 2310300914AS874412

ENERGIS POWER CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|----------------------|------------------------|
| | | 2022-2023 | 2021-2022 |
| A Cash flow from operating activities | | | |
| Cash receive from customer | | - | - |
| Payment for cost & other expenses | | (6,184,970) | (992,327,387) |
| Financial Expenses | | (158,655,521) | (242,267,162) |
| Income Tax Paid | | (90,000) | (107,500) |
| Net cash provided by operating activities | | (164,930,490) | (1,234,702,049) |
| B Cash flow from investing activities | | | |
| Purchase of Assets | | - | - |
| Net Cash provided by investing activities | | - | - |
| C Cash flow from financing activities | | | |
| Long Term Loan-Bank | | (231,756,556) | 1,034,233,550 |
| Financial Liability | | (19,011,216) | (46,550,000) |
| Current portion of Long Term | | 52,773,315 | 272,754,594 |
| Short-Term Loan & others loan | | 362,923,827 | (25,859,465) |
| Net Cash provided by financing activities | | 164,929,370 | 1,234,578,679 |
| D Net Cash inflow/(outflow) for the year (A+B+C) | | (1,120) | (123,371) |
| E Opening Cash & Cash Equivalent | | 177,732 | 301,102 |
| F Closing Cash & Cash Equivalent | | 176,613 | 177,732 |

These financial statements should be read in conjunction with annexed notes



Managing Director
(Javed Hosein)



Director
(Anisul Islam Mahmud)



Hoque Bhattacharjee Das & Co.
Chartered Accountants
Shatadal Das, FCA
Partner
Enrollment No.914

Place: Dhaka, Bangladesh;
Dated: 30 October 2023
DVC: 2310300914AS874412

ENERGIS POWER CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

1 Status of Reporting Entity:

1.1 Incorporation and legal status

Energies Power Corporation Limited (the Company) was incorporated in Bangladesh on December 28, 2008 as a Private Limited Company, vide registration # C-74133(2175)/08. On April 20, 2009, the Company registered itself as a Public Limited Company under the Companies Act, 1994.

The principal activity of this Company is to set up power plants for generation and supply of electricity. The plant, capacity of 55 MW at Sikalbaha, Chittagong has successfully commissioned on 10 January, 2010 and started its commercial operation from 6 May 2010 and supplying to National Grid. No electricity has been produced for the year due to suspension of electricity generation after expire of contract with BPDP.

The company signed a Power Purchase Agreement (PPA) with Bangladesh Power Development Board (BPDB) on 28 December 2008 for a term of 3 years to provide 55 MW net electricity to Bangladesh Power Development Board (BPDB). This agreement is subsequently renewed on 12 May 2014 for another 5 years for supplying 35 MW to 55 MW to the National Grid. However, the agreement date is over on 12 May 2019. Further, the agreement with BPDB has not been renewed.

2 Basis of Preparation and Presentation of the Financial Statements:

2.1 Statement of Compliance:

The financial statements have been prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), Securities and Exchange Rules 1987, the Companies Act, 1994 and other laws and regulations applicable in Bangladesh.

The following International Accounting Standards (IASs/IFRSs) have been newly adopted while preparing these financial statements to ensure compliance with standards which are effective from earlier to this financial statements.

2.2 Application of Standards:

The following IASs and IFRSs are applicable for the financial for the year 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 Effects of Changes in foreign Exchange Rates

IAS 23 Borrowing Costs

IAS 24 Related Party Disclosures

IAS 32 Financial Instrument: Presentation

IAS 36 Impairment of Assets

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

IFRS 7 Financial Instruments: Disclosures

IFRS 9 Financial Instruments

IFRS 13 Fair Value Measurement

2.3 Going Concern disclosure:

"The Company has remained out of operation since July 2019 after expiration of its power purchase agreement with BPDB and the management has neither any intention nor ability for restarting the business operation again which indicates no prospect of running this power plant in foreseeable future. The company has substantial long term and short term loan at the year ended 30 June 2023 which is apparently unable to meet from operations. The existence of these conditions or events mean that there is significant uncertainty relating to going concern status of the Company.

The financial statements have been prepared on a going concern basis (notwithstanding above mentioned facts) which the directors believe that the parent of the Company, Shasha Denim Ltd., has indicated that at least 12 months from the date of approval of the financial statements, it will continue to make available such funds as are needed by the Company, so that the Company is able to pay its debts as and when they fall due.

2.4 Components of the Financial Statements:

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

- i) Statement of Financial Position
- ii) Statement of Profit or Loss and Other Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flow
- v) Notes to the Financial Statements

2.5 Date of Authorization:

The financial statements were authorized by the Board of Directors on 23/10/2023 for publication.

2.6 Basis of Measurement:

The financial statements have been prepared, except statements of cash flows, under accrual basis of accounting in accordance with applicable International Accounting Standards which do not vary from the requirements of the Companies Act, 1994 and other laws and rules as applicable in Bangladesh.

2.7 Use of estimates and judgments

The preparation of the financial statements in conformity with IASs and IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Particularly

Other Loans with sister companies (Note 14)

2.8 Reporting Period:

The financial period of the company covers the period from July 01, 2022 to June 30, 2023.

3 Significant Accounting Policies:

The accounting policies set out below have been applied consistently through out the period presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Recognition and measurement

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

3.1.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised 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 recognised in the statement of comprehensive income as incurred.

3.1.3 Depreciation

No depreciation has been charged due to suspension of Business.

3.2 Impairment of assets:

The carrying amount of the entity's non-financial assets, other than inventories (considered and disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is re-estimated.

Since there is significant uncertainty about going concern status of the Company, the Company has valued its property, plant, equipment following of liquidation approach by an independent professional firm, namely Hoda Vasi Chowdhury & Co., Chartered Accountants on 30 June 2022. The result as the impairment losses on revalued assets has been recognised in the financial statements.

3.2.1 Revaluation of assets:

The carrying amount of the entity's fixed assets are reviewed and its value found appreciates thus the revaluation surplus amount is recorded directly in equity in a form of revaluation reserve. As per the valuation was conducted by M/s Hoda Vasi Chowdhury & Co. Chartered Accountants on 30 June 2022, the valuation surplus on vehicle has been recognized in the financial statements as per IAS 16. Revaluation has been conducted following the guideline of IFRS 13.

3.3 Inventories:

Inventories in hand as at June 30, 2022 have been valued at lower of cost and net realizable value in accordance with IAS-2 "Inventories" after making due allowance for any obsolete or slow moving items.

Since the estimated recoverable value is reduced than carrying value, the inventory mainly includes spare parts has been valued at Tk. 2,021,527 by independent valuer, namely Hoda Vasi Chowdhury & Co., Chartered Accountants on 30 June 2022. The result as the losses on revalued inventory (spare parts & luv oil) has been recognised in profit or loss and other comprehensive income by Tk. 2,021,527.

3.4 Accounting Receivable:

Accounts receivables are considering good and realizable. Accounts receivables are stated at the original invoice value.

3.5 Cash and Cash Equivalents:

Cash and cash equivalents include cash in hand and with banks on current and deposit accounts which are held and available for use by the company without any restriction.

3.6 Advance, Deposits and Prepayments:

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

3.7 Other Current Assets:

Other current assets have a value on realization in the ordinary course of the Company's business which is at least equal to the amount at which they are stated in the balance sheet.

3.8 Other Corporate Debt, Accounts Payable, Trade and Other Liabilities Current Assets:

Liabilities are carried at the anticipated settlement amount in respect of goods and services received, whether or not billed by the supplier.

3.10 Provisions:

A provision is recognized on the balance sheet date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.11 Provision for liquidation damage

Provision for liquidation damage is created against current year's receivable from BPDB and net off with receivable classified as disputed deduction-fuel. Actually due to density and evaporation issues on joint measurement along with other technical measurement, BPDB was not paying the full bill amount though the management of Energies Power Corporation Limited was very positive to recover this. With this experience on the first contract, management decided to create rational provision to cover any risk associated with the recoverability of bill amount to BPDB.

3.13 Financial Expenses:

Financial expenses comprise interest expense on term loans, overdrafts or other financial arrangements as well as bank charges.

3.15 Cash flow statement

Cash flow statement is prepared in accordance with IAS-7 "Cash Flow Statement". The Cash flow the operating activities have been presented under direct method as prescribed.

3.16 Responsibility for Preparation and Presentation of Financial Statements:

The management is responsible for the preparation and presentation of financial statements under section 183 of the Companies Act, 1994 and as per the provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the The Institute of The Chartered Accountants of Bangladesh (ICAB).

3.17 Risk and uncertainties for the use of estimates:

Preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

3.19 Related Party Transaction:

During the year the Company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The name of related parties, nature of transactions, their total value and closing balance have been set out in accordance with the provisions of IAS 24.

3.20 Event after the balance sheet date

Event after the balance sheet date that provide additional significant information about the company's position at the balance sheet date are reflected in the financial statements. Material events after the balance sheet date that are not adjusting events are disclosed in separate note (if any).

No material events occurred from the end of the reporting year to the date of issue of these financial statements, which could materially affect the values stated in the financial statements, except renewed of agreement of power supply with BPDB.

Agreement for supply of power with BPDB has not been renewed yet to audit date.

3.22 General:

- a) Previous year's figure have been rearranged where considered necessary to confirm with current year's presentation;
- b) Amount appearing in the financial statement have been rounded off to the nearest Taka.

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

04. Property, Plant & Equipment

| Sl. No. | Particulars | Cost | | | Depreciation | | | Written Down value before valuation | | | Written Down value after valuation/ Impairment | | |
|------------------------|--------------------------------------|------------------------|--------------------------|--------------------------|--------------|------------------------|----------------------|-------------------------------------|--------------------|--------------------|--|------------------|----------------|
| | | Balance as at 01-07-22 | Addition during the Year | Balance as at 30-06-2023 | Rate % | Total as at 01-07-2022 | Charged for the year | Total as at 30-06-2023 | As at 30-06-2023 | As at 30-06-2023 | As at 30-06-2023 | As at 30-06-2023 | |
| | | | | | | | | | | | | | Amount in Taka |
| 01 | Generator | 1,975,892,729 | - | 1,975,892,729 | 8% | 1,039,975,397 | 1,039,975,397 | 985,917,332 | 555,901,451 | 380,015,881 | | | |
| 02 | Turbine | 602,625,301 | - | 602,625,301 | 8% | 357,658,456 | 357,658,456 | 244,966,845 | 75,925,401 | 169,041,444 | | | |
| 03 | Electrical Substation & Installation | 177,050,423 | - | 177,050,423 | 10% | 108,418,741 | 108,418,741 | 68,631,682 | 40,653,346 | 27,978,336 | | | |
| 04 | Local Machinery & Installation | 246,284,056 | - | 246,284,056 | 8% | 134,870,801 | 134,870,801 | 111,413,255 | 77,798,189 | 33,615,066 | | | |
| 05 | Building & Civil Construction | 194,551,359 | - | 194,551,359 | 2.5% | 44,063,353 | 44,063,353 | 150,488,006 | 132,709,216 | 17,778,790 | | | |
| 06 | Motor Vehicles | 31,989,265 | - | 31,989,265 | 20% | 25,125,204 | 25,125,204 | 6,864,061 | - | 17,750,000 | | | |
| 07 | Furniture & Fixtures | 1,856,590 | - | 1,856,590 | 10% | 996,865 | 996,865 | 859,725 | 841,984 | 17,741 | | | |
| 08 | Office Equipment | 5,711,282 | - | 5,711,282 | 20% | 4,323,158 | 4,323,158 | 1,388,124 | 1,387,644 | 480 | | | |
| 09 | HFO Reservoir | 9,837,184 | - | 9,837,184 | 10% | 6,457,985 | 6,457,985 | 3,379,199 | 3,140,628 | 238,571 | | | |
| 10 | Oil Tanker | 22,452,405 | - | 22,452,405 | 20% | 13,924,478 | 13,924,478 | 8,527,927 | 8,381,460 | 146,467 | | | |
| 11 | Deep Tube-Well | 9,401,790 | - | 9,401,790 | 10% | 5,653,159 | 5,653,159 | 3,748,631 | 3,483,978 | 264,653 | | | |
| 12 | Air Conditioner | 3,421,500 | - | 3,421,500 | 20% | 3,063,304 | 3,063,304 | 358,196 | 352,044 | 6,152 | | | |
| 13 | Fire Equipments | 3,902,690 | - | 3,902,690 | 20% | 3,492,591 | 3,492,591 | 410,099 | 410,099 | - | | | |
| 14 | Plant Office Interior | 9,216,415 | - | 9,216,415 | 10% | 5,189,975 | 5,189,975 | 4,026,440 | 4,026,440 | - | | | |
| 15 | CC Camera | 1,792,902 | - | 1,792,902 | 10% | 1,177,017 | 1,177,017 | 615,885 | 615,885 | - | | | |
| 16 | Other Assets | 18,140,373 | - | 18,140,373 | 10% | 8,957,637 | 8,957,637 | 9,182,736 | 9,182,695 | 41 | | | |
| Total (2022-23) | | 3,314,126,264 | - | 3,314,126,264 | | 1,763,348,120 | 1,763,348,120 | 1,550,778,144 | 914,810,460 | 646,853,623 | | | |
| Total (2021-22) | | 3,314,126,264 | - | 3,314,126,264 | | 1,763,348,120 | 1,763,348,120 | 1,550,778,144 | 914,810,460 | 646,853,623 | | | |

