



# ANNUAL REPORT

2022-2023



*Legacy Footwear PLC*

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## **NOTICE OF THE 26<sup>th</sup> ANNUAL GENERAL MEETING**


Notice is hereby given that the **26<sup>th</sup> Annual General Meeting (AGM)** of the Shareholders of Legacy Footwear Limited will be held on **Monday 25<sup>th</sup> December 2023 at 12:30 P.M** (Dhaka time) through **digital Platform** to transact the following business:

### **Agenda**

- 1.0 To consider and adopt the Auditors Reports and Audited Financial Statements of the company for the year ended as on June 30, 2023.
- 2.0 To Appoint External/Statutory Auditors for the year 2023-2024 and fixation of their remuneration.
- 3.0 To declare dividend, for the financial year ended on 30 June, 2023.
- 4.0 To appoint Corporate Governance Compliance auditors for the year 2023-2024.
- 5.0 To elect and adopt new Directors.
- 6.0 To determine MD's Remuneration & other facilities.
- 7.0 To approve resignation of Independent Director.
- 8.0 Miscellaneous, if any.

Dhaka, December 03, 2023

By order of the Board

  
Shah Alam Swapan  
Company Secretary (c.o)

### **Notes:**

1. The Record Date of the Company was Tuesday, 30<sup>th</sup> November, 2023.
2. Pursuant to the Bangladesh Securities and Exchange Commission's Order No. SEC / SRMRC / 04-231 / 25 dated 08 July 2020, the Annual General Meeting will be conducted virtually via digital platform.
3. The members will be able to submit their question (s) / comment (s) and vote electronically 24 hours before commencement of the AGM and during the AGM.
4. The Form of Proxy (scanned copy), duly stamped with a revenue stamp of Tk. 20.00 must be sent via email to Legacy Footwear Ltd. at legacyfl@hotmail.com not later than 72 hours before the meeting.
5. Pursuant to Bangladesh Securities and Exchange Commission's Notification No. BSEC / CMRRCD / 2006 158/208 / Admin / 81 dated 20 June 2018, the Annual Report 2022-2023 of the Company shall be sent to the respective e-mail addresses of the Shareholders mentioned in their Beneficiary Owner (BO) Accounts with the depository. In case of non - receipt of Annual Report 2022-2023 of the Company through e-mail, Shareholders may collect the same from the Registered Office of the Company by submitting written request beforehand.
6. In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC / CMRRCD / 2009-193 / 154 dated 24 October 2013, No Gift / Gift Coupon / Food Box / Biscuit Box / Cash or kind shall be distributed.

## Company Profile

### Board of Directors

**Mr. Quazi Nafees Ahmed**  
Chairman

**Ms. Shahnaz Sultana**  
Sponsor

**Mr. Hasan Warasul Alam**  
Nominee Director

**Mr. Md. Khurram Ja Murad**  
Independent Director

**Mr. Faruqul Islam**  
Independent Director

#### **Auditors:**

##### **M. Z. Islam & Co.**

Easter View (10<sup>th</sup> Floor) 50  
D.I.T Extension Road,  
Nayapaltan, Dhaka-1000  
TEL: 88-02- 222220092, 88-02-  
8310365

#### **Factory:**

Vill : Vannara, P.O: Mouchak  
P.S: Kaliakoir, Dist : Gazipur  
Bangladesh

**Mr. Quazi Rafi Ahmad**  
Managing Director

**Ms. Samina Naz**  
Sponsor

**Mr. Ahmed Farabi Chowdhury**  
Nominee Director

**Mr. Md. Abu Sayeed**  
Independent Director

**Mr. Shah Alam Swapan**  
Company Secretary (c.c)

#### **Banker:**

Jamuna Bank Ltd.  
Dilkusha Branch,  
Dhaka-1000

EXIM Bank Ltd.  
Gulshan Corporate Branch  
Gulshan-01, Dhaka

#### **Registered Office:**

House # 133, (Ground  
Floor) Lane #01(West  
Side), DOHS Baridhara,  
Dhaka-1206

# KEY FINANCIAL HIGHLIGHTS

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19
Turnover	1,757,855	119,941,115	157,441,950	121,357,662	299,776,900
Less: Cost of Goods Sold	6,129,933	98,682,507	110,209,514	121,299,013	208,710,426
Gross Profit/(Loss)	(4,372,078)	21,258,608	47,232,436	58,649	91,066,474
Less: Administrative & Selling Overhead:	8,483,450	33,603,890	42,554,641	97,472,085	37,629,679
Administrative Overhead	4,332,328	7,533,351	10,923,489	10,221,264	9,299,186
Sales Expenses	163,807	1,499,757	1,662,530	1,485,877	1,464,987
Financial Expenses	6,531	19,538,966	24,671,974	30,578,092	26,865,506
Abnormal Loss	(12,986,116)	5,031,816	5,296,648	55,186,852	-
Operating Profit/(Loss)	4,111,372	(12,345,282)	4,677,795	(97,413,436)	53,436,795
Add: Other Income	421,000	1,600,000	578,784	41,625	85,450
Net Profit/(Loss) before Tax & WPF	4,532,372	(10,745,282)	5,256,579	(97,371,811)	53,522,245
Less: Provision for Workers Participation Fund	(215,827)	-	(262,829)	-	2,676,112
Net Profit/(Loss) before Tax	4,316,545	(10,745,282)	4,993,750	(97,371,811)	50,846,133
Current Tax from Operational Income	100,350	(1,039,647)	656,478	-	6,355,767
Deferred Tax expense/(income)	876,179	582,971	(859,903)	(962,860)	(751,285)
Net Profit/(Loss) after Tax	3,340,016	(11,201,958)	5,197,175	(96,408,951)	45,241,651
Less: Set Off Accumulated Loss	-	-	-	-	-
Surplus for the year	65,117,385	(11,201,958)	5,197,175	(96,408,951)	45,241,651
Add: Deferred tax related to revaluation reserve	(9,767,608)	-	-	-	-
Total Comprehensive Income for the period	58,689,793	(11,201,958)	5,197,175	(96,408,951)	45,241,651
Earnings Per Share	0.23	(0.86)	0.39	(7.37)	3.46

# REPORT OF THE DIRECTORS

## Dear Shareholders,

On behalf of the Board of directors of Legacy Footwear Limited, I would like to take the pleasure of presenting the Annual Report along with the Financial Statements for the year ended 30th June 2023.

## STATE OF GLOBAL FOOTWEAR INDUSTRY IN 2023

Global sales from leather shoes exported by all countries in 2023 totaled US\$129.30 billion. That dollar amount reflects a 2.35% increase from leather footwear exported in 2022 when international sales equaled \$124.70 billion.

Year over year, exported leather shoes accelerated by 3.68% compared to \$124.70 billion during 2022.

The top 5 largest exporters of leather footwear by dollar value are mainland China, Brazil, Russia, India and Italy. Collectively, that cohort of leading suppliers generated well over half (60%) of international sales of leather footwear.

Among continents, European countries sold the highest dollar value worth of exported leather shoes with shipments valued at \$27.8 billion or half (50.2%) of worldwide export sales for this commodity. Exporters in Asia were close behind, exporting \$25.6 billion worth or 46.2% of the global total.

In 2023 footwear production and exports grew by 8.8% and 7.4%, respectively.

In 2023 footwear consumption bounced back strongly in North America: consumption per capita reached the 5 pairs threshold, only slightly below its pre-pandemic level. In Europe the recovery was much weaker, with consumption per capita increasing by only 0.3 pairs and remaining far from the 4.4 pairs achieved in 2022. Consumption per capita in Asia increased by the same amount, 0.3 pairs, but this was enough to bring it back to the pre-pandemic level. Given the continent's huge population, Asia's share of footwear consumption worldwide reached a new peak of 56.1%. North America overtook Europe in 2nd position, although not by a large margin. South America and Oceania also gained some share over the previous year, but consumption in Africa has yet to recover from the effects of the pandemic.

Earlier, the global footwear market was growing slowly, and it took four years to breach the mark of 24,000 million pairs in 2019 from 23,000 million pair in 2023.

As per TexPro, footwear sale recovered around 10 per cent to 22,492.72 million pairs in 2021. It is expected to grow to 23,730.66 million pairs in 2022, and to 24,395.11 million pairs in 2023.

Asia now accounts for more than 88% of the world's production, an increase of more than half of a percentage point than in the previous year. Moving in the opposite direction, Europe's share dropped below 3%, as also happened with Africa's. South America slightly increased its share and is the main location of production outside Asia.

## Top Footwear Consumers Continents in 2023

The following top footwear consumer continents (in term of volume)



## Source: World Footwear Yearbook 2023

China leads the table of the world's footwear exporters by a very wide margin but, for more than a decade, it has been slowly losing market share to other Asian countries. Vietnam is the greatest success story of the footwear industry in the last ten years and now represents roughly 15% of world exports, putting it comfortably in 2nd position in this table. Recently Turkey has also made considerable progress and, since 2017, has climbed from 8th to 4th position with 3rd position not being beyond reach. Germany remains Europe's largest footwear exporter ahead of Belgium, Italy and the Netherlands. In 2021, Cambodia reclaimed the 10th position that it had lost to Spain in the previous year.

### Top 10 Leather Shoes Exporters in 2023

Below are the 10 countries that exported the highest US\$ value worth of leather shoes during 2023.

1	China	74 billion	(25%)
2	Brazil	28.3 billion	(9.5%)
3	Russia	21 billion	(7.16%)
4	India	19 billion	(6.4%)
5	Italy	16.3 billion	(5.5%)
6	Argentina	13.4 billion	(4.5%)
7	South Korea	12 billion	(4.0%)
8	Turkey	10.4 billion	(3.5%)
9	Vietnam	8.9 billion	(3.0%)
10	Pakistan	7.5 billion	(2.5%)

Source: <https://blackbirdleathers.com/top-10-largest-leather-producing-countries-worldwide-in-2023/>

In terms of value, the above mentioned 10 countries shipped 65.56% of all leather shoes exported in 2023.

Overall, Chinese output has been in decline since 2017. The start of the pandemic year saw the lowest export levels in recent years. However, the data for 2023 shows a strong rebound in demand even as many countries continued to battle with complex pandemic issues.

While Chinese output was on the decline, the amount heading toward the U.S. increased between 2017 and 2018. But after the U.S. began imposing trade tariffs on Chinese goods imports in 2018, Chinese imports fell. In 2023, Chinese exports of apparel and footwear to the U.S. were down 21% from the prior year.

However, there may be respite coming, given the challenge the U.S. is facing with inflation and a decision pending on whether the tariff program will be suspended. What a suspension looks like is still to be determined but it appears to be a quick win in the very short term with potentially longer-lasting implications.

### WAR ON UKRAINE TO NEGATIVELY IMPACT BANGLADESH EXPORT

When the news broke that Russia had invaded Ukraine on February 24th 2022, shockwaves were felt worldwide. Now, nearly a year later, as the bloody conflict in that region rages on, unaffected countries continue to try and find ways to support Ukraine. The most terrible consequences have been felt by people living and working in Ukraine, but perhaps looking at the war's wider consequences in a global context can shed light on the nature of the conflict as something which involves not just the two warring countries, but has material and ethical concerns for all.