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|------------|---|-----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 5 | Accounts Receivables | 1,707,389,142 | 1,707,389,142 |
| | Bangladesh Power Development Board (BPDB): | | |
| | Rental Bill | 707,292,819 | 707,292,819 |
| | Energy Bill | 11,201,245 | 11,201,245 |
| | Service Charge(Transportation) | 70,370,601 | 70,370,601 |
| | Fuel Payment-HFO | 69,065,212 | 69,065,212 |
| | Disputed Deduction-Fuel | 849,459,265 | 849,459,265 |
| 6 | Inventories | 2,021,527 | 2,021,527 |
| | Spare parts | 2,021,527 | 2,021,527 |
| 7 | Advances, Deposits & Pre-payments | 213,615,758 | 219,374,666 |
| | Advance | Note- 7.1 213,515,758 | 213,181,258 |
| | Deposit | Note- 7.2 100,000 | 100,000 |
| | L/C & Bank Guarantee Margin | Note- 7.3 - | 6,093,408 |
| 7.1 | Advances: | 213,515,758 | 213,181,258 |
| | Energies Ventures Ltd. | 46,601,061 | 46,601,061 |
| | New Project-HFO | 138,147,857 | 138,147,857 |
| | Trade Matrix for Spare Parts & Others | 14,488,020 | 14,651,020 |
| | Advance to employees | 4,860,481 | 4,860,481 |
| | Against office work | 2,624,323 | 2,624,323 |
| | Advance Income Tax | 6,794,016 | 6,296,516 |
| 7.2 | Deposits: | 100,000 | 100,000 |
| | Deposit to PDB | 100,000 | 100,000 |
| 7.3 | L/C & Bank Guarantee Margin | - | 6,093,408 |
| | Bank Guarantee Margin-PBL | - | 6,093,408 |
| 8 | Cash & Bank Balances: | 176,613 | 177,732 |
| | Cash in Hand | Note- 8.1 56,315 | 32,724 |
| | Cash at Bank | Note- 8.2 120,298 | 145,008 |
| 8.1 | Cash in Hand | 56,315 | 32,724 |
| | Cash in Hand-H/O | 56,315 | 32,724 |
| 8.2 | Cash at Bank | 120,298 | 145,008 |
| | Bank Asia CD-1208 | 49,190 | 49,190 |
| | Agrani Bank CD-865 | 5,375 | - |
| | Sonali Bank CD-705 | 46,938 | 46,938 |
| | Premier Bank CD-6886 | 3,245 | 5,332 |
| | DBBL CD-11820 | 8,099 | 8,099 |
| | Pubali Bank CD-31950 | 7,451 | 35,449 |

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

| | Notes | Amount in BDT | | | |
|---|------------------------------|-----------------------------|----------------------|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 | | |
| 9 Share Capital: | | | | | |
| Authorised: | | | | | |
| 200,000,000 Ordinary Shares of Tk. 10 each | | 2,000,000,000 | 1,000,000,000 | | |
| 100,000,000 Preference Shares of Tk. 10 each | | 1,000,000,000 | 500,000,000 | | |
| Sub Total | | 3,000,000,000 | 1,500,000,000 | | |
| Issued, Subscribed and Paid-up: | | | | | |
| 16,07,09,500 Ordinary Shares of Tk. 10 each | | 1,607,095,000 | 1,607,095,000 | | |
| Shareholding Position at the reporting date: | | | | | |
| Sl. No. | Name of Shareholders | Percentage of shareholdings | | Amount in Tk. | |
| | | 30.06.23 | 30.06.22 | 30.06.23 | 30.06.22 |
| 1 | Shasha Denims Ltd. | 44.958 | 82.293 | 722,520,380 | 1,322,520,380 |
| 2 | Shasha Garments Ltd. | 37.334 | - | 600,000,000 | - |
| 3 | Javed Hosein | 0.009 | 0.009 | 150,000 | 150,000 |
| 4 | Zareen Mahmud Hosein | 0.003 | 0.003 | 50,000 | 50,000 |
| 5 | Naznin Rahman | 0.001 | 0.001 | 20,000 | 20,000 |
| 6 | A.R.Jafree | 0.001 | 0.001 | 20,000 | 20,000 |
| 7 | K.R .S Zaman | 0.002 | 0.002 | 30,000 | 30,000 |
| 8 | Mr.Anisul Islam Mahmud | 0.002 | 0.002 | 30,000 | 30,000 |
| 9 | Energis Holdings Ltd. | 12.445 | 12.445 | 200,000,000 | 200,000,000 |
| 10 | Trade Matrix Bangladesh Ltd. | 5.244 | 5.244 | 84,274,620 | 84,274,620 |
| Total | | 100.00 | 100.00 | 1,607,095,000 | 1,607,095,000 |
| Note: During the year SGL has purchased 60,000,000 ordinary shares at BDT 2.03 per share from SDL. | | | | | |
| 10 Revaluation Reserve | | | | | |
| Fair Value of Motot Vehicles as per Valuation | | | | 17,750,000 | 17,750,000 |
| Carrying amount Motor Vehicles | | | | 6,864,061 | 6,864,061 |
| | | | | 10,885,939 | 10,885,939 |
| 11 Term Loan-Long Term Portion | | | | | |
| United Commercial Bank Ltd. | | | | 132,230,651 | 178,734,621 |
| Agrani Bank Ltd. | | | | 1,072,818,736 | 1,179,797,775 |
| Premier Bank Ltd. | | | | 152,409,275 | 172,685,701 |
| IDLC Finance Ltd. | | | | 1,491,014 | 6,714,819 |
| | | | | 1,358,949,675 | 1,537,932,916 |
| Less: Current portion of Long Term | | | | 325,527,909 | 272,754,594 |
| | | | | 1,033,421,766 | 1,265,178,322 |
| 11.01 Agrani Bank Ltd. | | | | | |
| A/C : 20114(16/19) | | | | 470,866,369 | - |
| A/C : 20201(14/18) | | | | 601,952,367 | - |
| | | | | 1,072,818,736 | 1,179,797,775 |

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

11.02 Premier Bank Ltd.

A/C : 904
A/C : 905
A/C : 902
A/C : 903

| Notes | Amount in BDT | |
|-------|--------------------|--------------------|
| | 30 June, 2023 | 30 June, 2022 |
| | 28,923,303 | - |
| | 109,771,804 | - |
| | 8,701,694 | - |
| | 5,012,474 | - |
| | 152,409,275 | 172,685,701 |

Agrani Bank Limited

Name of the facility: Demand Loan rescheduling.

Date: 14/12/2021

Date of first installment: 5/6/22

Date of last installment: 5/11/28

Purpose of Loan: Demand Loan.

Mode of Repayment: Half yearly

Collaterals: Under Syndication Loan, there is a in Serepur upazila of Gazipur District, maona Singardhigi and karown Bazar the 6.8375 acres of land is worth 7.52 crore rupees. The cost of project machinery is 127.97 crore and 16.90 crores for furniture. Total bond of 152.39 crore will be retained as collateral.

Premier Bank Ltd.

Name of the facility: Rescheduling of 02 Term Loans, 04 demand Loans, and Revolving OD limit into a term Loan.

Date: 8/3/20

Purpose of Loan: Demand Loan.

Moratorium Period: 06 month from the dated of rescheduling.

Security: a) 1 MICR cheque covering Rescheduled Term Loan amount & 20 MICR cheques covering EMIs backed by duly executed Memorandum of deposit of cheque.

b) Personal Guarantees of all the directors of the Company namely: Mr. Shams, Mr. Javed Hosein, Mrs. Zereen Mahmud and Mrs. Nishat Nahrin Hamid

Collateral:

1. Registered Mortgage of 34 decimal vacant land located under Mouza: Jhajor, P.S Gazipur Sadar, District: Gazipur (J.L No: C.S & S.A-77, R.S-10, deed no. 511 dated 10.01.2001, Khatian No. C.S-143, S.A-229, R.S-291, Mutaion-866, Dag no. C.S & S.A-548, R.S-707) having Market value of taka 333.63 lac and Forced sale value of taka 266.90 lac as per survey & valuation report dated 26.04.2014 of Royal Inspection International Ltd.

2. registered irrevocable General Power of Attorney duly executed by the owners of the properties to sell the mortgaged properties without intervention of the court of law in case of default.

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|---|------------|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 12 Financial Liabilities | | | |
| Balance as per Last Account with UCBL A/c No.12951 | | 58,800,000 | 105,350,000 |
| Add: Interest | | 588,784 | |
| Less: Adj. for SGL Short Term Loan with UCBL & parent Co. | Note: 12.1 | (19,600,000) | (46,550,000) |
| | | 39,788,784 | 58,800,000 |
| 12.1 Adjusted amount | | | |
| By creating Short Term Loan with UCBL, A/c No. 600001 | | - | 19,600,000 |
| By creating Short Term Loan with UCBL, A/c No. 600001 | | - | 7,350,000 |
| By Shasha Garments Limited | | 19,600,000 | 19,600,000 |
| | | 19,600,000 | 46,550,000 |
| 13 Short Term Loan | | | |
| Agrani Bank Ltd. A/C 8711/2528 | Note-13.1 | 204,665,192 | 222,849,201 |
| United Commercial Bank Loan-A/c: 600001 | | - | 35,742,762 |
| | | 204,665,192 | 258,591,963 |
| 13.1 Agrani Bank Ltd. | | | |
| Overdraft Balance, A/c # 98711/(62528) | | 204,665,192 | 222,849,201 |
| 14 Other Loans with sister concerns | | | |
| Fly Dhaka Airlines Ltd. | | 29,435,585 | 29,435,585 |
| Others Loan with sister Companies | Note: 14.1 | 778,920,495 | 362,069,898 |
| | | 808,356,080 | 391,505,483 |
| 14.1 Others Loan with sister Companies | | | |
| Opening Balance | | 362,069,898 | 267,625,869 |
| Add: increased during the year | | 442,492,248 | 94,444,029 |
| Less: Decreased during the year | | (25,641,650) | - |
| | | 778,920,495 | 362,069,898 |
| 15 Liability for Expenses | | | |
| Salary & Wages Payable | | 12,675 | 1,262,675 |
| Audit fees Payable | | 230,000 | 230,000 |
| Professional Fees payable | | - | 690,000 |
| Credit rating fees payable | | 17,500 | - |
| Tax Liability | | 256,498 | 256,498 |
| Utility & Other Charges | | 100,864 | 100,864 |
| | | 617,537 | 2,540,037 |
| 16 Accounts Payable | | | |
| Falcon Security Ltd. | | 87,371 | 87,371 |
| Sohel & Brothers | | 390,000 | 390,000 |
| Safe Tech Security Ltd. | | 11,000 | 11,000 |
| | | 488,371 | 488,371 |

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|--------------|---|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 17 | General & Administrative Expenses | 10,111,377 | 1,546,386 |
| | Salary & Allowance | - | 149,600 |
| | Legal Fees | 115,000 | - |
| | Registration & Renewal Fees | 9,425 | - |
| | Car Maintenance | 23,824 | - |
| | Mobile & Internet Bill | 10,484 | 65,008 |
| | Fees & Forms | 9,394,339 | 50,000 |
| | Misc. Expenses | 149,000 | 200,000 |
| | Credit Rating Fees Including Vat | 107,500 | 107,500 |
| | Bank Charges & Commission | 71,805 | 54,278 |
| | Professional Fees (including Vat) | - | 690,000 |
| | Audit Fees Including Vat | 230,000 | 230,000 |
| 18 | Financial Expenses | 158,655,521 | 242,212,884 |
| | Interest on Long Term Loan | 120,640,966 | 191,723,424 |
| | Interest on Short Term Loan (Agrani CCHP-62528) | 19,264,431 | 20,622,393 |
| | Interest on UCBL-6001 | 2,125,420 | 3,252,436 |
| | Interest on UCB-(9.80 Crore) | 5,267,811 | 12,980,585 |
| | Interest on IDLC | 442,334 | 1,103,481 |
| | Interest on UCB-(20.20 crore) | 10,914,559 | 12,530,565 |
| 18.01 | Interest on Long Term Loan | | |
| | PBL TR Loan | 15,251,214 | - |
| | Agrani Bank DL # 10/17 | 105,389,751 | - |
| | | 120,640,966 | 191,723,424 |

ENERGIS POWER CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|--|-------|---------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 19 Other expense for impairment of Fixed Assets & Inventory | | | |
| Fixed Assets | | - | 914,810,460 |
| Inventory loss | | - | 311,090,691 |
| | | - | 1,225,901,151 |

The Board of Directors of the Company appointed M/S Hoda Vasi Chowdhury & Company, Chartered Accountants to conduct the valuation of Fixed Assets and Inventory as the operation of the company suspended since July, 2019. M/S Hoda Vasi Chowdhury & Co. Chartered Accountants conducted the valuation of fixed assets and Inventory. As per thier report, EPCL recognized the impairment of Fixed Assets and Inventory according to IAS 36 and IAS 2 respectively.

20 Related Party Transactions

A: Names of the related parties and their relationships:

| Description of Relationship | Name of Related Parties |
|-----------------------------|----------------------------|
| Associates company | Shasha Garments Ltd. (SGL) |
| Associates company | Shasha Denims Ltd. (SDL) |

B: Details of Related Party Transactions for the period from July 01, 2022 to June 30, 2023

| Particulars | Nature of Transaction | 2022-23 |
|----------------------|-----------------------|--------------------|
| Shasha Garments Ltd. | Share capital | 600,000,000 |
| Shasha Denims Ltd. | Share capital | (600,000,000) |
| Shasha Garments Ltd. | Financial Liabilities | 276,103,235 |
| | | 276,103,235 |

C: Related Party Balances at the end of the period

| Particulars | Nature of Transaction | 30-Jun-23 |
|----------------------|------------------------|--------------------|
| Shasha Garments Ltd. | Reimbursements Payable | 276,103,235 |



AUDITORS' REPORT

TO THE SHAREHOLDERS OF SHASHA TEXTILES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SHASHA TEXTILES LIMITED (hereinafter referred to as "the Company") which comprise the Statement of Financial Position as at 30 June 2023, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year the ended, and Notes to the Financial Statement including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the Company give a true and fair view, of the financial position of the Company as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), in compliance with the provisions of the Companies Act, 1994 and other applicable laws and regulations.

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 (IESBA)'s Code of Ethics for Professional Accountants together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB by-laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 requires 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditors' 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 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 a part of 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.
- 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.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Report on other Legal and Regulatory Requirements

In accordance with Companies Act, 1994 and other applicable rules and regulations governing the Company, 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 purpose of our audit and made due verification thereof.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the Company's financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Place: Dhaka, Bangladesh;

Dated: 31 October 2023

DVC: 2311010914AS215104



Hoque Bhattacharjee Das & Co.

Chartered Accountants

Signed by:

Shatadal Das, FCA


Partner

Enrollment No.914

SHASHA TEXTILES LIMITED
Statement of Financial Position
as at 30 June 2023

| Particulars | Notes | Amount in BDT | |
|-------------------------------------|-------|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| NON-CURRENT ASSETS | | 1,766,655,595 | 1,766,673,994 |
| Property, plant & equipment | 04 | 1,766,655,595 | 1,766,673,994 |
| Current Assets | | 82,417,776 | 83,677,024 |
| Advance for Land & Land Development | 5 | 81,421,260 | 82,678,628 |
| Cash and Cash Equivalent | 6 | 996,516 | 998,396 |
| Total | | 1,849,073,371 | 1,850,351,018 |
| EQUITY AND LIABILITIES | | | |
| CAPITAL & RESERVE | | 1,835,012,941 | 1,836,371,088 |
| Share Capital | 7 | 308,500,420 | 308,500,420 |
| Retained Earning | | (9,896,729) | (8,538,582) |
| Revaluation reserve | 8 | 1,536,409,250 | 1,536,409,250 |
| NON CURRENT LIABILITIES | | - | - |
| Current Liabilities | | 14,060,430 | 13,979,930 |
| Liability for Expenses | 9 | 80,500 | 977,500 |
| Other Payable | 10 | 13,977,500 | 13,000,000 |
| Provision for Tax | | 2,430 | 2,430 |
| Total | | 1,849,073,371 | 1,850,351,018 |

These financial statements should be read in conjunction with annexed notes


Chief Financial Officer
(Md. Sha Newaz)


Director
(Zareen Mahmud)


Managing Director
(Shams Mahmud)

AUDITORS' REPORT TO THE SHAREHOLDERS
See annexed report of date


Place: Dhaka, Bangladesh;
Dated: 31 October 2023
DVC: **2311010914AS215104**


Shatadal Das, FCA
Partner
Enrollment No.914

SHASHA TEXTILES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2023

| Particulars | Notes | Amount in BDT | |
|--|-----------|--------------------|--------------------|
| | | 2022 - 2023 | 2021 - 2022 |
| Revenue | | - | - |
| Less: Operating Expenses | 11 | 105,126 | 511,113 |
| Gross Profit | | (105,126) | (511,113) |
| Less: Administrative Expenses | 12 | 1,251,141 | 1,685,763 |
| Operating Profit | | (1,356,267) | (2,196,875) |
| Less: Financial Expenses | 13 | 1,880 | 1,880 |
| Profit/(Loss) before Non-Operating Income | | (1,358,147) | (2,198,755) |
| Add: Non-Operating Income | | - | - |
| Profit/(Loss) before Income Tax | | (1,358,147) | (2,198,755) |
| Less: Income Tax | | - | - |
| Net Profit/ (loss) for the period after Tax | | (1,358,147) | (2,198,755) |

These financial statements should be read in conjunction with annexed notes


Chief Financial Officer
(Md. Sha Newaz)


Director
(Zareen Mahmud)


Managing Director
(Shams Mahmud)

Place: Dhaka, Bangladesh;
Dated: 31 October 2023
DVC: **2311010914AS215104**


AUDITORS' REPORT TO THE SHAREHOLDERS
See annexed report of date

SHASHA TEXTILES LIMITED
Statement of Changes in Shareholders Equity
For the year ended 30 June 2023

2022 -2023

| Particulars | Share Capital | Share Money Deposit | Retained Earning | Revaluation reserve | Total |
|-------------------------------|--------------------|---------------------|--------------------|----------------------|----------------------|
| Balance as on 01.07.22 | 308,500,420 | - | (8,538,582) | 1,536,409,250 | 1,836,371,088 |
| Profit during the year | | | (1,358,147) | | (1,358,147) |
| Revaluation during the year | | | | - | - |
| Balance as on 30.06.23 | 308,500,420 | - | (9,896,729) | 1,536,409,250 | 1,835,012,941 |

These financial statements should be read in conjunction with annexed notes


Chief Financial Officer
(Md. Sha Newaz)


Director
(Zareen Mahmud)



Managing Director
(Shams Mahmud)

Place: Dhaka, Bangladesh;
Dated: 31 October 2023
DVC: **2311010914AS215104**

SHASHA TEXTILES LIMITED
Statement of Cash Flows
for the year ended 30 June 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|------------------|--------------------|
| | | 2022 - 2023 | 2021 - 2022 |
| Cash flow from operating activities | | | |
| Collection from Turnover | | - | - |
| Payment for cost & other expenses | | (977,500) | 2,231,204 |
| Financial expense | | (1,880) | (1,880) |
| Net cash provided by operating activities | | (979,380) | 2,229,324 |
| Cash flow from investing activities | | | |
| Acquisition of Fixed Assets | | - | - |
| Advance for Land & Land development | | - | - |
| Net Cash provided by investing activities | | - | - |
| Cash flow from financing activities | | | |
| Other Payable | | 977,500 | (2,231,204) |
| Net Cash provided by financing activities | | 977,500 | (2,231,204) |
| Increase/ (decrease) in Cash and Bank Balances | | (1,880) | (1,880) |
| Cash and Bank Balances on Opening | | 998,396 | 1,000,276 |
| Cash and Bank Balances on Closing | | 996,516 | 998,396 |
| | | - | - |

These financial statements should be read in conjunction with annexed notes


Chief Financial Officer
(Md. Sha Newaz)


Director
(Zareen Mahmud)


Managing Director
(Shams Mahmud)

Signed in terms of our report of same date annexed

Place: Dhaka, Bangladesh;
Dated: 31 October 2023
DVC: **2311010914AS215104**


Shatadal Das, FCA
Partner
Enrollment No.914

SHASHA TEXTILES LIMITED

Notes to the Financial Statements

As at 30 June 2023

1 Reporting Entity

Shasha Textiles Limited was originally incorporated as a Public Limited Company on 18th September 2003, Regd. No. C-50512(807) under the companies Act 1994. Registered office of the company is at House # 07, Road # 117, Gulshan; Dhaka. It is a subsidiary company of Shasha Denims Limited.

1.2 Nature of Business

The main activities of the company is concentrated in Textile and Textile related business. No business operation has been taken place during the year.

2 Basis of Preparation

2.1 Preparation and Presentation of Income Statement

The Company has presented the statement of comprehensive income in these financial statements without any comparative statements for revenue. As the company has not yet started any operation, the statement of comprehensive income only includes the administrative expenses and some operative development expenses.

2.2 Reporting Period

Financial statements of the company cover from 01-07-2022 to 30-06-2023

3 Significant Accounting policy

3.1 Compliance with accounting standards and other applicable laws

The financial statements have been prepared ai accordance with International Financial Reporting Standards (IFRS), the Company Act 1994 and other applicable laws and regulations.