The Russia-Ukraine conflict, energy crisis and increasing inflation are likely to rein in Bangladesh's present export momentum to Europe in the future, according to German ambassador to Bangladesh Achim Troster, who recently said as the purchasing power of the German consumer falls, they will spend less in buying consumer goods like readymade garments and leather.

Inflation in Germany has recently hit a 50-year high of 8 per cent, according to fresh figures from The country's Federal Statistical Office.

Amid the Russia-Ukraine war, Bangladesh's export earnings in June 2023 hit a nine-month low to \$3.83 billion, 1.64 percent lower than that of the earnings target of \$3.89 billion set by the government. Troster was quoted as saying by Bangladesh German Chamber of Commerce and Industry (BGCCI) in a statement.

"Bilateral trade between Germany and Bangladesh amounts to over \$7 billion, with Germany importing over \$6 billion worth products, mostly textile. Germany is Bangladesh's second largest export market after US."

One of the largest export regions of Bangladesh is Europe. Fifty-eight percent of Bangladesh's total exports are exported to the European Union region countries. In comparison, the total export income of Bangladesh from Russia in the fiscal year 2022-23 is 1.72 percent. RMG products accounted for more than 91 percent of Bangladesh's exports to Russia.

Collectively, the export earnings of Bangladesh from Russia and Ukraine are less than 2% of the total export earnings of Bangladesh, if the conflict between Russia and Ukraine continues.

Bangladesh may be deprived of these export earnings. However, the Bangladesh Consulate in Russia proposed a Barter System, Government-to-Government Initiative to continue imports and exports with Russia.

### BANGLADESH LEATHER & FOOTWEAR SECTOR

In the first ten months of the current fiscal year\*, Bangladeshi leather exports increased by 39.97%, as compared to the same period of the prior fiscal year, totaling 1.01 billion US dollars. The export level was 18.7% above the strategic target of 852.36 million US dollars. The data from the Export Promotion Bureau of the Government of Bangladesh also shows that the leather industry is on track to surpass the strategic target set of 1.03 billion US dollars for the full financial year.

Leather footwear exports, which represented roughly 60% of the total value, grew by 31.46% in this period, on a comparable basis to similar period of the previous fiscal year, amounting to 607.00 million US dollars. The figure exceeded the strategic target set of 512.58 million US dollars by 18.42%.

In the ten months to April 2022, leather goods exports reached 273.18 million US dollars, up by 34.51% from the same period in the past fiscal year. The performance of this segment was also above the strategic target set of 231.90 million US dollars by 17.80%. Finished leather exports rose by 38.93%, generating 131.59 million US dollars, over the established target set of 107.89 million US dollars by 21.97%. Other footwear exports increased by 34.92% during the first ten months of the current fiscal year, adding up to 374.9 million US dollars, on a comparable basis to the period of July 2020 – April 2021. The export level was 13.37% % above the strategic target set of 330.69 million US dollars.

Footwear exports of Bangladesh have been growing consistently for years but experienced growth in 2020 for the first time in a decade. The plight of the footwear industry in Bangladesh started in early 2020 due to Covid-19 pandemic. The owners closed the factories, and local outlets and malls were closed by official order of shutdown in March 2020 due to the pandemic situation. Production was severely affected and as had been feared as the buying economies in USA, Europe and Japan started to open, Bangladesh factories were either closed or working at severely reduced capacities. The critical winter/ Christmas season sales in Europe were very poor. Their huge stockpile of unsold shoes from last winter meant they curtailed new orders for the season. In the domestic market for the second year in a row we were not able to operate our retail stores fully during the critical sales period starting from Pahaia Baisakhi to Ramadan to Eid ul Fitr.

#### The Bangladesh Footwear Sector at a Glance

- From July 2022 to June 2023, leather exports generated 1.01 billion US dollars, reflecting growth of 33% year-over-year. Leather footwear exports represent about 60% of the total revenue
- Revenue in the Footwear market amounts to US\$2.87bn in 2023. The market is expected to grow annually by 7.36% (CAGR 2022-2027).
- In global comparison, most revenue is generated in the United States (US\$124.84bn in 2023). The domestic market size of footwear is around TK 170 billion. Domestic demand for footwear industry is around 200 to 250 million pairs a year

Bangladesh Footwear Industry		
	Value in USD 2022-2023	Contribution to export earnings
Exports	1114.3	2.36%

Source: Annual Report 2020-2021, Bangladesh Bureau of Statistics

#### LEGACY FOOTWEAR LTD'S BUSINESS: 2022-23 IN REVIEW

##### Export Business

2022-23 had been a challenging year in terms of global footwear demand that was worsened by the supply chain issues that emerged and changed consumer behavior across the world. Legacy struggled to ensure smooth order flow from its major customers in Europe throughout the year to fill its capacity at sustainable prices.

The table below represents 5 years sales figures and gross profit/profit:

Figures in taka "000"

Performance	2022-2023	2021- 2022	2020- 2021	2019- 2020
Sales	1,757	119,941	157,442	121,358
Gross Profit	(4,372)	21,258	47,232	59
Net Profit after Tax	3,340	(11,202)	5,197	(96,409)

#### FUTURE OUTLOOK OF THE INDUSTRY

- Sales of footwear has decreased both in the international and domestic markets.
- Loss and reduction of personal income has led to general "impoverishment" around the world- everybody wants to spend less on essentials.
- Exports to Europe would return to normalcy slowly as their economy recovers.
- The buyers/retailers of USA and Europe still have excess finished goods stock in their stores due to plummeting sales amid lockdowns in their countries affecting their new orders.
- Higher price sensitivity means stronger growth in lower priced products especially non leather.

#### FOCUS OF LEGACY FOOTWEAR LIMITED ON THE FOLLOWING AREAS IN 2022-2023

1. Value addition growth and margin protection
2. Optimizing capacity
3. Efficiency and productivity gains
4. Strengthening market research throughout the world
5. Investing in e-commerce business
6. Look for new market to have better margins
7. Explore new non-leather footwear business
8. Drive continuous learning and development throughout the Company
9. Continue to build partners with global brands
10. Attain best in class sustainability standards
11. Drive supply chain management to reduce inventory at all stages of our operations.



## RELATED PARTY TRANSACTION

There were no such significant transactions to report between the Company and the Director(s), the management or the relatives except those are disclosed in the financial statements in as per requirements of IFRS.

## HIGHLIGHTS ON CHANGES IN FINANCIAL POSITION AT THE END OF JUNE 2023 ON JUNE 2022

- **Property, Plant & Equipment:**  
This year, increase in Property, Plant & Equipment was Tk. 157,520,172
- **Capital Work-in-Progress:**  
During the year, Capital Work-in-Progress Transfer to Property, Plant & Equipment.
- **Inventories:**  
Inventories Written off by Taka 32,293,423

### Accounts Receivable:

Accounts Receivable consider bad debt during the year by Tk 82,121,401 rest of the receivables are considered good in terms of security and previous collection history.

- **Advances, Deposits and Prepayments:**  
Advances, Deposits and Prepayments decreased by Tk 2,640,695 which is equivalent to 15.52% lower than previous year.
- **Non-Current Liabilities:**  
Non-Current Liabilities increased by Tk 10,729,014 which is equivalent to 8.67% from the previous year.
- **Long Term Loan:**  
Long Term loan decreased by Tk 192,357,822 comparing to previous year.

## DIVIDEND

The Board of Directors has recommended **0.5% cash DIVIDEND** for the year ended June 30, 2022-2023, all shareholders except Sponsors and Directors of the company.

## DIRECTORS APPOINTMENT AND RE APPOINTMENT

The appointment retirement and re-appointment of Directors of the Company is governed by the Articles of Association, Companies Act and other related legislations. Mr. Quazi Rafi Ahmad and Mr. Quazi Nafees Ahmed Directors retired at this Annual General Meeting as per Articles 113, 114 and 115 of articles of Association of the company and being eligible, offer themselves for re-election.

## APPOINTMENT OF STATUTORY AUDITOR

As per the Bangladesh Securities and Exchange Commission's Notification No. BSEC / CMRRCD / 2006 – 158 / 208 / Admin /81 dated 20 June 2018, the Board of directors have recommended the name of M.Z Islam & Co. Chartered Accountants, Eastern View (10th Floor) 50D.IT Extension, Road, Nayapaltan, Dhaka-1000. For consideration and approval for appointment as the auditor for the year 2023-2024 by the shareholders in the 26<sup>th</sup> Annual General Meeting and fix their remuneration.

## APPOINTMENT OF COMPLIANCE AUDITOR

The Board in its meeting held on 11<sup>th</sup> November 2023 recommended to appoint S. M. Zakaria & Co, Chartered Accountants, as the compliance auditor of the Company to audit the 'Corporate Governance Code' for the year 2023- 24.

## BANGLADESH SECURITIES AND EXCHANGE COMMISSION COMPLIANCE

The compliance status certification and report required to be presented by the Company in pursuance of the Condition No. 5 of Corporate Governance Code of Bangladesh Securities and Exchange Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 issued by Bangladesh Securities and Exchange Commission under Section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is attached.

**Explanations on qualifications:** - On the basis of Auditors Report for the yearending 30 June 2023 there are as many as five qualified opinions. The Board clarifies those as underneath:

**1. Quantifying of Tax Liability:-** Assessment procedure of pending Tax Liabilities is in progress. We hope that it will be completed very soon. We also strongly hope that there will be no additional Tax liability after completion of the procedure.

## **2. Unpaid Dividend:-**

The Company has unpaid dividends with BDT 2,780,960 as at 30 June 2023 which is yet to be transferred to CMSF setup by BSEC. This is to be noted that we have already transferred the unclaimed stock dividends to the fund. Unpaid cash dividend shall be transferred soon.

## **3. Cash in hand:-**

Due to certain transaction complicity with our Bank we had to keep Tk 46,875,300 in form of cash in hand. As soon as we resolve the matter with our Bank usual procedure of banking transaction shall resume.

## **4. Payable Workers Profit Participation Fund:-**

The Company has paid Tk 130,600 out of Tk 216,282 among the workers as WPPF. The rest will be distributed after obtaining NBR registration and deducting Tax and other liabilities according to the laws of NBR.

## **5. Temporary Loan:-**

The Company has recognized Accounts temporary loan worth BDT 4,900,000 as at 30 June 2023. We are constantly in communication with them and trying to collect that temporary loan.

## **ACKNOWLEDGEMENT**

I, on Behalf of the Board, would like to express my gratitude for the continued support and cooperation from our valued shareholders, all the customers and all the regulatory bodies of the country besides Bangladesh Securities and Exchange Commission. We look forward to your continued cooperation and support to drive us towards sustainable prosperity. Confidence and trust our customers have bestowed in our products and Company. I would like to particularly thank all Legacy Footwear employees for their commitment, sacrifice, and hard work. We look forward to your continued cooperation and support as the driving force for honest and sustainable growth of the Company in the future.