Date of approval

The board of directors has approved the financial statements on 23/10/2023

3.2 Basis of measurement

Although the Company did not operate business during the year, the financial statements of the Company under reporting have been prepared under historical cost convention in a going concern concept, except for property, plant and equipment includes mainly land and land development which is shown at revalued amount.

3.3 Property plant and equipment

Property, plant and equipment includes mainly the freehold land and land development. are stated at cost less accumulated depreciation except land and land development which is recognised at fair value. Costs include expenditures directly attributable to the acquisition and installation of the assets. Repairs and maintenance expenses are charged to statement of profit or loss and other comprehensive income when incurred.

3.4 Revaluation reserve

The Company performed revaluation of its freehold land and recognized revaluation reserve as a part of equity separately in the statement of financial position since 2012 and 2022.

3.5 Advance for land & land development

Advance for land and land development comprises amount disbursed to the local solicitor of land in Trishal, Mymensingh where the company is in the process of acquiring some land in the same location.

3.6 Disclosure on revaluation

The land & land development of the Company have been revalued using replacement method by an independent professional firm, namely Hoda Vasi Chowdhury & Co, Chartered Accountants, creating a total revaluation surplus of Taka 1,536,409,250. The effective date of revaluation was 30 June 2022. On the reporting date, the original cost of the land was Taka 2,300,080,750. Revaluation surplus will be transferred to retained earnings when the asset is derecognized. The company performed a revaluation of this land in 2012 through professional valuer named M/S. M.M. Rahman & Co Chartered Accountants.

3.7 Deferred Tax

Deferred tax arises due to deductible or taxable temporary difference for the events or transaction recognized in the income statement. A temporary difference is the difference between the tax bases of an asset or liability and its carrying amount/reported in the Statement of Financial Position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future period's recognized in the current period. As per IAS 12, Revaluation of land which appreciates the value of the land which triggers a taxable temporary difference. Income tax will become payable on the surplus when the assets is sold Shasha Textiles Ltd. has no plan to sell its land in foreseeable future. Thus the company does not recognized the deferred tax expenses.

3.8 Cash and Cash Equivalent

Cash in hand and Bank Balances have been considered as cash and cash equivalents.

3.9 Comparative information

Comparative figures have been changed where necessary.

SHASHA TEXTILES LIMITED
Notes to the Financial Statements
As on 30 June 2023

04. Property, Plant & Equipment

Amount in Taka

| Particulars | Original Cost | | | Revaluation of Assets | Total Cost as at 30.06.23 | Rate % | Depreciation | | Written down Value as at 30.06.23 |
|----------------------------|------------------------|--------------------------|--------------------|-----------------------|---------------------------|--------|-------------------------|----------------------|-----------------------------------|
| | Balance as at 01.07.22 | Addition during the year | | | | | Charged during the year | Total as at 30.06.23 | |
| Land & Land Development | 1,766,490,000 | - | - | - | 1,766,490,000 | | - | - | 1,766,490,000 |
| Other Assets (Spare parts) | 252,393 | - | - | - | 252,393 | 10 | 18,399.45 | 86,798 | 165,595 |
| Total (2022-2023) | 1,766,742,393 | - | - | - | 1,766,742,393 | | 18,399 | 86,798 | 1,766,655,595 |
| Total (2021-2022) | 1,108,001,238 | - | 658,741,155 | 1,766,742,393 | | | 20,444 | 68399 | 1,766,673,994 |

SHASHA TEXTILES LIMITED

Notes to the Financial Statements

As at 30 June 2023

| Notes | Particulars | Amount in BDT | |
|-----------|-----------------------------------|------------------|------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 11 | Operation Expenses | 105,126 | 511,113 |
| | Land Tax, Rates & Others | 80,240 | 413,190 |
| | Electric Bill | 6,487 | 16,479 |
| | Land Road Repair | - | 61,000 |
| | Depriciation | 18,399 | 20,444 |
| 12 | Administrative Expenses | 1,251,141 | 1,685,763 |
| | Travelling & Entertainment | 14,685 | 5,950 |
| | Survey Bill | 31,000 | 88,000 |
| | Security guard expense | 600,000 | 416,000 |
| | RJSC Fees | 10,000 | 70,133 |
| | Carrying Charge | - | 2,000 |
| | Labour Charge | 25,130 | 7,000 |
| | Professional Fees (including Vat) | - | 920,000 |
| | Land Development Expenses | 346,321 | - |
| | Audit Fees (including VAT) | 80,500 | 57,500 |
| | Misc. Expenses | 143,505 | 119,180 |
| 13 | Financial Expenses | | |
| | Bank Charge | 1,880 | 1,880 |

14 Related Party Transactions

A: Names of the related parties and their relationships:

| Description of Relationship | Name of Related Parties |
|-----------------------------|-------------------------|
| Holding and parent company | Shasha Denims Limited |
| Minority Shareholder | Shasha Garments Ltd. |

B: Details of Related Party Transactions for the period from July 01, 2022 to June 30, 2023

| Particulars | Nature of Transaction | July 1, 2022 to June 30, 2023 |
|-----------------------|-----------------------|-------------------------------|
| Shasha Denims Limited | Share Capital | 30,820,042 |
| Shasha Garments Ltd. | Share Capital | 5,000 |

C: Related Party Balances at the end of the period

| Particulars | Nature of Transaction | 30-Jun-23 |
|----------------------|------------------------|------------|
| Shasha Garments Ltd. | Liability for Expenses | 13,977,500 |

AUDITORS' REPORT

TO THE SHAREHOLDERS OF EOS TEXTILE MILLS LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of EOS TEXTILE MILLS LTD. which comprise the Statement of Financial Position as at June 30, 2022, and the Statement of Profit or Loss and other 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.

In our opinion, the accompanying financial statements gives a true and fair view of the financial position of the Company as at June 30, 2022, and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation of the financial statements that gives a true and fair view in accordance with IFRSs, The Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 judgments and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, 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; and
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts.

Place: Dhaka, Bangladesh;
Dated: 29 October, 2023



Fouzia Haque, FCA

Partner

FAMES & R

Chartered Accountants

DVC: 2310291032AS532133

EOS TEXTILE MILLS LTD.
STATEMENT OF FINANCIAL POSITION
As at 30th June' 2023

| Particulars | Notes | Amount in BDT | |
|---------------------------------|-------|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| ASSETS | | | |
| Non-Current Assets | | 1,013,781,251 | 1,098,276,229 |
| Property, Plant & Equipment | 3.00 | 969,958,561 | 1,053,201,462 |
| Right of Use of Assets(ROU) | 4.00 | 43,822,690 | 45,074,767 |
| Current Assets | | 1,262,783,160 | 1,159,176,549 |
| Inventories | 5.00 | 777,060,623 | 685,944,952 |
| Trade Receivables | 6.00 | 391,822,931 | 391,600,823 |
| Security Deposits | 7.00 | 37,618,749 | 37,618,749 |
| Advances and Prepayments | 8.00 | 41,254,184 | 23,802,321 |
| Cash and Bank Balances | 9.00 | 15,026,673 | 20,209,704 |
| Total Assets | | 2,276,564,411 | 2,257,452,778 |
| EQUITY AND LIABILITIES | | | |
| Shareholders Equity | | 1,626,008,575 | 1,544,590,491 |
| Share Capital | 10.00 | 50,000,000 | 50,000,000 |
| Retained Earnings | 11.00 | 1,418,207,255 | 1,325,728,340 |
| Revaluation Surplus | 12.00 | 157,801,320 | 168,862,151 |
| Non-Current Liabilities | | 228,029,093 | 285,409,430 |
| Long Term Loan | 13.00 | 139,391,413 | 191,217,948 |
| Deferred Tax | 14.00 | 58,593,009 | 59,427,489 |
| Lease Liability | 15.00 | 30,044,671 | 34,763,993 |
| Current Liabilities | | 422,526,743 | 427,452,857 |
| Sundry Creditors | 16.00 | 138,867,472 | 112,455,175 |
| Lease Liability Current Portion | 15.00 | 18,128,284 | 13,596,213 |
| Long term Loan Current Portion | 13.00 | 5,605,000 | 5,605,000 |
| Short Term Loan | 17.00 | 239,866,017 | 282,229,440 |
| Provision for Income Tax | 18.00 | 20,059,971 | 13,567,028 |
| Total Liabilities | | 2,276,564,411 | 2,257,452,778 |

The annexed notes 1 to 25 form an integral part of these financial statements.

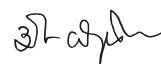


Anisul Isalm Mahmud
Managing Director



Shams Mahmud
Director

Signed in terms of our annexed report of even date



FAMES & R
Chartered Accountants
DVC: 2310291032AS532133

Place: Dhaka, Bangladesh;
Dated: 29 October, 2023

EOS TEXTILE MILLS LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended June 30, 2023

| Particulars | Notes | Amount in BDT | |
|----------------------------------|-------|--------------------|--------------------|
| | | 2021-2023 | 2020-2022 |
| Turnover | | | |
| Sales | 19.00 | 868,372,153 | 803,176,123 |
| Less: Cost of Goods Sold | 20.00 | 661,183,930 | 647,887,142 |
| Gross Profit | | 207,188,223 | 155,288,981 |
| Less: Administrative exps | | | |
| Administration Expenses | 21.00 | 46,018,506 | 45,518,480 |
| Operating Income | | 161,169,716 | 109,770,501 |
| Add: Other Income | 22.00 | 1,776,783 | 1,634,124 |
| | | 162,946,500 | 111,404,625 |
| Less: Finance Cost | 23.00 | 67,666,912 | 32,831,937 |
| Net Profit before Tax | | 95,279,588 | 78,572,688 |
| Less: Income Tax | | | |
| Provision for Tax | 18.00 | 14,695,984 | 9,580,209 |
| Deferred Tax Expense/(Income) | | (834,480) | 4,856,879 |
| Net Profit After Tax | | 81,418,084 | 64,135,600 |
| Basic EPS | | 162.84 | 128.27 |

The annexed notes 1 to 25 form an integral part of these financial statements.