On behalf of the Board



**Quazi Nafees Ahmed**

Chairman

November 13, 2023 Dhaka

## Annexure-1

Pursuant to Bangladesh Securities and Exchange Commission's Notification on 'Corporate Governance Code' dated 03 June 2018, the Directors also report that:

- Extraordinary gain or loss occurred during the financial year has been explained;
- Details of risk management process has been discussed on the Management's Discussion & Analysis
- Details of related party transactions has been presented to the financial statements;
- The Company's IPO was made in 2000. No further issue of any instrument was made during the year;
- Significant variance that occurs between quarterly financial performance and annual financial statements have been explained;
- The amount of total remuneration to Directors including Independent Directors has been presented to the financial statements;
- The financial statements of the Company fairly present its state of affairs, result of its operations, cashflows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriate accounting policies have been followed in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment ;
- The financial statements were prepared in accordance with IAS/IFRS and any departure thereof has been adequately disclosed;
- The internal control system is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as a going concern;
- Significant deviations from the previous year in operating results of the Company have been highlighted and reasons thereof have been explained;
- Rights and interest of minority shareholders have been protected by means of proper disclosure of material information of the Company;
- Key operating and financial data of at least preceding 5 (five) years have been summarized in this Annual Report;
- No bonus or stock dividend has been declared as interim dividend during the year;
- Cash dividend has been declared by the Company.
- The number of Board meetings and attendance of Directors during the year 2022-2023 has been presented in Annexure-2;
- The pattern of shareholding as on 30 June 2023 has been presented in Annexure -3.
- A report on Management's Discussion and Analysis has been presented in this Annual Report
- Certification under the Corporate Governance Code the Managing Director and Chief Financial Officer on the financial reporting has been presented in this Annual Report.
- Status of compliance of conditions of BSEC's Corporate Governance Code dated 03 June 2018 has been presented in this Annual Report.

## Annexure-2

**Directors Meeting & Attendance:** During the financial year 2022-2023 under review a total 05 (five) Board meetings were held. The Chief Financial Officer, Company Secretary and Head of Internal Audit and Compliance were present in all the Board Meetings. The attendance by each Director is mentioned below:

Name of the Member	Position	No. of Meeting held whilst a Committee Member	Meeting Attended
Mr. Quazi Nafees Ahmed	Chairman	05	05
Mr. Quazi Rafi Ahmad	Managing Director	05	05
Mr. Khuram Ja Murad	Independent Director	05	04
Mr. Md. Abu Sayeed	Independent Director	05	04
Mr. Farukul Islam	Independent Director	05	04

## Annexure-3

**Pattern of Shareholding: As at 30 June 2023**

Name & Description of Shareholders	Shares Held	% of Holding
<b>A. A. Directors/MD:</b>		
Ms. Shahnaz Sultana - Sponsors	1,505,681	11.51
Mr. Quazi Rafi Ahmad - Managing Director	262,137	2.00
Mr. Quazi Nafees Ahmed - Chairman	699,062	5.34
Ms. Samina Naz - Sponsors	355,284	2.72
Mr. Quazi Aziz Ahmed - Sponsor	266,157	2.03
Mr. Sharifuddin Ahmed - Sponsor	18,041	0.14
Mr. Quazi Farook Ahmed - Sponsor	18,041	0.14
Mr. Tony Luca - Sponsor	799,951	6.12
<b>B. Shareholders who hold 10% or more:</b>	Nil	-
<b>C. Other shareholders who hold less than 10%:</b>	91,55,626	70.00
<b>D. Executives</b>		
Mr. Shah Alam Swapan - Company Secretary (i.c.c)	Nil	-
Mr. Mamun Hossain - CFO	Nil	-
Mr. Shah Nawaz - Marketing Manager	Nil	-
Mr. Md. Abdul Wadud - Commercial Manager	Nil	-
	1,30,79,980	100.00

# REPORT ON MANAGEMENT'S DISCUSSION & ANALYSIS

Legacy Footwear Limited is a 100% export oriented footwear manufacturing Company. It has been operating its business throughout Europe and Japan for more than two decades. The Company started its commercial production in 1999 and established its appearance in Capital market in the year 2000.

Our business stands on its reputation, commitment, quality product and integrity. Our customers are confident on our service and the quality of product. Legacy Footwear Limited is seriously considering to make its appearance in the local market very shortly.

## Global Economic Crisis & Russia-Ukraine war Overview

During 2022-2023 FY it was challenging for us to encounter difficulties caused by Global Economic Crisis & Russia-Ukraine war scenario. This scenario caused serious damages in raw materials supply from abroad. The Company had also faced difficulties to market its product to the overseas markets as normal scenario.

## Financial Overview

Due to Global Economic Crisis & war situation our sales revenue decreased by Tk 118,183,260 which is equivalent to 98.53% decrease comparing to the last fiscal year.

During the year 2022-2023 our cost of goods sold decreased by Tk 925,525,574 which is equivalent to 93.79% compared with the previous year.

Gross profit decreased by BDT 25,630,686 from the previous fiscal year.

Our Financial expenses for the year under review which is equivalent to Nil.

Profitability went up and accrued pre-Tax gain by BDT 4,316,545.

Earnings per share increased from 0.86 to 0.23 in the current year.

Net asset value per share increased from 9.83 to 11.19 in 2022-2023.

Cash generated from operating activities decreased to Tk. (736,036) from Tk 14,694,700.

## Risk Management

In the financial statements of the year 2022-2023, we have applied accounting principles and policies in respect of all the areas consistently. All the estimates/provisions considered for preparation of financial statements against the expenditure required to settle the obligation at the date of statement of financial position. We are always concerned about any credit risk, liquidity risk, market risk, currency risk and interest rate risk which can affect our business and shareholders' value. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit risk exposures from financial assets are very nominal and with regards to liquidity risk, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through dynamic cash flow forecasting and ensuring sufficient liquidity to meet all obligations in time. Currency risk is prevalent in our business especially for export, along with changes in competitor's foreign exchange rates, changes in tariff rates, changes in import/export policies of any foreign country, all of this can impact our business and management is constantly seeking best possible ways to mitigate such risks. Interest rate risk arises due to changes in interest rates on borrowings. There was no foreign currency loan, subject to floating rates of interest; for local borrowings there was no such interest rate risk during the year and our banking partners work closely with us to offer the most competitive pricing due to our credit worthiness and financial track record.

## Comparative Financial Performance with the Peer Companies

BDT in Million except where indicated otherwise

Particulars	Legacy Footwear Ltd.	Bata Shoe Company(BD) Ltd.	Fortune Shoes Ltd.	Apex Footwear Ltd.
	Audited (12 months- as on June 30, 2023)	Unaudited(9 months- till 31 March 2023)	Unaudited(9 months- till 31 March 2023)	Unaudited(9 months- till 31 March 2023)
Revenue	1.76	7540.21	-----	11622.73
Gross Profit/(Loss)	(4.37)	3427.37	-----	3106.73
Profit/(Loss) before Tax	4.32	625.83	7.438	209.07
Net Profit/(Loss) after Tax	3.34	422.50	4.556	80.39
Paid up Capital	43.07	136.8	70.4	129.94
Shareholders' Equity	48.20	3728.40	35.73	3027.03
Earnings Per Share (Taka)	0.23	30.88	0.65	6.19
Net Asset Value Per Share (Taka)	11.19	272.54	5.07	232.96
Net Operating Cash Flow Per Share (Taka)	(0.02)	39.28	.22	92.50

## Comparative Analysis of Key Financials

Comparative analysis of key financial performance and financial position (including effects of information) as well as cash flows for the current financial year comparing with the immediate preceding year:

	2022-2023
Revenue increase/(Decrease) %	(98.53)
Gross Profit Increase/(Decrease)%	(120.57)
Non-Current Assets Increase/(Decrease) %	1.70
Non-Current Liabilities Increase/(Decrease) %	86.67
Shareholders' Equity Increase/(Decrease) %	274.9
Net Asset Value Per Share	11.19
Net Operating Cash Flow Per Share	(0.02)

## Financial and Economic Scenario of the Country & Global

The global outlook remains subject to significant downside risk; specially in managing supply chain, including the possibility of new Covid-19 waves in the context of new variants and financial stress. We want to believe that the world economy is certainly walking out of its darkest moment in 2022 - 2023. Based on the research of multiple agencies, world economy growth is expected to stand at 6% in 2023, with the growth of China, the US, the Euro Zone, the UK and emerging economies at 8.1%, 7%, 4.6%, 7%, and 6.3%, respectively.

Bangladesh is on track to graduate out from United Nations list of least developed countries in 2024. Vision 2041 envisioned the elimination of extreme poverty and secure upper middle income country status by 2031 and to achieve high income country status by 2041. Bangladesh economy is now the 37th largest economy in the world with nominal GDP standing at 353 billion USD in 2022-23 with per capita income of 2,122 USD. The International Monetary Fund published a report that GDP growth rate remained positive at 3.8% in 2020 despite the Covid-19 and is expected to rise to 4.4% and 7.9% in 2022 and 2023 respectively. The Wall Street Journal observed that while Bangladesh has achieved admirable economic growth, it lags that of much faster growing economies like Vietnam and Cambodia. Exports and continuing remittance inflows 2 main drivers for economic growth, now accounting for 6% of GDP.

### Export Scenario at A Glance:

- In 2022-23, total export was 1.76 million USD. 15,944.26

- In 2022-23, total export was 15944.26 USD, a decline of 98.5% from the previous year

- In 2022-23, total export achieved a landmark amount of 50 billion USD.

### Record Inflow of Remittances:

A strong remittance inflow from the Bangladeshi Diaspora is expected to contribute heavily to growth in 2023. The Government aims to earn 150 billion USD through remittances between July 2020 and June 2025.

### Footwear Industry:

The footwear sector has also been severely affected has also been severely affected, with order cancellations, virtual freeze on new business, delayed shipments and consequent financial impacts, and major disruptions in the supply chains. In the face of these challenges, the government has undertaken several timely and farsighted measures to support industry and exports. Furthermore, the major destination countries for export- US, Germany, Italy, France, UK, Japan, India have all been hard hit by the economic fallout from Covid-19 & Russia-Ukraine war resulting in stalling growth, unemployment and decline in consumption in these markets.

  
Quazi Rafi Ahmad  
Managing Director

# REPORT OF AUDIT COMMITTEE

Legacy Footwear Limited has an Audit Committee of the Board of Directors, in compliance with the Notification of Bangladesh Securities and Exchange Commission (BSEC) No. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018. All Members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their duties and responsibilities as Members of the Audit Committee. The terms of reference of the Audit Committee has been determined by the Board in accordance with the BSEC Notification.

## Composition of Audit Committee

The Board Audit Committee of Legacy Footwear Limited is comprised of three Members of the Board of Directors including two Independent Directors. The composition of the present Board Audit Committee is as follows:

Mr. Khurram Ja Murad	Independent Director	Chairman
Mr. Quazi Nafees Ahmed	Non-Executive Director	Member
Mr. Md. Abu Sayeed	Independent Director	Member

Further the Company Secretary attends the Committee's meetings as the Secretary of the Committee. The Managing Director and Head of Finance/CFO attend the meetings by invitation. The Head of Internal Audit & Compliance, and the External Auditors attend the meetings as and when invited.

## Role and Responsibilities of the Audit Committee

The Audit Committee's role flows directly from the Board's oversight function, and the purpose, authority, composition, duties and responsibilities of the Audit Committee are delineated in its terms of reference. Some of the major responsibilities of the Audit Committee are as follows:

- Reviewing the form and content, and monitoring the integrity of the Company's annual, half yearly and quarterly financial statements and other financial results, and upon its satisfaction of the review, recommend the same to the Board for approval.
- Reviewing the adequacy and effectiveness of financial reporting process, internal control system, risk management, auditing matters, and the Company's processes for monitoring compliance with laws and regulations and the codes of conduct.
- Recommending to the Board the appointment, reappointment, audit fee and any question of resignation or dismissal of the external auditors.