Anisul Isalm Mahmud
Managing Director



Shams Mahmud
Director

Signed in terms of our annexed report of even date



FAMES & R
Chartered Accountants
DVC: 2310291032AS532133

Place: Dhaka, Bangladesh;
Dated: 29 October, 2023

EOS TEXTILE MILLS LTD.
STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2023

| Particulars | Paid-up Capital Taka | Retained Earnings Taka | Revaluation Surplus Taka | Total Taka |
|---|-------------------------|---------------------------|-----------------------------|----------------------|
| Balance as at 1st July 2022 | 50,000,000 | 1,325,728,341 | 168,862,150 | 1,544,590,491 |
| Net Profit for the Year 2022-2023 | - | 81,418,084 | - | 81,418,084 |
| Excess Depreciation Transfer | - | 11,060,830 | (11,060,830) | - |
| Balance as at 30th June 2023 | 50,000,000 | 1,418,207,255 | 157,801,320 | 1,626,008,575 |
| Balance as at 1st July 2021 | 50,000,000 | 1,249,577,951 | 180,876,940 | 1,480,454,891 |
| Net Profit for the Year 2021-2022 | - | 64,135,600 | - | 64,135,600 |
| Revaluation surplus | - | - | - | - |
| Excess Depreciation Transfer | - | 12,014,790 | (12,014,790) | - |
| Adjustment during the year or sale of machine | - | - | - | - |
| Balance as at 30 June 2022 | 50,000,000 | 1,325,728,341 | 168,862,150 | 1,544,590,491 |



Anisul Isalm Mahmud
Managing Director

Place: Dhaka, Bangladesh;
Dated: 29 October, 2023



Shams Mahmud
Director



FAMES & R
Chartered Accountants
DVC: 2310291032AS532133

EOS TEXTILE MILLS LTD.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2023

| Particulars | Notes | Amount in BDT | |
|---|-------|---------------------|----------------------|
| | | 2021-2023 | 2020-2022 |
| Cash flow from operating activities | | | |
| Collection from Turnover | | 869,926,829 | 668,054,247 |
| Payment for cost & other expenses | | (697,230,948) | (733,678,294) |
| Financial Expenses | | (67,666,912) | (32,821,522) |
| Income Tax Paid | | (16,916,362) | (14,613,235) |
| Net cash provided by operating activities | | 88,112,607 | (113,058,804) |
| Cash flow from investing activities | | | |
| Fixed Assets | | (170,504) | (111,621,135) |
| Right to Use Assets | | 1,252,077 | 1,252,077 |
| Net Cash provided by investing activities | | 1,081,573 | (110,369,058) |
| Cash flow from financing activities | | | |
| Long Term Loan | | (51,826,535) | (60,105,374) |
| Lease Liability | | (4,719,322) | (4,703,263) |
| Current Portion of Lease Liability | | 4,532,070 | 4,532,071 |
| Current Portion of Long Term Loan | | - | - |
| Short-Term Loan | | (42,363,423) | 195,972,348 |
| Net Cash provided by financing activities | | (94,377,210) | 135,695,782 |
| Increase/ (decrease) in cash and bank balances | | (5,183,030) | (87,732,080) |
| Cash and bank balances on opening | | 20,209,703 | 107,941,783 |
| Cash and bank balances on closing | | 15,026,673 | 20,209,703 |

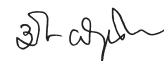


Anisul Isalm Mahmud
Managing Director

Place: Dhaka, Bangladesh;
Dated: 29 October, 2023



Shams Mahmud
Director



FAMES & R
Chartered Accountants
DVC: 2310291032AS532133

EOS TEXTILE MILLS LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

1.00 Background And Activities

1.01 Incorporation

EOS textile Mills Limited was incorporated on June 8, 1998 as Private Company Limited by shares with the registered of joint stock companies & Firms, Dhaka under Incorporation Certificate no. c-35550 (2326)/98. The company has also obtained permission from Bangladesh Export Processing Zone vide letter no-9 P-M-DEPZ. 01(119)/98/866 dated 28 June 1998 for setting up a Textile(including its/ factory is situated at Plot#1-6, 17-22, Saver, Dhaka Export Processing Zone, Bangladesh.

1.02 Nature of Business

The company is a 100% Export Oriented Textile Mills. The Principles activities of the company's are to carry out all or any of the business as spinners, weavers, hosiary manufacturers, exporters wholesalers & retail dealers in acrylic wool, textile, fabric of all kinds, mill owners, dress makers tailors outfitters, glovers, dry cleaners, dealers in readymade sweaters garments. The company also carries on business in particulars of dyeing, weaving, finishing denim, twill etc., and cutting ,sewing living jeans, jackets etc.

1.03 Structure Contents and Presentation of Financial Statements:

The presentation of the financial statements is in accordance with the guidelines provided by IAS-1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- (i) Statement of financial position as on 30 June 2023;
- (ii) Statement of profit & loss and Other comprehensive income for the period ended 30 June 2023;
- (iii) Statement of change in equity for the period ended 30 June 2023;
- (iv) Statement of cash flow for the period ended 30 June, 2023;
- (v) Notes of the financial statements for the period ended 30 June 2023;

2.00 Summary of significant accounting Policies

2.01 Presentation of financial Statements

The financial statement have been prepared in accordance, with International financial reporting standards (IFRS)

| | |
|--------|--|
| IAS 1 | Presentation of financial statements |
| IAS 2 | Inventories |
| IAS 7 | Cash flow statements |
| IAS 8 | Accounting, Policy, Changes in Accounting Estimates and Errors |
| IAS 10 | Event after the Reporting period |
| IAS 12 | Income taxes |
| IAS 16 | Property, plant and equipment's |
| IAS 18 | Revenue |
| IAS 19 | Employee Benefits |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS 23 | Borrowing costs |
| IAS 24 | Related party Disclosures |
| IAS 33 | Earning per share |
| IAS 37 | Provisions, Contingent Liabilities and Assets |
| IAS 38 | Intangible Assets |

2.02 Going Concern:

As per IAS-1 a company is required to make assessment at the end of each year to assess its capability to continue as going concern. The management of the company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while the financial statements have been prepared

2.03 Basic of accounting

These financial statements have been prepared in accordance, with International financial reporting Standards (IFRSs) the companies Act 1994.

2.04 Revenue Recognition

Sales are recognized when the goods, on completion of custom formalities, are dispatched to buyer through delivery challan, so that of delivery challan is date of revenue recognition.

2.05 Property, Plant and Equipments(PPE)

Property, Plant and Equipment (PPE) are recognized at cost of acquisition less accumulated depreciation. Cost represents the purchase price of the assets and other cost incurred in bringing the assets to their existing location and condition.

2.06 Depreciation

Fixed assets are depreciated by applying the reducing balance method for each of property, Plant and Equipment for the year. Depreciation has been charged from the date of use/installation and no depreciation has been charged when the assets are sold/ disposed off.

| Category | Rates of depreciation |
|--------------------------------|-----------------------|
| Building (Factory) | 5% |
| Generator | 10% |
| Machinery Equipment's | 10% |
| Tool Equipments | 15% |
| Laboratory Equipments | 20% |
| Office Equipments | 20% |
| Computer Equipments | 20% |
| Household Furniture | 20% |
| Forklifts / Bicycles | 15% |
| Cars / Minibus | 15% |
| Effluent Water-Treatment plant | 10% |
| Deep Tube well | 15% |
| Electrical sub Station | 10% |
| Air Conditioning Plant | 10% |

2.07 Inventory of stock, stores and its valuation

physical inventory of stock and stores were carried out by a team constituted with some employees of the company and valuations were made on the method as noted below:

| Item | Method |
|-------------------------|---|
| Raw Material(Yarn) | At moving average price |
| Chemical and subsidiary | AT FIFO method |
| Semi-Finished products | At cost of materials plus proportionate conversion cost |
| Finished Products | At cost or net realizable value whichever ever is lower |

2.08 Cash and cash Equivalents

The financial statement have been prepared by considering cash in hand and cash in hand and cash at banks and cash equivalents as current assets which were held and available for use by the company without any restriction and there was insignificant risk of changes in value of these current assets.

2.09 Foreign currency conversion

Assets and liabilities denominated in a foreign currency are translated at the exchange rate ruling on the balance sheet date. Exchange differences arising in the amounts are included in the profit and loss account.

2.10 Taxation

Current Tax

The company is enjoying the benefit of exemption for 10 years from payment of income tax for period of 10 years starting from 10th February 2002 as per notification No.SRO 289- jaw-89 dated 19.08.89 published in the official Gazette by the Govt. of Bangladesh in pursuance of section 44 (4) (b) of the income Tax ordinance, 1984. Current tax expected tax payable or receivable on the taxable income or loss for the year, Using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deffered Tax

Deffered Tax is recognized using the statement of comprehensive method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deffered tax asset or liabilities does not create a legal recovery/liability form or to the income tax authority. However, the company has recognized the deferred tax assets from the year.

2.11 Reporting Period

Financial statement have been prepared covering 12 months from 01 July 2022 to 30 June 2023.

2.12 Employees gratuity

The company operates an unfunded employees gratuity schemes. Provision for 1(one) month basic salary for every completed year of services is provided for each employees

2.13 Employee provident fund

The company operates a contributory Provident fund, recognized by the NBR, for its eligible permanent employees, where both company and employees are contributing @8.33% of basic salary. The fund is governed and operated by the board of trustees of EOS Textile Mills Limited Employees Provident Fund.

2.14 General

(if) The figures appearing in the financial statements have been rounded off to nearest taka.

(ii) Previous year figure have been rearranged wherever necessary to confirm to current years presentation.

2.15 Use of estimates and judgments

In preparing these financial statements, management has made judgment, estimate and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognized prospectively

2.15.1 Information about judgment made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements.

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|---|-------|----------------------|----------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 3.00 Property, Plant & Equipment | | | |
| Cost | | | |
| Opening Balance at 01 July 2022 | | 2,632,462,002 | 2,520,840,867 |
| Add: During the Year | | 170,504 | 111,621,135 |
| Less: Adjustment During the year | | - | - |
| Closing | | 2,632,632,506 | 2,632,462,002 |
| Depreciation | | | |
| Opening Balance at 01 July 2022 | | 1,579,260,539 | 1,491,175,816 |
| Add: Charged during the year | | 83,413,405 | 88,084,723 |
| Less: Adjustment During the year | | - | - |
| Closing | | 1,662,673,944 | 1,579,260,539 |
| Written down Value | | 969,958,562 | 1,053,201,463 |
| 4.00 Right of use assets (ROU) | | | |
| See accounting policy in note 2(12) | | | |
| Cost | | | |
| Opening Balance at 01 July 2021 | | 45,074,767 | 46,326,844 |
| Recognition of right of use on initial application of IFRS 16 | | - | - |
| Balance at 30th June- 2023 | | 45,074,767 | 46,326,844 |
| Accumulated depreciation | | | |
| Depreciation during the year | | 1,252,077 | 1,252,077 |
| Balance at 30th June- 2023 | | 1,252,077 | 1,252,077 |
| Carrying amount | | | |
| At 31st March- 2023 | | 43,822,690 | 45,074,767 |
| Balance at 30th June- 2023 | | 43,822,690 | 45,074,767 |
| 5.00 Inventories | | | |
| Raw Material | | 343,577,189 | 232,899,155 |
| Chemical, Lubricants & Subsidiary | | 145,113,032 | 143,888,381 |
| Semi-Finished Products | | 163,348,618 | 195,952,161 |
| Finished Products | | 59,011,984 | 53,619,992 |
| Spare Parts(Machineries & Other Equipment) | | 66,009,799 | 59,585,264 |
| | | 777,060,623 | 685,944,952 |
| 6.00 Trade Receivables | | | |
| Debtors and Receivable | | 381,848,207 | 382,489,328 |
| Others receivable | 6.01 | 9,974,724 | 9,111,495 |
| | | 391,822,931 | 391,600,823 |
| 6.01 Other Receivables | | | |
| Opening Interest on Bank Guarantee of Total Gas T&D Co. Ltd & others | | 9,111,495 | 8,657,020 |
| Add: 1)Net addition interest received during the year | | 863,229 | 454,475 |
| Less: Interest Received during the year | | - | - |
| Closing Interest on Bank Guarantees of Titas Gas T&D Co. Ltd & others | | 9,974,724 | 9,111,495 |