- Exercising its oversight of the work of internal audit. Reviewing the effectiveness of internal audit function including performance, structure, adequacy of resources, and compliance with professional standards. Examining audit findings and material weaknesses and monitoring implementation of audit action plans.

- Reviewing the corrective measures taken by the Management as regards the incidents relating to fraud-forgery, deficiencies in internal control or other similar issues detected by Internal and External Auditors and Inspectors of the Regulatory Authorities and inform the Board on a regular basis.

- Reviewing and evaluating the factors related to the independence of the External Auditors and assist them in preserving their independence.

## Authority

The Audit Committee is authorized by the Board to review any activity within the business as per its terms of reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any Director or Member of Management, and all employees are expected to cooperate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company's Legal Advisors, Tax Consultant, Statutory Auditor and Compliance Auditor if required.



## Meetings and Attendance

During the year under review, the Committee held four meetings. The attendance of the Members at these meetings is as under:

Name of the Member	Position	No. of Meeting held whilst a Committee Member	Meeting Attended
Mr. Khurram Ja Murad (Independent Director)	Chairman	4	4
Mr. Quazi Nafees Ahmed	Member	4	3
Mr. Md. Abu Sayeed	Member	4	4
Mr. Abdul Baten Bhuiyan	Secretary	4	4

## Activities Carried Out during the year ended on 30th June 2023

In accordance with the 'Audit Committee Charter', the Audit Committee worked and evaluated items that were raised for consideration as well as discussed issues related to key events of every financial reporting cycle:

### Financial Reporting

- Reviewed the quarterly, half yearly and interim financial results of the Company and the relevant announcements to the Bangladesh Securities and Exchange Commission and the Stock Exchanges by the Board of Directors.
- Reviewed all the draft financial statements of the Company prior to submission to the Board of Directors for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities laws, provisions of the Companies Act 1994, applicable Accounting Standards/IFRSs, any conflict of interest and other relevant legal and regulatory requirements.

### Internal Audit

- Reviewed the audit plans including the audit methodology in assessing and rating risks of auditable areas to ensure adequate scope and comprehensive coverage on the audit activities of the Company.
- Reviewed the effectiveness of the audit process, resource requirements and assessed the performance of the Internal Audit Department. The competence and performance of the Head of Internal Audit was also reviewed.

- Reviewed the internal audit reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the Internal Auditors were discussed together with Management.

- Reviewed the implementation of these recommendations through follow-up audit reports to ensure all key areas were addressed.

- Suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement.

### External Audit

- The Committee met with External Auditors at the conclusion of their audits in the absence of Management and also reviewed their findings of observations and the Management's response thereto.

- Reviewed with the External Auditors about the scope of their audit, audit strategies and audit plans.

- Reviewed the external audit reports and areas of concern highlighted to the Management and the Management's responses to the findings of the External Auditors.

- Reviewed the performance, appointment process and audit fees based on scope of work and magnitude of the external auditors.

### Reporting of the Committee

On discharging its responsibilities, the Audit Committee has ensured the following:

- Financial statements have been prepared and presented in compliance with all laws, regulations & standards as applicable.
- Adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is adequately managed. Observations, findings and suggestions of the Committee were communicated to the Board of Directors and the Board of Directors had taken appropriate measures on the reports.

### Recommendations

- The Committee highlighted the importance of improving efficiency and productivity at all levels to ensure continued profitability of the Company.
- The Committee highlighted the lack of local backward linkage industry for footwear as a weakness of this sector, which is also creating high levels of working capital requirement compared to our competitor countries. This backward linkage will also help to reduce lead time from Bangladesh for export.

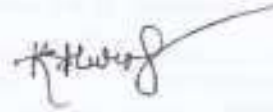
• The Committee recognized the need for a critical mass of factories working for export to improve bargaining power and attract more buyers.

• The Committee highlighted the need to invest in continuous training and human resource development for the Company.

• The Committee recognized that under very difficult circumstances the management has worked on a definitive strategy for the best of the Company.

• The Audit Committee considered and made recommendation to the Board on the appointment and remuneration of External Auditors M.Z Islam & Co., Chartered Accountants, 50, Eastern View (10<sup>th</sup> Floor) D.I.T Extension Road, Nayapaltan, Dhaka-1000, Chartered Accountants with fees of Tk. 2.00 lac only for the next annual audit, subject to the approval of the Members at the 26<sup>th</sup> Annual General Meeting of the Company.

On behalf of the Audit Committee



**Khurram Ja Murad**  
Independent Director  
Chairman of the Board Audit Committee  
October 10, 2023 Dhaka

# REPORT OF NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of Legacy Footwear Limited has duly constituted the Nomination and Remuneration Committee (NRC) as per Bangladesh Securities and Exchange Commission's Notification on Corporate Governance Code-2018. The NRC is a subcommittee of the Board of Directors of Legacy Footwear Limited. The NRC assists the Board in formulating the nomination criteria/policy for determining the qualification, positive attributes, experiences and independence of directors and senior-level executives as well as a policy for a formal process of considering the remuneration of directors and senior-level executives.

## Terms of Reference

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors, and as defined in the Charter of the NRC formulated in accordance with the Notification of the Bangladesh Securities and Exchange Commission's Corporate Governance Code-2018.

## Composition

The Nomination and Remuneration Committee of Legacy Footwear Limited is comprised of three non-executive Directors of the Board including an Independent Director. The Chairperson of the Committee is an Independent Director of the Company. The composition of the present NRC is as follows:

1. Mr. Md. Abu Sayeed, FCMA - (Independent Director)	Chairman
2. Mr. Quazi Nafees Ahmed	Member
3. Ms. Samina Naz	Member

Further the Company Secretary attends the Committee's meeting as the Secretary of the Committee. The Managing Director and Head of Human Resources and Administration attend the meetings by invitation. The Head of Finance/CFO attends the meetings, as and when invited.

## Qualification

The members of Nomination and Remuneration Committee of Legacy Footwear Limited possess adequate knowledge on business management and corporate governance matters.

## Roles and Responsibilities

The roles and responsibilities of the Nomination and Remuneration Committee flow directly from the Board's oversight functions. The purpose, authority, duties and responsibilities of NRC are delineated in its terms of reference. The prime responsibilities of the NRC, among others are as follows:

- The Committee shall be independent, responsible and accountable to the Board and the shareholders.
- Formulating the criteria / policy for fixing up fair remuneration for directors and senior management which need to be vetted and accepted by the Board of Directors.
- Obtaining the Board's approval for recruiting suitable candidates to fill the vacancies or to add more competent people from time to time in the Company's Board and also in the senior management position to remain compliant and to strengthen the senior management team.
- Establish the criteria for Board membership and to formulate the standard and transparent process for selection of Directors.
- To ensure that there is diversity in the Board structure taking into consideration age, gender, experience, ethnicity, religion, educational background and nationality.
- Developing the succession plans of Board members and senior-level executives.
- Review major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures.
- Reporting to the Board of Directors on the Committee's activities and findings.

## Meetings and Attendance

During the financial year 2022-23, the Committee met once. The Managing Director and the Head of HR attended the meeting by invitation of the Committee.

**The attendance of the Members is as under:**

Name of the Members	Position	No. of Meeting held whilst a Committee Member	Meetings (s) Attended
Mr. Md. Abu Sayeed, FCMA - (Independent Director)	Chairman	1	1
Mr. Quazi Nafees Ahmed	Member	1	1
Ms. Samina Naz	Member	1	1
Mr. Abdul Baten Bhuiyan	Secretary	1	1

**Activities carried out during Financial Year 2022 - 2023**

In accordance with the 'Terms of Reference' of Nomination and Remuneration Committee, the Committee carried out the following activities during the financial year 2022-2023:

- Reviewed the report of Nomination and Remuneration Committee.
- Reviewed the recommendation of non-executive director who was to resign by rotation and eligible for re-election/re-appointment as per the provisions of the Articles of Association of the Company.
- Reviewed its charter to satisfy itself that they enable the Committee to fulfill its responsibilities.
- Reviewed and evaluated the company's human resources status and the learning and development programs of the Company.
- Reviewed the scope and effectiveness of internal human resource functions and adequacy of it.
- Overseen other issues within the Terms of Reference of the NRC.

**Authority**

The Nomination and Remuneration Committee is authorized by the Board to review any activity within the business as per its terms of reference. The Committee is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any Director or Member of Management, and all employees are expected to cooperate with any request made by the Committee. The Committee is committed to performing its duties based on equality and fairness according to the principles of good corporate governance so that the Company can be developed consistently and sustainably.

On behalf of the Nomination and Remuneration Committee

On behalf of the Nomination and Remuneration Committee



**Md. Abu Sayeed, FCMA**  
Independent Director  
Chairman of the Nomination  
and Remuneration Committee  
September 19, 2023 Dhaka

## DIVIDEND DISTRIBUTION POLICY

### Introduction:

In compliance with the Directives No. BSEC/CMRRCD/2021-386/03 of Bangladesh Securities and Exchange Commission (BSEC) dated January 14, 2021; Legacy Foot Wear Limited formulated a policy known as "Dividend Distribution Policy". The highlights of the said policy are given below.

### Purpose:

The purpose of the policy is to comply with the Directives of Bangladesh Securities and Exchange Commission (BSEC). The parameters set out in the policy are applicable for distributor of dividend.

### Dividend Recommendation and Approval process:

Dividend to be recommended and approved as per applicable Acts and regulatory directives issued from time to time.

### Entitlement of Dividend:

Shareholders whose names shall appear in the Members Register of the Company or in the Depository Register of CDBL on the 'Record Date' of the respective year's AGM will receive entitled dividend.

### Process of Distribution of Cash Dividend:

Cash dividend shall be paid directly to the bank account within 30 (thirty) days from the date of approval by the Shareholders in the AGM subject to comply of circulars/directives of BSEC.

### Regulatory authority from time to time.

- I. Through Bangladesh Electronic Funds Transfer Network (BEFTN)
- II. Through bank transfer or any electronic payment systems recognized by the Bangladesh Bank (if not possible through BEFTN)
- III. In case of margin loan and claimed by loan provider, through the consolidated customer's bank accounts (CCBA)
- IV. To the separate bank account of the merchant banker or portfolio manager through BEFTN
- V. Through the security custodian following Foreign Exchange Regulation for non-resident sponsor, director, shareholder, unit holder or foreign portfolio investor (FPI).
- VI. Through assurance of cash dividend war rate in case of non-availability of bank account information or not possible to distribute cash dividend through BEFTN or any electronic payment system, shall issue cash dividend warrant and shall send it by post to the shareholder or unit holder.

### Regulatory authority from time to time.

The stock dividend shall be credited within 30 (thirty) days of approval subject to clearance of the regulatory requirement

exchange(s) and the central Depository Bangladesh Limited (CDBL).

- i. To the BO Account;
- ii. To the suspense BO Account  
Unclaimed stock dividend/bonus shares.  
A new Suspense BO Account has been opened in every year For the respective year's suspense shares;
- iii. The bonus dividend shall be  
Suspense BO account if BO account  
is not available or BO account is inactive;
- iv. The sale proceeds of fractional bonus dividend shall be  
Paid off as per circular of BSEC other regulatory  
authority from time to time.