EOS TEXTILE MILLS LTD.
SCHEDULE OF FIXED ASSETS
AS ON 30TH JUNE- 2023

Schedule - A

| Sl. No. | Particulars | Cost | | | | Rate | Depreciation | | | | WDV as on 30.06.2023 | |
|---------------------------------|------------------------------------|-------------------------|----------------------|----------------------|---------------------------|----------|-----------------------------|----------------------|--------------------|------------------------------|----------------------|--------------------|
| | | Opening Cost 01.07.2022 | Add. during the year | Adj. during the year | Total cost as on 30-06-23 | | Accum. Dep. as on 01.7.2022 | Dep. during the year | Adj. dur. the year | Accum. Dep. As on 30.06.2023 | | |
| 1 | Building (Factory) | 593,731,264 | | | 593,731,264 | 5% | 362,480,902 | 11,562,518 | | | 374,043,420 | 219,687,844 |
| 2 | Generator | 273,345,204 | | | 273,345,204 | 10% | 152,041,495 | 12,130,371 | | | 164,171,866 | 109,173,338 |
| 3 | Machinery Equipments | 965,241,777 | | | 965,241,777 | 10% | 556,336,424 | 41,310,566 | | | 597,646,990 | 367,594,787 |
| 4 | Tool Equipments | 34,147,741 | | | 34,147,741 | 15% | 34,147,741 | - | | | 34,147,741 | 0 |
| 5 | Laboratory Equipments | 2,764,725 | | | 2,764,725 | 20% | 2,659,085 | 21,128 | | | 2,680,212 | 84,513 |
| 6 | Office Equipments | 6,820,536 | 75,250 | | 6,895,786 | 20% | 4,682,984 | 442,560 | | | 5,125,545 | 1,770,241 |
| 7 | Computer Equipments | 17,500,937 | 95,254 | | 17,596,191 | 20% | 15,528,406 | 413,150 | | | 15,941,556 | 1,654,635 |
| 8 | Household Furniture | 1,169,525 | | | 1,169,525 | 20% | 1,160,536 | 1,798 | | | 1,162,333 | 7,192 |
| 9 | Forklifts / Bicycles | 3,655,319 | | | 3,655,319 | 15% | 2,780,365 | 131,243 | | | 2,911,608 | 743,711 |
| 10 | Cars / Mibus | 9,871,000 | | | 9,871,000 | 15% | 9,209,217 | 99,268 | | | 9,308,484 | 562,515 |
| 11 | Effluent Water-Treatment plant | 25,213,296 | | | 25,213,296 | 10% | 14,991,961 | 1,022,133 | | | 16,014,094 | 9,199,202 |
| 12 | Deep Tube well | 1,010,191 | | | 1,010,191 | 15% | 986,872 | 3,498 | | | 990,370 | 19,821 |
| 13 | Electrical Equipments(Sub-station) | 38,355,314 | | | 38,355,314 | 10% | 13,715,043 | 2,464,027 | | | 16,179,070 | 22,176,244 |
| 14 | Air Conditioning Plant (Mazzini) | 14,747,090 | | | 14,747,090 | 10% | 3,797,376 | 1,094,971 | | | 4,892,347 | 9,854,743 |
| Sub Total | | 1,987,573,919 | 170,504 | - | 1,987,744,423 | | 1,174,518,406 | 70,697,231 | - | - | 1,245,215,637 | 742,528,786 |
| CAPITAL WORKING PROGRESS | | | | | | | | | | | | |
| 14 | Machinery Equipments | 65,321,304 | | | 65,321,304 | - | - | - | | | - | 65,321,304 |
| 15 | Air Conditioning Plant (Mazzini) | 0 | | | - | - | - | - | | | - | - |
| Sub Total | | 65,321,304 | 0 | 0 | 65,321,304 | - | - | - | - | - | - | 65,321,304 |

| Sl. No. | Particulars | Cost | | | | Rate | Depreciation | | | | WDV as on 30.06.2023 | | |
|---------|------------------|-------------------------|----------------------|----------------------|---------------------------|------|-----------------------------|----------------------|--------------------|------------------------------|----------------------|-------------------|-------------------|
| | | Opening Cost 01.07.2022 | Add. during the year | Adj. during the year | Total cost as on 30.06-23 | | Accum. Dep. as on 01.7.2022 | Dep. during the year | Adj. dur. the year | Accum. Dep. As on 30.06.2023 | | | |
| 16 | Software | 87,563,850 | | | 87,563,850 | 10% | 1,655,345 | | 71,010,405 | 1,655,345 | | 72,665,749 | 14,898,101 |
| | Sub Total | 87,563,850 | 0 | - | 87,563,850 | | 1,655,345 | - | 71,010,405 | 1,655,345 | - | 72,665,749 | 14,898,101 |

REVALUED ASSETS

| | | | | | | | | | | | | | |
|----|------------------------------------|----------------------|--------------------|----------|----------------------|----------|-------------------|----------|----------------------|-------------------|----------|----------------------|----------------------|
| 17 | Building (Factory) | 196,106,795 | | | 196,106,795 | 5% | 4,793,204 | | 100,242,712 | 4,793,204 | | 105,035,916.46 | 91,070,879 |
| 18 | Gas Generator | 1,277,821 | | | 1,277,821 | 10% | 28,114 | | 996,679 | 28,114 | | 1,024,793 | 253,028 |
| 19 | Air Conditioning Plant(Mazzini) | 10,040,000 | | | 10,040,000 | 10% | 220,897 | | 7,831,033 | 220,897 | | 8,051,929 | 1,988,071 |
| 20 | Machinery Equipments | 264,314,000 | | | 264,314,000 | 10% | 5,815,346 | | 206,160,541 | 5,815,346 | | 211,975,887 | 52,338,113 |
| 21 | Laboratory Equipments | 297,540 | | | 297,540 | 20% | 125 | | 296,916 | 125 | | 297,041 | 499 |
| 22 | Forklifts | 3,180,964 | | | 3,180,964 | 15% | 80,556 | | 2,643,926 | 80,556 | | 2,724,481 | 456,483 |
| 23 | Electrical Equipments(Sub-station) | 13,314,545 | | | 13,314,545 | 10% | 6,368 | | 13,250,862 | 6,368 | | 13,257,230 | 57,315 |
| 24 | Effluent Water-Treatment plant | 3,471,263 | | 0 | 3,471,263 | 10% | 116,221 | | 2,309,058 | 116,221 | | 2,425,278 | 1,045,985 |
| | Sub Total | 492,002,928 | - | - | 492,002,928 | | 11,060,830 | - | 333,731,728 | 11,060,830 | - | 344,792,558 | 147,210,370 |
| | Grant Total (30.06.2023) | 2,632,462,001 | 170,504 | - | 2,632,632,505 | - | 83,413,405 | - | 1,579,260,539 | 83,413,405 | - | 1,662,673,945 | 969,958,561 |
| | Grand Total (30.06.2022) | 2,520,840,867 | 111,621,135 | - | 2,632,462,001 | - | 88,084,723 | - | 1,491,175,816 | 88,084,723 | - | 1,579,260,539 | 1,053,201,462 |

| Particulars | 2022-23 | 2022-23 | 2022-23 |
|-------------|-------------------|--------------|-------------------|
| Allocation: | Depreciation | Amortization | Total |
| Factory | 80,801,285 | - | 80,801,285 |
| Office | 2,612,120 | - | 2,612,120 |
| | 83,413,405 | - | 83,413,405 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|---|-------|-------------------|-------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 7.00 Security Deposits | | | |
| Telephone (Grameen Phone) | | 13,000 | 13,000 |
| Gas (Titas Gas) | | 29,562,100 | 29,562,100 |
| Deposit against Import | | 1,500,000 | 1,500,000 |
| BEPZA | | 6,543,649 | 6,543,649 |
| | | 37,618,749 | 37,618,749 |
| 8.00 Advance and Prepayment | | | |
| Staff and Worker Advances | 8.01 | 7,565,190 | - |
| Advances to Suppliers | 8.02 | 4,253,132 | 3,120,133 |
| Prepaid Insurance Premium | | 3,199,549 | 3,159,196 |
| Advance Provident Fund paid | | - | - |
| Advance Tax AIT | 8.03 | 26,236,313 | 17,522,992 |
| | | 41,254,184 | 23,802,321 |
| 8.01 Staff and Worker Advances | | | |
| Workers Salary advance | | 7,565,190 | - |
| | | 7,565,190 | - |
| 8.02 Advances to Suppliers | | | |
| aeris Srl | | 1,105,525 | |
| ALIBABA one Touch Business Service Ltd | | 756,062 | |
| Automha S.r.l | | - | 651,443 |
| Berto E.G Industrial Tessile Srl | | 846,477 | |
| Crossfield Italia Srl Unipersonale | | 1,252,069 | 982,933 |
| EME Inspection Services Ltd | | 60,000 | |
| GIK Impianti Srl | | | 121,808 |
| Perma Shrink Inc. | | | 943,950 |
| Renovate Cooling Tower | | 233,000 | |
| Vision Engineering | | - | 420,000 |
| | | 4,253,132 | 3,120,133 |
| 8.03 Advance Income Tax | | | |
| Opening Advance Income Tax | | 17,522,992 | 14,072,188 |
| Add: At source deducted during the year Note: 8.03.1 | | 16,916,362 | 14,602,820 |
| Advance Income Tax for year 2022-2023 | | 34,439,354 | 28,675,009 |
| Less: Adjustment during the year for asses.year 2018-19 & 2019-20 | | 8,203,041 | 11,152,017 |
| Total Advance Income Tax | | 26,236,313 | 17,522,992 |
| 8.03.01 AT Source Income Tax Deduction Summary: | | | |
| At Source deduction by Banks from Export bills | | 8,470,835 | 3,255,885 |
| Income Tax Paid for the Assesment year 2018-19, 2019-20, 2020-21 & 2021-22, 2022-23 | | 8,203,041 | 10,132,825 |
| Income tax paid AY 2021-2022 | | - | 1,019,192 |
| Advance paid to BRTA(Bangladesh Road and Transport Auth.) | | 75,000 | 75,000 |
| Income Tax paid on Bank Gurantee+AIT on FDR Interest | | 133,039 | 63,769 |
| AIT paid on interest from STD A/C | | 2,055 | 588 |
| AIT paid on Wastage sales | | 32,392 | 55,561 |
| | | 16,916,362 | 14,602,820 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | | |
|---|---------------------------|----------------------|--------------------------|--------------------------|
| | | 30 June, 2023 | 30 June, 2022 | |
| 9.00 Cash and Bank Balances | | | | |
| Cash inv Hand in Taka | 9.01 | 663,793 | 85,170 | |
| Cash in Hand in USD | 9.02 | 613,645 | 530,488 | |
| Cash in Hand at Bank | 9.03 | 13,749,236 | 19,589,834 | |
| | | 15,026,673 | 20,209,703 | |
| 9.01 Cash in hand in Taka | | | | |
| Cash in hand as on June 30, June was Tk. 663,793 which existed in Head Office, Auditor could not physically verify the cash in hand as on June 30, 2023 due to post dated audit appointment. However, provided a cash certificate to the auditor. | | | | |
| 9.02 Cash in Hand in USD | | | | |
| Cash in hand as on June 30, 2023 was USD 613,645 which existed in Head Office, Auditor could not physically verify the cash in hand as on June 30, 2023 due to post dated audit appointment. However, provided a cash certificate to the auditor. | | | | |
| 9.01 Cash at bank: | | | | |
| Prime Bank Ltd. Gulshan Br. BDT A/C # 2118117007851 | | 12,128 | 12,818 | |
| Prime Bank Ltd STD A/C No.24963 | | 248,684 | 845,382 | |
| Prime Bank Ltd. FC A/C # 7416 | | 124,101 | 107,283 | |
| Prime Bank Ltd. EURO A/C # 9957 | | 14,959 | 12,069 | |
| Commercial Bank of Ceylon USD A/C 0388 | | 4,655,690 | 4,026,906 | |
| Commercial Bank of Ceylon BDT A/C 1285 | | 16,812 | 17,502 | |
| Premier Bank, Uttara Branch, BDT A/C-9143 | | 1,104,630 | 2,476,528 | |
| Premier Bank, Uttara Branch, USD A/C-0103 | | 7,523,641 | 7,419,900 | |
| Premier Bank Ltd. LC Margin | | - | - | |
| Premier Bank. Uttara Br.Cash Security A/C -604 | | 44,379 | 4,671,445 | |
| Midland Bank Ltd. FDR A/C no.0011-1720000019 | | - | - | |
| Pubali Bank Ltd.Nayapaltan Br. A/C no. 49142 | | 4,214 | 4,214 | |
| | | 13,749,236 | 19,589,834 | |
| 10.00 Share Capital | | | | |
| i) Authorized Share Capital | | | | |
| 1,000,000 Ordinary shares of Tk.100 each | | 100,000,000 | 100,000,000 | |
| ii) Issued, subscribed and paid-up Capital | | | | |
| Particulars | % of Share Holding | No. of Shares | Taka 30 June 2023 | Taka 30 June 2022 |
| Shasha Denims Limited | 98 | 490,000 | 49,000,000 | 49,000,000 |
| Mr. Anisul Islam Mahmud | 1 | 5,000 | 500,000 | 500,000 |
| Mr. Shams Mahmud | 1 | 5,000 | 500,000 | 500,000 |
| | 100 | 500,000 | 50,000,000 | 50,000,000 |
| 11.00 Retained Earnings | | | | |
| Opening Balance | | | 1,325,728,340 | 1,249,577,951 |
| Add: Profit for the Year | | | 81,418,084 | 64,135,600 |
| Total | | | 1,407,146,424 | 1,313,713,551 |
| Add: Transferred from revaluation surplus (Dep.of Revalued assets) | | | 11,060,830 | 12,014,790 |
| Closing Balance | | | 1,418,207,255 | 1,325,728,340 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|---|--------------|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 12.00 Revaluation Surplus | | | |
| Opening Balance | | 168,862,150 | 180,876,940 |
| Less: Adjustment During the Year for Sale of Machines | | - | - |
| Total | | 168,862,150 | 180,876,940 |
| Less: Transferred to Retained Earnings | | 11,060,830 | 12,014,790 |
| Closing Balance | | 157,801,320 | 168,862,150 |
| 13.00 Long Term Loan (with Premier Bank) | | | |
| Long Term loan is payable as follows: | | | |
| Less than one year | | 5,605,000 | 5,605,000 |
| More than one year | | 139,391,413 | 191,217,948 |
| Balance 30th June 2023 | 13.01 | 144,996,413 | 196,822,948 |
| 13.01 Long Term Loan - Interest bearing | | | |
| Opening balance | | 196,822,948 | 256,928,322 |
| Addition during the year | | 15,638,465 | 20,809,626 |
| | | 212,461,413 | 277,737,948 |
| Less: Re-payment during the year | | 67,465,000 | 80,915,000 |
| Closing balance | | 144,996,413 | 196,822,948 |

14.00 Deferred tax assets/ liabilities

Deferred tax has been calculated base on taxable/deductable temporary difference arising due to difference in the carrying amount of the assets & Liabilities and its tax base in accordance with the provision of Bangladesh Accounting Standard (IAS) 12 "Income Tax"

Deffered tax Assets/Liabilities arrived at as follows:

| Particulars | Carrying amount on balance Sheet date (Taka) | Tax base (Taka) | Tem. Difference |
|---|--|--------------------|--------------------|
| Assets: | | | |
| Property, plant and equipment | 757,426,887 | 346,832,818 | 410,594,069 |
| Right-of-use Assets | 43,822,690 | - | 43,822,690 |
| Liabilities: | | | |
| Employee Gratuity as on 30th June 2023 | 16,496,443 | 872,701 | (15,623,742) |
| Lease Liability | 48,172,955 | - | (48,172,955) |
| | 865,918,975 | 347,705,519 | 390,620,063 |
| Applicable tax rate | | | 15% |
| Deferred tax asset as on 30th June 2023 | | | 58,593,009 |
| Deferred tax asset as on 30th June 2022 | | | 59,427,489 |
| Deferred tax (Income) /Expenses | | | (834,480) |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | | | |
|--|------------------|----------------------|---------------------|----------------------|----------------------|
| | | 30 June, 2022 | 30 June, 2021 | | |
| 15.00 Lease liabilities | | | | | |
| Lease liabilities is payable as follows: | | | | | |
| Less than one year | | 18,128,284 | 13,596,213 | | |
| More than one year | | 30,044,671 | 34,763,993 | | |
| Balance 30th June 2023 | | 48,172,955 | 48,360,206 | | |
| 16.00 Trade & Other Payables | | | | | |
| Trade Payables: | | | | | |
| Creditors for Raw Materials Supply | (Annex-A) | 76,008,675 | 19,708,869 | | |
| Creditors for others | (Annex-B) | 30,943,668 | 73,144,579 | | |
| | | 106,952,343 | 92,853,447 | | |
| Other Payables: | | | | | |
| Accrued Expenses | 18.1 | 16,291,387 | 7,652,558 | | |
| Provision for Gratuity fund | 18.2 | 15,623,742 | 11,949,170 | | |
| Provident Fund Outstanding | | - | - | | |
| | | 31,915,129 | 19,601,728 | | |
| | | 138,867,472 | 112,455,175 | | |
| 16.01 Accrued Expenses: | | | | | |
| Gas | | 1,163,798 | 616,607 | | |
| Salaries and Allowances | | 11,850,767 | 6,844,994 | | |
| Workers Holiday pay | | 1,824,507 | - | | |
| Audit Fees | | 115,000 | 115,000 | | |
| Withholding taxes from Salary and Others | | 1,337,315 | 75,957 | | |
| | | 16,291,387 | 7,652,558 | | |
| 16.02 Provision for Gratuity fund: | | | | | |
| | Workers | Factory staff | Office staff | 30 June, 2023 | 30 June, 2022 |
| Opening balance | 5,754,094 | 2,774,778 | 3,420,298 | 11,949,170 | 8,468,228 |
| Add: Provision for the year | 2,175,046 | 1,179,764 | 1,192,463 | 4,547,273 | 4,018,650 |
| | 7,929,140 | 3,954,542 | 4,612,761 | 16,496,443 | 12,486,878 |
| Less: Paid during the year | 271,653 | 80,748 | 520,300 | 872,701 | 537,708 |
| Closing balance | 7,657,487 | 3,873,794 | 4,092,461 | 15,623,742 | 11,949,170 |
| 17.00 Short Term Loan | | | | | |
| Premier Bank Ltd. (against export bill purchased) | | | | 121,726,006 | 122,812,279 |
| Premier Bank, Uttara (against Salary and Wages loan) | | | | - | 4,989,257 |
| Others Loan(Shasha Denims Ltd) | | | | 41,689,408 | - |
| Premier Bank, Uttara EDF Loan A/C | | | | 0 | 154,427,904 |
| Premier Bank, Uttara OD Loan A/C-246 | | | | 43,604,332 | |
| Premier Bank, Uttara General Loan A/C-202 | | | | 32,846,271 | |
| | | | | 239,866,017 | 282,229,440 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Amount in BDT | |
|---|--------------------|-------------------|
| | 30 June, 2023 | 30 June, 2022 |
| Notes: | | |
| 1) | | |
| Opening balance Premier Bank Ltd. (against export bill purchased) | 122,812,279 | |
| Add: Addition during the year | 607,195,180 | |
| | 730,007,459 | |
| Less: Paid during the year | 608,281,453 | |
| Closing Balance at 30th June-23 | 121,726,006 | |
| 2) | | |
| Opening Balance Premier Bank, Uttara (against Salary and Wages loan) | 4,989,257 | |
| Add: Addition during the year | 51,930 | |
| | 5,041,187 | |
| Less: Paid during the year | 5,041,187 | |
| Closing Balance at 30th June-23 | - | |
| 3) | | |
| Opening Balance at Premier Bank, Uttara EDF Loan A/C | 154,427,904 | |
| Add: Addition during the period | 86,263,977 | |
| Total | 240,691,881 | |
| Less: Paid during the period | 240,691,881 | |
| Closing Balance at 30th June-23 | - | |
| 4) | | |
| Opening Balance at Premier Bank, Uttara OD Loan A/C-246 | | |
| Add: Addition during the period | 633,411,129 | |
| Total | 633,411,129 | |
| Less: Paid during the period | 589,806,797 | |
| Closing Balance at 30th June-23 | 43,604,332 | |
| 5) | | |
| Opening Balance at Premier Bank, Uttara General Loan A/C-202 | - | |
| Add: Addition during the period | 52,132,271 | |
| Total | 52,132,271 | |
| Less: Paid during the period | 19,286,000 | |
| Closing Balance at 30th June-23 | 32,846,271 | |
| 18 Provision for Income Tax | | |
| Opening Balance | 13,567,028 | 15,138,836 |
| Add: Tax provision for the year | 14,695,984 | 9,580,209 |
| | 28,263,012 | 24,719,045 |
| Less: Adjustment made for the year | 8,203,041 | 11,152,017 |
| Closing Balance at 30th June-23 | 20,059,971 | 13,567,028 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|--|----------|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 19.00 Sales | | | |
| Finished Products Sold | | 868,372,153 | 803,176,123 |
| | | 868,372,153 | 803,176,123 |
| 20.00 Cost of Goods Sold | | | |
| Prime Cost | 20.01 | 377,546,671 | 505,511,882 |
| Production overhead | 20.02 | 256,425,709 | 221,258,525 |
| Opening stock of Semi Finished Products | | 195,952,161 | 141,322,088 |
| Opening stock of Finished Products | | 53,619,992 | 29,366,799 |
| Less: Closing stock of Semi Finished Products | | 163,348,618 | 195,952,161 |
| Less: Closing stock of Finished Products | | 59,011,984 | 53,619,992 |
| | | 661,183,930 | 647,887,141 |
| 20.01 Prime Cost | | | |
| Cost of yarn consumed | 20.01.01 | 227,132,637 | 300,037,394 |
| Chemical goods consumed | 20.01.02 | 67,940,721 | 117,830,337 |
| Spare parts (mach & Equipt) goods consumed | 20.01.03 | 23,812,480 | 35,752,708 |
| Wages of workers | | 58,660,833 | 51,891,443 |
| | | 377,546,671 | 505,511,882 |
| 20.01.01 Cost of yarn consumed | | | |
| Opening balance | | 232,899,155 | 189,809,118 |
| Add: Purchases during the year | | 337,810,671 | 343,127,431 |
| Cost of yarn available for consumption | | 570,709,826 | 532,936,549 |
| Less: Closing balance | | (343,577,189) | (232,899,155) |
| | | 227,132,637 | 300,037,394 |
| 20.01.02 Chemical goods consumed | | | |
| Opening balance | | 143,888,381 | 84,334,491 |
| Add: Purchases during the year | | 69,165,372 | 177,384,226 |
| Cost of chemical available for consumption | | 213,053,753 | 261,718,717 |
| Less: Closing balance | | (145,113,032) | (143,888,381) |
| | | 67,940,721 | 117,830,336 |
| 20.01.03 Spare parts (Mach & Equipt) goods consumed | | | |
| Opening balance | | 59,585,264 | 69,270,928 |
| Add: Purchases during the year | | 30,237,016 | 26,067,044 |
| Cost of Spare parts available for consumption | | 89,822,280 | 95,337,972 |
| Less: Closing balance | | (66,009,799) | (59,585,264) |
| | | 23,812,480 | 35,752,708 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|-----------------|-------------------------------------|--------------------|--------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 20.02 | Production Overhead | | |
| | Salaries and wages - factory | 20,055,732 | 20,012,466 |
| | Packing materials | 2,748,025 | 2,235,973 |
| | Fabrics Color touch up expenses | 383,841 | - |
| | Production Expenses | 96,170 | - |
| | Medical fees for workers | 787,652 | 654,206 |
| | EPZ Workers Welfare Expenses | 135,035 | - |
| | Utility charges | 129,785,972 | 101,240,952 |
| | Loading and unloading charge | - | 143,140 |
| | Govt.duty & Vat expenses | 2,200,204 | 654,311 |
| | Conveyance | 288,927 | 337,565 |
| | Insurance | 4,918,305 | 4,899,679 |
| | ERP Software Maintenance Charge | 827,966 | - |
| | Car fuel cost | 811,344 | 483,569 |
| | Spare parts for Machineries | 11,333,172 | 4,051,072 |
| | Depreciation on ROU | 1,252,077 | 1,252,077 |
| | Depreciation | 80,801,285 | 85,293,517 |
| | | 256,425,709 | 221,258,525 |
| 20.02.01 | Utility Charges | | |
| | Gas bill | 93,928,140 | 64,380,316 |
| | BEPZA Gas charge | 10,333,294 | - |
| | Water bill | 11,724,041 | 11,589,538 |
| | Electricity bill | 13,800,497 | 25,271,098 |
| | | 129,785,972 | 101,240,952 |
| 21.00 | Administration Expenses | | |
| | Office staff salaries | 25,464,779 | 25,933,654 |
| | Director's Remuneration | 3,600,000 | - |
| | Fabrics testing charge | 388,259 | 422,251 |
| | Printing and stationery | 288,211 | 340,349 |
| | Courier bills | 95,511 | 185,785 |
| | Computer Maintenance | 285,100 | - |
| | Telephone bill | 284,245 | 244,507 |
| | Internet bill | 423,280 | 398,700 |
| | Hotel Accomodation | - | 122,694 |
| | Audit fees | 115,000 | 115,000 |
| | Legal & consulting fees | 139,750 | 780,950 |
| | Sales Commission | - | 2,339,188 |
| | Clearing & forwarding expenses | 10,305,782 | 8,583,079 |
| | Commercial (EP&IP & BTMA) Expenses | 65,307 | 485,660 |
| | Car maintenance | 522,348 | 184,196 |
| | Registration & License Renewal | 699,344 | 1,823,128 |
| | Depreciation | 2,612,120 | 2,791,207 |
| | Workers Food expenses | 729,470 | 768,132 |
| | Consultation & Supervision expenses | - | - |
| | | 46,018,506 | 45,518,480 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