### Unpaid or unclaimed of unsettled cash dividend:

Unpaid or unclaimed of unsettled cash dividends shall be settled as per instructions of BSEC or other regulatory authority from time to time.

### Unpaid or unclaimed of unsettled stock dividend:

Unpaid or unclaimed of unsettled stock dividends shall be settled as per instructions of BSEC or other regulatory authority from time to time.

### Tax matters:

Tax will be deducted at source as per applicable tax laws.

### Submission of Dividend distribution Compliance Report:

In-compliance with the Dhaka Stock Exchange (Listing) Regulation 2015 and Chittagong Stock Exchange (Listing) Regulation 2015 and other regulatory requirement Legacy Footwear Limited has been submitted a Dividend Distribution Compliance Report to BSEC, DSE and CSE within 7 days from the date of completion of dividend distribution of the concerned year's. This report shall submit to BSEC, DSE and CSE in a specified format issued by the regulator (s) within stipulated time.

### Amendments/Modifications:

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with the law of the land. Such amended policy shall be placed before the Board for approval.

### Disclosure Policy:

The Dividend Distribution Policy has available on the Bank's website and annexed in the Bank's Annual Report-2023

### Summary of Unclaimed Dividend:

As of 30th June, 2023 total amount of unclaimed dividend is Tk. 27,80,960.00

## MD & CFO CERTIFICATION ON FINANCIAL STATEMENTS

Date: 11 November 2023

The Board of Directors  
Legacy Footwear Limited  
House No. 133, Lane No. 1  
Baridhara DOHS, Dhaka-1212

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

Dear Sir,

Pursuant to Condition No. 1(S)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006 158/207/Admin/80, dated 03 June 2018 under Section 200 of the Securities and Exchange Ordinance, 1969 we do hereby declare that:


- (1) 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 Control and maintenance of account.
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that established Policies and procedures of the Company were consistently followed; and
- (6) The Managements 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 continuous 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

Sincerely yours

  
Mujibul Karim  
Managing Director

  
(Md. Mamun Hossain)  
Chief Financial Officer

## STATUS OF COMPLIANCE ON BSEC'S NOTIFICATION

Status of compliance for the period ended 30 June 2023 of Legacy Footwear Limited with the Conditions imposed by BSEC's Notification on Corporate Governance Code No. BSEC/CMRRCD/2006- 158/207/Admin/80 dated 03 June 2018 issued under Section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Title	Complied	Not Complied	Remarks (if any)
<b>1</b>	<b>Board of Directors (BoD)</b>			
1(1)	Size of the Board of Directors (Number of Board members - minimum 5 and maximum 20).	✓		
<b>1(2)</b>	<b>Independent Directors</b>			
1(2)(a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors.	✓		
<b>1(2)(b)</b>	<b>Independent Director means a Director</b>			
1(2)(b)(i)	Does not hold any share or holds less than 1% shares of the total paid-up shares of the company.	✓		
1(2)(b)(ii)	Not a sponsor of the company or not connected with the company's any sponsor/director/nominated director shareholder / associates / sister concerns/subsidiaries and parents or holding entities who holds 1% or more shares of the total paid-up shares of the company on the basis of family relationship and his/her family member also shall not hold said mentioned shares in the company.	✓		
1(2)(b)(iii)	Not been an executive of the Company in immediately preceding 2 (two) financial years.	✓		
1(2)(b)(iv)	Does not have any other relationship, whether Pecuniary or otherwise, with the company/ subsidiary/ associated companies.	✓		
1(2)(b)(v)	Not a member or TREC holder, director or officer of any stock exchange.	✓		
1(2)(b)(vi)	Not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market.	✓		
1(2)(b)(vii)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm or audit firm engaged in internal audit services or conducting special audit or professional certifying compliance of the Code.	✓		
1(2)(b)(viii)	Not be an independent director in more than 5 (five) listed companies.	✓		
1(2)(b)(ix)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or Advance to a bank or NBFIL.	✓		



Condition No.	Title	Complied	Not Complied	Remarks (If any)
I(2)(b)(X)	Not been convicted for a criminal offence involving moral turpitude.	✓		
I(2)(c)	Appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM).	✓		
I(2)(d)	Not remain vacant for more than 90 (ninety) days.			N/A
I(2)(e)	The office tenure of an Independent Director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
<b>I.3</b>	<b>Qualification of Independent Director</b>			
I(3)(a)	Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to the business.	✓		
I(3)(b)(i)	Business Leader: Promoter or director of an unlisted company having minimum paid-up capital of Tk. 100 million or any listed company or a member of any national or international chamber of commerce or business association.			N/A
I(3)(b)(ii)	Corporate Leader: Top level executive not lower than Chief Executive Officer /Managing Director/Deputy Managing Director/ Chief Financial Officer/Head of Finance or Account s/ Company Secretary/ Head of Internal Audit and Compliance/Head of Legal Service or a person with equivalent position of an unlisted company having minimum paid-up capital of Tk. 100 million or of a listed company.	✓		
I(3)(b)(iii)	Former Govt. Official : Government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale having educational background of bachelor degree in economics or commerce or business or law.	✓		
I(3)(b)(iv)	University Teacher: Having educational background in economics or commerce or business studies or law.	✓		
I(3)(b)(v)	Professional : An advocate practicing 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.	✓		
I(3)(c)	Shall have at least 10 (ten) years of experiences as mentioned in clause I(3)(b)(i) to (v).	✓		
I(3)(d)	In special cases, the above qualifications may be relaxed subject to prior approval of the Commission.			N/A
<b>I(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director</b>			
I(4)(a)	Chairperson of the Board and the Managing Director of the Company shall be filled by different individuals.	✓		





Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(4)(b)	The Managing Director of a listed company shall not hold the same position in another listed company.	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company.	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director.	✓		
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.			N/A
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
1(S)(i)	An industry outlook and possible future developments in the industry.	✓		Director's Report
1(S)(ii)	The segment-wise or product-wise performance.	✓		Do
1(S)(iii)	Risks and concerns.	✓		Do
1(S)(iv)	Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.	✓		Do
1(S)(v)	Discussion on continuity of an extraordinary activities and their implications (gain or loss).	✓		Do
1(S)(vi)	Disclosure for related party transactions.	✓		Do
1(S)(vii)	Utilization of proceeds from public issues, rights issues and/or any other instruments.	✓		Do
1(S)(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Share Offer, Direct Listing, etc.			N/A
1(S)(ix)	Explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements.	✓		Director's Report
1(S)(x)	Disclosure for remuneration paid to the directors including independent directors.	✓		Do
1(S)(xi)	Fairness of financial statements.	✓		Do
1(S)(xii)	Maintenance of proper books of accounts.	✓		Do
1(S)(xiii)	Adoption of appropriate accounting policies and estimates.	✓		Do



Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(S)(xxiv)	Followed IAS or IFRS as applicable in preparation of the financial statement and departure there from has been adequately disclosed.	✓		Do
1(S)(xxv)	Internal control system is sound in design and has been effectively implemented and monitored.	✓		Do
1(S)(xxvi)	The interest of the minority shareholders have been duly protected.	✓		Do
1(S)(xxvii)	Going concern (ability to continue as a going concern).	✓		Do
1(S)(xxviii)	Highlighted and explain significant deviations from the last year's operating results.	✓		Do
1(S)(xxix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		Do
1(S)(xxx)	Reasons for non-declaration of dividend.	✓		Do
1(S)(xxxi)	No bonus share or stock dividend has been declared as interim dividend during the year.			N/A
1(S)(xxxii)	Total number of Board meetings held during the year and attendance by each director.	✓		Director's Report
1(S)(xxxiii)	<b>Pattern of shareholding and name wise details (disclosing aggregate number of shares)</b>			
1(5)(xxxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties.			N/A
1(5)(xxxiii)(b)	Directors, MD, CS, CFO, HIAC and their spouses and minor children.	✓		Do
1(5)(xxxiii)(c)	Executives (top five (5) other than mentioned 1(S)(xxi ii)(b).	✓		Do
1(5)(xxxiii)(d)	Shareholders holding ten percent (10%) or more voting interest.	✓		Do
1(S)(xxiv)	<b>In case of the appointment/reappointment of a director, disclose</b>			
1(5)(xxiv)(a)	A brief resume of the director.	✓		Do
1(S)(xxiv)(b)	Expertise in specific functional areas.	✓		Do
1(S)(xxiv)(c)	Holding the directorship and the membership of committees of the Board other than LFL.	✓		Do
1(S)(xxv)	<b>Management's Discussion and Analysis</b>			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statement &	✓		Do
1(5)(xxv)(b)	Changes in accounting policies and estimation, if any, disclose the effects on financial results and position as well cash flows.			N/A



Condition No.	Title	Complied	Not Complied	Remarks (If any)
1(5)(xxv)(c)	Comparative analysis of financial results and position as well as cash flows for current year with immediate preceding five years.	✓		
1(5)(xxv)(d)	Compare financial results and positions as well as cash flows with the peer industry.	✓		
1(5)(xxv)(e)	Discussion on financial and economic scenario of the country and the global.	✓		
1(5)(xxv)(f)	Risks and concerns issues related to the financial statements.	✓		
1(5)(xxv)(g)	Future plan or projection or forecast for company's operation, performance and financial position.	✓		
1(5)(xxvi)	Declaration on Financial Statements for the year ended on 30 June 2023 by the MD and the CFO to the Board.	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
	Meeting of the Board of Directors and record the minutes as well as keep required statutory books and records in line with the relevant provisions of Bangladesh Secretarial Standards (BSS) duly adopted by Institute of Chartered Secretaries of Bangladesh (ICSB).	✓		
<b>1(7)</b>	<b>Code of Conduct (CoC) for Board of Directors</b>			
1(7)(a)	The Board shall lay down a code of conduct, for the Chairperson of the Board, other board members and Managing Director.	✓		
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.	✓		
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company</b>			
2(a)	The composition of the Board of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.	-	-	N/A
2(b)	At least 1 (one) Independent Director on the Board of the holding company shall be a Director on the Board of the subsidiary company.	-	-	N/A
2(c)	Submission of Minutes to the holding company.	-	-	N/A
2(d)	Review of Minutes by the holding company.	-	-	N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.	-	-	N/A



Condition No.	Title	Complied	Not Complied	Remarks (If any)
<b>3</b>	<b>Managing Director (MD), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS)</b>			
3(1)	Appointment	✓		
3(1)(a)	The Board shall appoint a Managing Director (MD), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC).	✓		
3(1)(b)	The positions of the MD, CS, CFO, HIAC shall be filled by different individuals.	✓		
3(1)(c)	The MD, CS, CFO and HIAC of a listed company shall not hold any executive position in other company.	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of CFO, HIAC and CS.	✓		
3(1)(e)	With Board's approval the MD, CS, CFO and HIAC are removed from their position and immediate dissemination to the commission and stock exchanges.	✓		
3(2)	The MD, CS, CFO and HIAC of the Company shall attend the meetings of the Board except such part of the meeting which involves an agenda relating to their personal matters.	✓		
3(3)(a)	<b>The MD and CFO shall certify to the board that they have reviewed financial statements for the year 2022-2023 and to the best of their knowledge and belief</b>			
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.	✓		Given in annual report
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.	✓		Do
3(3)(b)	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 for Board of Directors.	✓		Do
3(3)(c)	The certification of the MD and CFO shall be disclosed in the Annual Report.	✓		Do
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee (NRC)	✓		



Condition No.	Title	Complied	Not Complied	Remarks (If any)
<b>5</b>	<b>Audit Committee</b>			
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.	✓		
5(1)(b)	Assist the Board 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)	Responsible to the Board and the duties of the Audit Committee shall be clearly set forth in writing.	✓		
<b>5(2)</b>	<b>Constitution of the Audit Committee</b>			
5(2)(a)	Shall be composed of at least 3 (three) members.	✓		
5(2)(b)	The Board shall appoint members of the 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)	Casual vacancy shall be filled by the Board not later than 1 (one) month from the date of vacancy.	✓		
5(2)(e)	The Company Secretary shall act as the secretary of the Committee.	✓		
5(2)(f)	The quorum of the Committee meeting shall not constitute without at least 1 (one) independent director.			No such event in the year.
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Committee, who shall be an independent director.	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			No such event in the year.
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		



Condition No.	Title	Complied	Not Complied	Remarks (If any)
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year.	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two-third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
5(5)(a)	Oversee the financial reporting process.	✓		
5(5)(b)	Monitor choice of accounting policies and principles.	✓		
5(5)(c)	Monitor Internal Audit and Compliance process 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.	✓		
5(5)(e)	Hold meeting with the statutory auditors for review of the annual financial statements before submission to the Board for approval.	✓		
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 all related party transactions.	✓		
5(5)(k)	Review Management Letters or Letter of Internal Control weakness issued by statutory auditors.			N/A
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.	✓		
5(5)(m)	Oversee whether IPO proceeds utilized as per the published Prospectus.			N/A



Condition No.	Title	Complied	Not Complied	Remarks (If any)
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)(a)	Report on conflicts of interests.	-	-	N/A
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.	-	-	N/A
5(6)(a)(ii)(c)	Report on suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations.	-	-	N/A
5(6)(a)(ii)(d)	Report on any other matter deems necessary shall be disclosed to the Board immediately.	-	-	N/A
5(6)(b)	Reporting to BSEC (If any material impact on the financial condition and results of operation, unreasonably ignored by the Board and management).	-	-	N/A
5(7)	Reporting to the shareholders of Audit Committee activities, which shall be signed by the Chairperson of the committee and disclosed in the Annual Report.	✓		Given in the annual report.
<b>6</b>	<b>Nomination and Remuneration Committee (NRC)</b>			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board.	✓		
6(1)(b)	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.	✓		
<b>6(2)</b>	<b>Constitution of the NRC</b>			
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.	-	✓	



Condition No.	Title	Complied	Not Complied	Remarks (If any)
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)	Casual vacancy shall be filled by the Board within 180 days of occurring such vacancy.			N/A
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.			N/A
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)	<b>Chairperson of the NRC</b>			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director.	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			N/A
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the Shareholders.	✓		
6(4)	<b>Meeting of the NRC</b>			
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





Condition No.	Title	Complied	Not Complied	Remarks (If any)
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.	✓		
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)	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders.	✓		
6(5)(b)(i)(a)	The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully.	✓		
6(5)(b)(i)(b)	The relationship of remuneration to performance is clear and meets appropriate performance benchmarks.	✓		
6(5)(b)(i)(c)	Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.	✓		
6(5)(b)(ii)	Devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality.	✓		
6(5)(b)(iii)	Identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board.	✓		
6(5)(b)(iv)	Formulating the criteria for evaluation of performance of independent directors and the Board.	✓		
6(5)(b)(v)	Identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria.	✓		
6(5)(b)(vi)	Developing, recommending and reviewing annually the company's human resources and training policies.	✓		
6(5)(c)	Disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		



Condition No.	Title	Complied	Not Complied	Remarks (If any)
<b>7</b>	<b>External or Statutory Auditors</b>			
7(1)(i)	Non-engagement in appraisal or valuation services or fairness opinions.	✓		Declared by the auditor.
7(1)(ii)	Non-engagement in designing and implementation of Financial Information System.	✓		Do
7(1)(iii)	Non-engagement in Book Keeping or other services related to the accounting records or financial statements.	✓		Do
7(1)(iv)	Non-engagement in Broker-Dealer services.	✓		Do
7(1)(v)	Non-engagement in Actuarial services.	✓		Do
7(1)(vi)	Non-engagement in Internal Audit or special audit services.	✓		Do
7(1)(vii)	Non-engagement in any other services that the Audit Committee determine s.	✓		Do
7(1)(viii)	Non-engagement in audit or certification services or compliance of Corporate Governance as required under condition no. 9(1).	✓		Do
7(1)(ix)	Non-engagement of any other service that creates conflict of interest.	✓		Do
7(2)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment; his or her family members also shall not hold any shares in the said company.	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting to answer the queries of the shareholders.	✓		
<b>8</b>	<b>Maintaining a website by the Company</b>			
8(1)	The Company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The Company shall keep the website functional from the date of listing.	✓		
8(3)	The Company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		



Condition No.	Title	Complied	Not Complied	Remarks (if any)
9	<b>Reporting and Compliance of Corporate Governance</b>			
9(1)	The Company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		The certificate given in the annual report.
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.		✓	
9(3)	The directors of the Company shall attach the compliance status in the directors' report whether the Company has complied with these conditions or not.	✓		



## 'COMPLIANCE REPORT'

*[Certificate as per condition no. 1(5)(xxvii)] of Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC) Vide Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June, 2018*

### Report to the Shareholders of Legacy Footwear Limited on Compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Legacy Footwear Limited for the year ended on June 30, 2023. This Code relates to the Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the Securities Laws and other relevant laws; and
- The Governance of the company is **satisfactory**.

This report, However, is no endorsement about quality of contents in the Annual Report of the company for the year 2022-2023.

Place: Dhaka  
Dated: October 17, 2023



*Anwar Hossain*  
Md. Anwar Hossain FCA  
Principal  
S. M. Zakaria & Co.  
Chartered Accountants



## Independent Auditors' Report

To the Shareholders of

Legacy Footwear Limited

## Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the financial statements of **Legacy Footwear Limited** (the Company), which comprise the Statement of Financial Position as at June 30, 2023, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information disclosed in notes 1 to 50 and Annexure- A.

In our opinion, except for the effect of the matters described in the basis for Qualified Opinion section of our report, the accompanying financial statements presents fairly in all material respects the financial position of the company as at June 30, 2023 and of its financial performance and its cash flows for the year then 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 Qualified Opinion

1. The company has transacted almost all of its transactions in cash including payment, capital investment, finance related transactions and finally all sales and purchases related transactions. This is a non-compliance of Income Tax Act 2023. This can lead to additional Income Tax liability in the future when the National Board of Revenue has completed the Income Tax assessments for the company's tax returns. We are unable to quantify the potential for the company (details in Note 14 to the financial statements). Due to this lack of information, we are unable to quantify the impact of this contravention of the Income Tax Ordinance on the financial statements.
2. The company has unclaimed dividends worth BDT 2,780,960 as at June 30, 2023 relates to dividends which have remain unpaid for more than three (3) years. As per section 9 of Bangladesh Securities & Exchange Commission (BSEC) Notification BSEC/CMRRCD/2021-391/20/Admin/121, these funds have to be transferred to the capital Market Stabilization Fund set up BSEC. The company has failed to transfer the unclaimed dividend funds to the designated BSEC fund and have therefore violated the rules and regulations of the SSEC.
3. The company has recognized BDT 46,875,300 as cash in hand, held at their head office and factory premises as per Note 9 to the financial statements. However, through our audit procedures we were unable to obtain reliable and sufficient information to determine the existence of this liquid asset. As a result, we have concluded that the asset balance is overstated on the financial statements.
4. The company had a payable related to worker's profit participation fund as at June 30, 2022 worth BDT 216,282. Out of this, the company was only able to transfer BDT 130,600 to the fund during the current year. This is a violation of **section 234(b) of Bangladesh Labor Act 2006** which states that liability related to worker's profit participation fund has to be settled within nine (9) months of the following year.
5. The entity didn't provide us ledger, agreement/deed copy, party wise break up, and any other supporting documents of Temporary Loan and we also unable to send balance confirmation letter to third party. So we couldn't verify Temporary Loan Amounting Tk. 4,900,000



We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Emphasis of Matter:

We draw attention on the matters disclosed as below.

1. The procedures of maintaining books of account of the company are relatively weaker as compared with industry practice the company maintains its ledgers manually instead of using automated accounting software. On the same contrary they have no active internal audit policy also.
2. The internal assessment of the company reveals that a portion of their inventories, totaling Tk. 36,014,273 out of an overall value of Tk. 32,293,423, is considered either obsolete or damaged due to prolonged storage. Consequently, these inventories will be reflected as impaired in the financial statement, as no formal valuation report was prepared. We didn't receive any valuation/Assessment by third party in this regard other than board decision.
3. The internal assessment of the company, it was determined that Tk. 82,121,401 from their receivables is deemed uncollectible. Despite their attempts to engage with the involved parties, a significant number remained unresponsive or unwilling to fulfill their obligations. The extended period of non-cooperation has delayed the recovery of these amounts, so they have to assess the situation their-selves and subsequently decided the board to write off Tk. 82,121,401. This adjustment is necessary to provide an accurate representation of the current state of their receivable in the financial statements. We had received board decision for adjustment as bad or irrecoverable but there haven't any corresponding documents.
4. The entity didn't provide us fixed asset register. So couldn't physically verify the assets other than a valuation reports of land and building.

#### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended on June 30, 2023. These matters were addressed in the context of the audit of the financial statements as a whole and in forming the auditors' opinion thereon and we do not provide a separate opinion on these matters.

In addition to the matter described in the basis for qualified opinion section each matter mentioned below our description of how our audit addressed the matter is provided in the context.

We have fulfilled the responsibilities described in the auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of our financial statements, the results of our audit procedures, including the procedures performed to address the matters below.



Key Audit Matter	Our response to the key audit matter
<b>Revenue Recognition</b>	
<p>During the year, the company has recognized revenue of <b>BDT 1,757,855</b> for the year ended on June 30, 2023 (BDT 119,941,115 for the year ended on June 30, 2022). The company's revenue recognition process is not complex and does not involve high level of judgement. However, this a significant driver of company performance and has major impact on the financial statement user's decision making. Finally, this account always has risk of management over-ride of internal controls.</p> <p>Details of Revenue Recognition are included in Note 23.00 to the financial statements.</p>	<p>Our audit procedures are included:</p> <ul style="list-style-type: none"> <li>• Obtain an understanding of company's internal controls, systems and processes around revenue recognition and accounts receivable.</li> <li>• Review invoices, delivery reports and other supporting documents such as recognized.</li> <li>• Test subsequent receipts for receivable balances to substantial existence, collectability and completeness of accounts receivable recognized on the books.</li> <li>• Inspect correspondence with clients and customers to determine whether provisions are necessary.</li> </ul>
<b>Inventory</b>	
<p>The company's Inventory balance as at June 30, 2023 <b>BDT 3,720,850</b>. This represents 1% of total assets of the company. There is estimation performed by management in regard to obsolescence and determination of net realizable value. Based on the requirement of estimates and the fact that this is major asset category, this was determined to be a key audit matter.</p> <p>Details of Inventory are included in Note 8.00 to the Financial Statements.</p>	<p>Our audit procedures are included:</p> <ul style="list-style-type: none"> <li>• Obtain an understanding of company's internal controls systems and processes around inventory management.</li> <li>• Perform procedures over inventory purchases to substantiate existence, completeness and valuation of inventory.</li> <li>• Perform physical inspection of inventory of determine the existence and valuation inventory.</li> <li>• Perform price testing of inventory of determine inventory valuation and determine whether inventory is obsolete or not.</li> <li>• Revenue prices received by the company and the overall gross margin earned to determine whether the company is able to recover the net realizable value of inventory.</li> </ul>





**Property, Plant and Equipment**

Property, Plant and equipment (PPE) was recognized at carrying value aggregating to **BDT 271,979,280** representing over **41%** of total assets of the company as on June 30, 2023.