| | Notes | Amount in BDT | |
|---|-------|-------------------|-------------------|
| | | 30 June, 2023 | 30 June, 2022 |
| 22.00 Other Income | | | |
| Wastage/Scrape sold | | 574,110 | 859,150 |
| Interest on STD A/C | | - | 135,258 |
| Interest in FDR & Bank Guarantee | | 1,202,673 | 639,716 |
| | | 1,776,783 | 1,634,124 |
| 23.00 Financial Expenses | | | |
| Bank Charges | | 1,887,110 | 2,321,499 |
| L/C and guarantee expenses | | 1,919,795 | 3,093,553 |
| Profit/ Losses on currency fluctuation (note: 23.01) | | 30,115,375 | 1,586,594 |
| Interest on lease finance | | 4,344,819 | 4,360,879 |
| Interest on Short & Long Term Loans | | 29,399,813 | 21,469,412 |
| | | 67,666,912 | 32,831,937 |
| 23.01 Profit/Loss on Currency exchange rate: | | | |
| Losses on Currency exchange rate | | 76,603,468 | 12,700,485 |
| Less: Profit on Currency exchange rate | | 46,488,093 | 11,113,891 |
| | | 30,115,375 | 1,586,594 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

Annexure - A

| Customer Name | Amount in BDT | |
|--------------------------------|-------------------|-------------------|
| | 30 June, 2023 | 30 June, 2022 |
| Archroma Singapore Lte Ltd | - | 9,327,193 |
| Allplast Bangladesh Ltd | 1,386,600 | 553,676 |
| Badsha Textiles Ltd | - | 9,828,000 |
| BVM Overseas Ltd | 45,957,328 | - |
| Daimond Fabrics Ltd | 1,277,846 | - |
| Ha-meem Spinning Mills Ltd | 2,811,270 | - |
| Vardhman SPG & GEN MILLS (EOU) | 24,575,629 | - |
| | 76,008,675 | 19,708,869 |

EOS TEXTILE MILLS LTD.
Notes to the Financial Statements
For the year ended June 30, 2023

Annexure - B

| Customer Name | Amount in BDT | |
|---|-------------------|-------------------|
| | 30 June, 2023 | 30 June, 2022 |
| Active Logistics Ltd. | 7,614 | 72,214 |
| Asian Tools | | 30,500 |
| Bangladesh Business Centre | | |
| Bangladesh Export Processing Zone(BEPZA) | 6,145,714 | 2,655,868 |
| Banga Plastic International Ltd | | 233,585 |
| Bismillah Rubber and Engineering Works | 93,120 | - |
| BTCL | 865 | |
| Bureau Veritas Consumer Services Ltd | - | |
| Clarke Energy Ltd | | 62,577,000 |
| Computer Information System (BD) | 51,000 | |
| Control Union Certification | | 19,409 |
| Consumer Gas Services | | |
| Cool N Fresh | | 88,910 |
| Datatex Consulting S.r.l | 745,148 | |
| DEPZ Medical Centre | 54,570 | 47,175 |
| Delcot Ltd | | |
| Dexterous Engineering | | |
| DHL Worldwide Expresses | 16,731 | 31,239 |
| Harisons Color Touch | - | |
| ITS Labtest Bangladesh Ltd | 128,354 | |
| JTZ Engineering & Trading Inn | 37,102 | |
| Kavaji Nariman & Company Ltd | 150,866 | 158,926 |
| Karnapuli Insurance Company Limited | 65,942 | |
| M/S Nabil Enterprise | 17,848 | |
| M/S S.Alam Construction | | 146,958 |
| M/S Touch Paper Products | | 176,167 |
| MOBIL Jamuna Lubricants Ltd | 36,290 | 23,839 |
| Nasir Engineering Service | 219,960 | 176,411 |
| Nabil Enterpirse | - | |
| New Khan Transport Agency | 98,800 | |
| New Bangladesh Business Centre | 207,444 | 125,850 |
| Prime Electric & Hardware | - | 181,940 |
| Rafin Cargo Transport | 40,430 | - |
| Renovate Cooling Tower | | - |
| Rifline Logistics Ltd | 408,430 | - |
| R.R. Enterprise | 70,402 | - |
| Titas Gas Transmission & Distribution Co. Ltd | 22,022,123 | 6,166,072 |
| Unique Hotel & Resorts Ltd | | 122,694 |
| Unitex Associates BD | 76,230 | |
| Vision Engineering | | - |
| ZK Bearing & Tools | 248,677 | 109,822 |
| | 30,943,668 | 73,144,579 |

EOS TEXTILE MILLS LTD.

Statement showing Computation of Total Income and tax liability there on u/s-82BB of ITO 1984

| Particulars | Amount in BDT | |
|--|--------------------|-----------------------|
| | 30 June, 2023 | 30 June, 2022 |
| Net profit/loss before taxation as per audited profit and loss account | 95,279,588 | 95,279,588 |
| | 95,279,588 - | 95,279,588 |
| Less: Charges to be considered separately | 1,776,783 | 1,776,783 |
| | 93,502,805 | 93,502,805 |
| Add: Charges to be considered separately: | | |
| Accounting depreciation | 83,413,405 | 83,413,405 |
| Provision of Gratuity | 4,547,273 | 4,547,273 |
| | 87,960,678 | 87,960,678 |
| | 181,463,483 | 181,463,483 |
| Less: Admissible item: | | |
| Tax depreciation | 86,763,385 | 86,763,385 |
| | 94,700,098 | 94,700,098 |
| | 872,701 | 872,701 |
| Less: Gratuity Paid | | |
| Total business income/(Loss) | 93,827,397 | 93,827,397 |
| Add: Other Income | 1,776,783 | 1,776,783 |
| Total income/ (Loss) | 95,604,181 | 95,604,181 |
| Add: Unabsorbed depreciation carry forward | - | - |
| Balance loss carry forward u/s 38 of the ITO 1984 | - | - |
| Taxable income | 95,604,181 | 95,604,181 |
| Calculation of Tax Liability | | |
| a) Tax liability on taxable income | 93,827,397 @ 15% | 14,074,110 |
| Other receipts | 1,776,783 @ 35% | 621,874 |
| Total Tax Liability | | 14,695,984 |
| b) Minimum tax liability u/s 82C: | | |
| Gross Receipts Including sales | | Taxable period |
| Minimum tax | | Total |
| | | 868,372,153 |
| | | 2,404,723 |
| c) Tax Deducted at source on export revenue and charged u/s 53BBBB/83C (note:c-1) | | 8,470,835 |
| Total Tax Liability | | 8,470,835 |
| Tax paid u/s 53BBBB/64 | | |
| Tax deduction in advance u/s 53 on Export sales- Final tax u/s 82c | | - |
| Minimum tax liability u/s 82C | | 8,470,835 |
| Tax deduction in advance on others | | 242,486 |
| | | 8,713,321 |
| Less: Tax liability for the year u/s 53 on export sales-Final tax u/s 82C minimum tax liability | | 23,166,819 |
| Net tax payable (liability) /refund u/s 74 | | (14,453,498) |
| Add: Previous year refund for advance tax paid u/s 64 from assessment year 2021-22 | | 0 |
| Total tax payable liability/refund | | (14,453,498) |
| Note:(C-1)Tax deducted at source on export& bank interest and others | | |
| At Source deduction by Banks from Export bills | | 8,470,835 |
| Advance paid to BRTA(Bangladesh Road and Transport Auth.) | | 75,000 |
| Income Tax paid on Bank Gurantee+NFC D A/C Interest | | 133,039 |
| AIT paid on interest from STD A/C | | 2,055 |
| AIT paid on Wastage sales | | 32,392 |
| | | - |
| | | 8,713,321 |



SHASHA DENIMS LIMITED

Head Office, House # 23, Road # 129, Gulshan-1, Dhaka.

PROXY FORM

I/We _____
of _____ being a shareholder of Shasha Denims Limited and entitled to vote, hereby
appoint Mr./Mrs./Miss _____ of _____
as my/our proxy to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be
held on **21th December, 2023 at 10.30 a.m.** at Digital Platform or at any adjournment thereof or at any ballot to be taken in
consequence hereof.

Signed this _____, Signature of proxy _____
day of _____, 2022

Signature of Shareholder



Signature of Proxy

BO ID:

No. of Shares _____

Note :

- 1) This form of proxy, duly completed and signed must be deposited at least 48 hours before the meeting at the Company's registered office. Proxy is invalid if not signed and stamped as explained above.
- 2) Signature of the Shareholder must be in accordance with Specimen Signature recorded with the Company.



SHASHA DENIMS LIMITED

Head Office, House # 23, Road # 129, Gulshan-1, Dhaka.

ATTENDANCE SLIP

I hereby record my attendance at 26th Annual General Meeting of the Company being held on **21th December, 2023 at 10.30 a.m.**
at Digital Platform.

Name of the Member/Proxy _____

BO ID:

Signature of Shareholder _____ Signature of Shareholder _____

Date _____

N.B. Shareholder attending meeting in person or by Proxy are requested to complete the Attendance Slip and deposit same at the entrance of the meeting.

www.shashadenims.com

HEAD OFFICE :

House # 23, Road # 129, Gulshan-1, Dhaka-1212

Tel: 88-02-222260548, 222264679

222291632, 222290659

Email: info@shashabd.com

FACTORY :

Plot # 184-193 & 277, DEPZ (Ext.) Savar

Dhaka, Bangladesh

Tel: +88-02-(996689302-05), 996689188

Please Visit Us
www.shashadenims.com