Since PPE forms a significant part of the company's total assets, it also involves management judgment to determine estimated useful lives to charge depreciation. Besides, PPE is also subject to impairment review.

See Note no 5.00 to the financial statements.

Our audit procedures performed during the audit to address the risks identified consist of the following:

- Obtaining and documenting detailed understanding regarding procurement process of PPE and identified relevant control points and their implementation.
- Reviewing recognition, measurement and valuation basis of PPE in compliance with requirement of IAS-16: Property, plant and equipment.
- Performing test of details against sampled population with supporting evidence as maintained by the company to test the accuracy, valuation of capitalized amount and ownership of the assets.
- Assessing the appropriateness and presentation of disclosure notes to the financial statements with the requirement of IAS 16 and other relevant IFRSs.

**Long Term Loan**

In the financial statements the company reported Long Term Loans of **BDT 116,647,304** at the reporting date. This element was considered as key audit matter because this external form of credit facilities availed by the company require fulfillment of several terms and conditions as mentioned in loan sanction letter issued by the bank. Hence, there is potential risk that not all such terms and conditions are adequately disclosed in the financial statements.

See note no 18.00 to the financial statements.

Our substantive audit procedures adopted during the audit includes the following test or details.

- Inspecting relevant board minutes in support of bank loans sanctioned and reported during the year in the financial statements.
- Testing the accuracy and completeness of outstanding amount carried at the reporting date with loans statements, amortization schedule and corresponding sanction letter from the bank.







	<ul style="list-style-type: none"><li>• Testing the existence of outstanding balances with confirmation letter issued against the said loans by the company.</li><li>• Recalculating and testing accuracy and completeness of finance costs recognized during the year with loan statements provided by banks.</li><li>• Assessing the adequacy and appropriateness of disclosures made by the company for the loans availed in accordance with relevant IFRS.</li></ul>
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#### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise 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 this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (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.





#### Auditors' 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 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 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.

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.





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



An International Affiliated Member Firm Of  
MGM Accountants Pty Ltd, Australia.

#### 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 that:

- 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 records and other statutory books as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) The statements of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

The engagement partner of the audit resulting in this independent auditors' report is Md. Matlur Rahman FCA, FCMA

Place: Dhaka  
Dated: November 13, 2023



*Matlur*

**Md. Matlur Rahman FCA, FCMA**  
ICAB Enrolled No.0765  
Partner  
M. Z. Islam & Co.  
Chartered Accountants  
DVC: 2311130765A5641988

[www.mzislam.com.bd](http://www.mzislam.com.bd)

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Tel : +880 2 48310365, Cell : +880 1896 311407, E-mail : mzislam.ca@gmail.com, afakrul@yahoo.com

**Legacy Footwear Limited**  
**Statement of Financial Position**  
**As On June 30, 2023**

Particulars	Notes	Amount in Taka	
		June 30, 2023	June 30, 2022
<b>Assets</b>			
<b>Non Current Assets</b>		<b>272,131,280</b>	<b>267,575,560</b>
Property, Plant and Equipments	Annexure - 01	271,979,280	111,979,789
Capital Work in Progress(CWIP)	6.00	-	155,443,771
Long Term Security Deposit	7.00	152,000	152,000
<b>Current Assets</b>		<b>383,256,670</b>	<b>212,406,811</b>
Inventories	8.00	3,720,850	32,643,528
Advance & Pre-Payments	9.00	14,369,110	17,009,805
Temporary Loan	10.00	4,900,000	8,200,000
Accounts Receivable	11.00	13,387,325	95,604,506
Cash And Cash Equivalent	12.00	346,879,385	58,948,972
<b>Total Assets</b>		<b>655,387,950</b>	<b>479,982,371</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>		<b>482,036,595</b>	<b>128,544,288</b>
Share Capital	13.00	430,799,800	130,799,800
Tax Holiday Reserve		6,476,131	6,476,131
Revaluation Surplus	14.00	115,393,669	64,790,813
Retained Earnings/Deficit	12.00	(70,633,005)	(73,522,456)
<b>Non Current Liabilities</b>		<b>23,109,559</b>	<b>12,380,545</b>
Workers Participation Fund	13.00	301,509	216,282
Deferred Tax Liability	14.01	22,808,050	12,164,263
<b>Current Liabilities</b>		<b>150,241,796</b>	<b>339,057,538</b>
Long Term Loan (Current Portion)	18.00	116,647,304	309,005,126
Trade Creditors	19.00	1,510,396	131,003
Liability for Expenses	20.00	2,665,556	603,219
Unclaimed Dividend	21.00	2,780,960	2,780,960
Provision for Income Tax	22.00	26,637,580	26,537,230
<b>Total Equity &amp; Liabilities</b>		<b>655,387,950</b>	<b>479,982,371</b>
<b>Net Asset Value per share</b>		<b>11.19</b>	<b>9.83</b>

*Accompanying notes form an integral part of these Financial Statements*

  
CFO

  
Company Secretary (c.c)

  
Managing Director

  
Chairperson

Place: Dhaka, Bangladesh



  
**Md. Matiur Rahman FCA, FCMA**  
ICAB Enrolment No. 0765  
Partner  
**M. Z Islam & Co.**  
Chartered Accountants  
DVC: 2311130765AS641988

**Legacy Footwear Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For The Period July 01, 2022 to June 30, 2023**

Particulars	Notes	Amount in Taka	
		July 01, 2022 to June 30, 2023	July 01, 2021 to June 30, 2022
Turnover	23.00	1,757,855	119,941,115
Less: Cost of Goods Sold	24.00	6,129,933	98,682,507
<b>Gross Profit/(Loss)</b>		<b>(4,372,078)</b>	<b>21,258,608</b>
Administrative Expenses	25.00	4,332,328	7,533,351
Selling & Distribution Expenses	26.00	163,807	1,497,192
Financial Expenses	27.00	6,531	19,541,531
Abnormal (Income)/ Loss	28.00	(12,986,116)	5,031,816
		<b>(8,483,450)</b>	<b>33,603,890</b>
Operating Profit/(Loss)		<b>4,111,372</b>	<b>(12,345,282)</b>
Add: Other Income	29.00	421,000	1,600,000
<b>Net Profit/(Loss) before Tax and WPF</b>		<b>4,532,372</b>	<b>(10,745,282)</b>
Less: Provision for Workers participation Fund	16.00	(215,827)	-
<b>Net Profit/(Loss) before Tax</b>		<b>4,316,545</b>	<b>(10,745,282)</b>
Less: (Tax Expense)/Tax Income		(976,529)	(456,676)
Current Tax from Operational Income	22.01	100,350	1,039,647
Deferred Tax expense/(income)	17.00	876,179	(582,971)
<b>Net Profit/(Loss) after tax</b>		<b>3,340,016</b>	<b>(11,201,958)</b>
Other Comprehensive Income		55,349,777	-
Revaluation surplus of Property, Plant and Equipments		65,117,385	-
Deferred tax income/( expenses) on revaluation		(9,767,608)	-
<b>Total comprehensive income for the period</b>		<b>58,689,793</b>	<b>(11,201,958)</b>
<b>Basic Earnings Per Share (EPS)</b>	31.00	<b>0.23</b>	<b>(0.86)</b>
<b>Diluted Earnings Per Share (DEPS)</b>			

Accompanying notes form an integral part of this Financial Statement.

  
CFO

  
Company Secretary (C.C)

  
Managing Director

  
Chairperson

Place: Dhaka, Bangladesh



  
**Md. Matiur Rahman FCA, FCMA**  
 ICAB Enrollment No. 0765  
 Partner  
**M. Z Islam & Co.**  
 Chartered Accountants  
 DVC: 2311130765A5641988

**Legacy Footwear Limited**  
**Statement of Changes in Shareholders' Equity**  
**For The Period July 01, 2022 to June 30, 2023**

Particulars	Share Capital	Revaluation Surplus	Tax Holiday Reserve	Retained Earnings	Total
Balance as at 01.07.2022	130,799,800	64,790,813	6,476,131	(73,522,456)	128,544,288
Addition During the year	300,000,000	59,919,899	-	-	359,919,899
Transfer of reserve to retained earnings	-	(9,767,600)	-	(450,565)	(9,767,608)
Profit for the year	-	450,565	-	3,340,016	3,340,016
<b>Balance as at 30.06.2023</b>	<b>430,799,800</b>	<b>115,393,670</b>	<b>6,476,131</b>	<b>(70,633,005)</b>	<b>482,036,595</b>

For The Year Ended July 01, 2021 to June 30, 2022

Particulars	Share Capital	Revaluation Surplus	Tax Holiday Reserve	Retained Earnings	Total
Balance as at 01.07.2021	130,799,800	65,360,291	6,476,131	(50,974,414)	141,661,808
Cash Dividend	-	-	-	(915,562)	(915,562)
Transfer of reserve to retained earnings	-	(569,478)	-	569,478	-
Dividend Adjustment as per SEC	-	-	-	(1,000,000)	(1,000,000)
Profit for the year	-	-	-	(11,201,958)	(11,201,958)
<b>Balance as at 30.06.2022</b>	<b>130,799,800</b>	<b>64,790,813</b>	<b>6,476,131</b>	<b>(73,522,456)</b>	<b>128,544,288</b>

  
 CFO

  
 Company Secretary (C.C)

  
 Managing Director

  
 Chairperson



**Legacy Footwear Limited**  
**Statement of Cash Flows**  
**For The Period July 01, 2022 to June 30, 2023**

Particulars	Notes	Amount in Taka	
		July 01, 2022 to June 30, 2023	July 01, 2021 to June 30, 2022
<b>A. Cash flow from Operating Activities:</b>			
Cash receipts from customers and others	34.00	1,853,635	119,941,115
Cash receipts from others	35.00	421,000	600,000
Cash paid to suppliers, employees and others	35.00	(3,004,146)	(105,843,415)
Income Tax Paid	36.00	-	(3,000)
Financial Expense Paid		(6,531)	-
<b>Net cash flow from Operating Activities:</b>		<b>(736,036)</b>	<b>14,694,700</b>
<b>B. Cash flow from Investing Activities:</b>			
Acquisition of Fixed Assets plus CWIP		(14,633,551)	-
Proceeds sale of property, plant & equipment		-	-
<b>Net cash flow from Investing Activities:</b>		<b>(14,633,551)</b>	<b>-</b>
<b>C. Cash flow from Financing Activities:</b>			
Dividends Paid in the Year		-	-
Share Capital		300,000,000	-
Unsecured Loan payment		-	(215,562)
Temporary Loan		3,300,000	-
Loan paid to Bank		-	(3,000,000)
<b>Net cash flow from Financing Activities</b>		<b>303,300,000</b>	<b>(3,215,562)</b>
<b>D. Net changes increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>287,930,413</b>	<b>11,479,138</b>
<b>E. Opening Cash &amp; Bank Balances</b>		<b>58,948,972</b>	<b>47,469,834</b>
<b>F. Cash &amp; cash equivalents at the end of the period</b>		<b>346,879,385</b>	<b>58,948,972</b>
<b>Net Operating Cash Flow per Share (NOCFPS)</b>	33.00	<b>(0.02)</b>	<b>1.12</b>

  
 CFO

  
 Company Secretary (c.c)

  
 Managing Director

  
 Chairperson


## Legacy Footwear Limited

Notes, Summary of Significant accounting policies & other explanatory information  
For the year ended June 30, 2023

### 1.00 REPORTING ENTITY

Legacy Footwear Ltd. was incorporated in Bangladesh on 23 July, 1996 under the Companies Act- 1994 and vide Registration No C-31026(147)/96. It is a 100% export oriented company.

#### Address of registered office of the company and factory of the company

Corporate office: The Corporate office of the company is located at House-133, (Ground Floor), Lane-01 (West Side), DOHS Baridhara, Dhaka-1206

Factory Address: The factory is situated at Vannara Village, Mouchak Mouza, PS- Kaliakair, Gazipur District

#### Nature of business

The company is engaged in the production of all types of quality leather/synthetic footwear and export 100% of its produce to international market.

### 2.00 Basis of preparation of Financial statements

#### Significant Accounting Policy for the presentation of the financial Statements

The specific accounting policies selected and applied by the company's management for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in earlier years.

### 2.01 Corporate financial statements and reporting

This comprises Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and other explanatory notes covering accounting policies.

This is prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1994, International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and as applicable to this Company.

The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approved and authorized for issue of this financial statements.

The preparation of the financial statements in conformity with the International Accounting Standards (IASs) requires Board of Directors to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities at reporting date. Due to the inherent uncertainty involved in making estimates, actual result could differ from those estimates.

### 2.02 Fundamental accounting concepts/ assumptions

The financial statements have been prepared based on Going concern assumption, Consistency concept, Accrual basis and such other convention as required by IAS-1 for fair presentation of financial statements.

### 2.03 Going concern

The company has adequate resources to continue its operation for the foreseeable future. For this reasons, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.





#### 2.04 Compliance with IAS & IFRS

The following IAS is applicable to the financial statements for the year under review:

IAS	Title	Remark
IAS 1	Presentation of Financial Statements	Applied
IAS 2	Inventories	Applied
IAS 7	Statement of Cash Flows	Applied
IAS 8	Accounting policies, Changes in Accounting Estimates & Errors	Applied
IAS 10	Events after the Reporting period	Applied
IAS 12	Income Taxes	Applied
IAS 16	Property, Plant And Equipment	Applied
IAS 19	Employee Benefits	Applied
IAS 21	The Effects of Changes in Foreign Exchange Rates	Applied
IAS 23	Borrowing Costs	Applied
IAS 24	Related Party Disclosures	Applied
IAS 32	Financial Instruments: Presentation	Applied
IAS 33	Earnings Per Share	Applied
IAS 36	Impairment of Assets	Applied
IAS 37	Provision, Contingent Liabilities and Contingent Assets	Applied
IAS 38	Intangible Assets	Applied

The following IFRS is applicable to the financial statements for the year under review:

IFRS	Title	Remark
IFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards	Applied
IFRS 7	Financial Instruments: Disclosures	Applied
IFRS 8	Operating Segments	Not Applicable
IFRS 9	Financial Instruments	Applied
IFRS 15	Revenue From Contracts with Customers	Applied
IFRS 16	Leases	Applied

#### 2.05 Reporting period

The period of the financial statements covers from July 01, 2022 to June 30, 2023.

#### 2.06 Comparative information and rearrangements thereof:

In accordance with the provisions of IAS- 1: "Presentation of Financial Statements", Comparative information that is available has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

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. Interest expenses are paid for obtaining financial resource and as such management decided to disclose it under Financing Activities of Statement of Cash Flows.

#### 2.07 Offsetting:

An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by IFRS.



## 2.08 Leases

A lease is defined as a contract or part of contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Previously the company used to charge to consideration paid in its books as rent expenses. IFRS 16 introduced a single, on balance sheet accounting model for leases. As a result, the company, as a lessee has representing its obligation to make lease payments. The company applied IFRS 16 on 01 January, 2019 for the existing lease contracts.

The company has only office rent agreement, which is classified as operating lease, which under IFRS 16 are required to be recognised on the company's Statement of Financial position. The nature and timing of expenses related to those lease has changed as IFRS 16 replaced the straight line operating lease expenses (As per IAS-17), with an amortisation charge for the right of use asset and interest expenses on lease liabilities.

The company's all contractual payment to the lessor contains only fixed amounts of lease payment and no variable lease payments are embedded with the lease payments. The rental agreements do not include any automatic renewals nor do they include any guaranteed residual values of the underlying assets.

The company recognised right of use assets at the commencement date of the lease (i.e. the date the underlying assets is available for use, and adjusted for any remeasurement of lease liabilities. The cost of right of use asset includes that amount of lease liabilities recognised, initial direct cost incurred and lease payment made at or before the commencement date less any lease incentive received. At the commencement date of the lease the company recognised lease liabilities measure at the present of lease payment to be made over the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made. In addition, the carrying amount of liabilities is re-measured if there is a modification, a change in the lease term or a change in the substance fixed leased payment.

In addition to rental lease agreements which were previously termed as operating lease, the company also has existing leased which fall under finance lease category under IAS 17. For these lease, all the risk and rewards incidental to ownership are substantially transferred to the company and therefore, were recognised as finance leases. There is no change in the accounting treatment for these assets. The leased asset is capitalized at the commencement of the lease fair value of the leased property or lower at the present value of the minimum lease payment. Lease payment are apportioned between finance charge and reduction of the lease liability. The leased asset is depreciated over the useful life of assets.

## 2.09 Events after the reporting period.

In Compliance with the requirements of IAS 10 Events After the Reporting Period that Period that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting period that are an adjusting events are disclosed in the notes reason of materiality.

### Adjusting event

An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the enterprise is not appropriate.

As on 30/06/2023, Long Term Loan Balance in the Rupali Bank's book was BDT 292,499,292 out of which BDT 175,851,988 was exempted by the bank vide their Letter No- Proka/Aday-2/2023/565, Dated 05/09/2023 if the company complied with the conditions of the letter. The company accepted all the conditions and paid the balance of BDT 116,647,303.53 on 19/09/2023. As there is material effect in the financial statements after the reporting period of the company for the event, the company adjusted its loan liability as on 30.06.2023.

### Non-adjusting event

An event after the reporting period that is indicative of a condition that arose after the end of the reporting period.



**2.10 Functional and presentational (Reporting) currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

**2.11 Comparative information and rearrangement thereof**

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

**2.12 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported value of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. However, the estimates and underlying assumptions are revised when there is material impact on the financial results of the company.

**2.13 Approval of these Financial Statements by Board of Directors**

The Board of Directors has approved these Financial Statements on ..... 2023.

**2.14 Regulatory Compliance**

The financial statements have been prepared in compliance with the following laws and regulations;

The Companies Act, 1994

The Bangladesh Securities and Exchange Rule 2020

The Bangladesh Securities and Exchange Commission Act 1993.

The Income Tax Act, 2023

The Value Added Tax (VAT) Supplementary Duty Act, 2012

**2.15 Summary of significant accounting policies**

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of IAS-1 "Presentation of Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the year and were also consistent with those used in prior periods.

For a proper understanding of the financial statements, these accounting policies are set out in one place as prescribed by the IAS-1 "Presentation of Financial Statements". The recommendations of IAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.



## 2.16 Recognition of Property, Plant & Equipments

Property, Plant & Equipment are accounted for according to IAS-16 "Property, Plant and Equipment" at historical cost less cumulative depreciation except land & land development and Building and other construction which is considered at revalued amount. The cost of assets includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed/ installed assets includes the cost of materials, direct labor and any other cost directly attributable to bringing the assets to the working condition for its intended use and the cost of dismantling and remove the items and restoring the site on which they are located.

Fair valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit & loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

## 2.17 Depreciation on Property, Plant & Equipments

Depreciation is calculated and charged under diminishing balance method on all fixed assets other than land and land development. Depreciation on current year's addition is charged on monthly basis as and when the assets are ready for operation. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets an accumulated depreciation.

Category of fixed assets	Rate of Depreciation
Land and Land Development	0%
Building & Civil work	10%
Plant & Machinery	10%
Equipments	10%
Furniture	10%
Generator	10%
Air Compressor with Trolley	10%
CC Camera	10%
Air Conditioner	10%
Water Filter	10%
Computer	25%
Office decoration	10%

### Disposal:

The gain or loss arising on the disposal or retirement of an assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Sales of land and building are accounted for when there is an unconditional exchange of contracts.



### 2.18 Revaluation of property, plant and equipment

As per IAS16: Property, Plant and Equipment paragraph 34, "the frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years"

To comply with the above paragraph, The Company made its first valuation of Land & Land Development and Building and civil construction on 30 June 2009 and secondly on 30 June 2023 a the independent valuers to reflect fair value (prevailing market price) thereof following "Current Cost Method".

#### Details of revaluation of property, plant and equipment:

Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus/(Impairment)
Land & Land Development	Ashraf Uddin & Co.	Chartered Accountants	30-Jun-23	92,992,615	158,110,000	65,117,385
Building & Civil work	Ashraf Uddin & Co.	Chartered Accountants	30-Jun-23	148,638,739	91,041,521	(57,597,218)
<b>Total</b>				<b>241,631,354</b>	<b>249,151,521</b>	<b>7,520,167</b>

The increase in the carrying amount of revalued assets is recognized in the separate component of equity as Revaluation Surplus. However, the increase is recognized in the statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2023 to the extent that, it reverses a revaluation decreased of the same assets previously recognized in the Statement of Comprehensive Other Income. Other Non-Current Assets were kept outside the scope of the revaluation works. These are expected to be realizable at written down value (WDV) as mentioned in the Statement of Financial Position of the company.

### 2.19 Revenue Recognition

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- a. Identify the contract(s) with a customer
- b. Identify the performance obligations in the contract
- c. Determine the transaction price
- d. Allocate the transaction price to the performance obligations in the contract
- e. Recognise revenue when (or as) the entity satisfies a performance obligation.

### 2.20 Liabilities for expenses and other payables

Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.



#### 2.21 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the Average Cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### 2.22 Cash and Cash Equivalents

Cash in hand and cash at banks have been considered as Cash and Cash Equivalents for the preparation of these financial statements, which were held and available for use by company without any restriction and there was no significant risk of changes in value of the same.

#### 2.23 Statements of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with IAS-7 "Statement of Cash Flows " and the cash flows from the operating activities have been presented under direct method.

#### 2.24 Accounting Policies, Changes in Accounting Estimates and Errors:

Changes in accounting policies:

An entity shall change an accounting policy only if the change:

- (a) is required by an IFRS; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, Financial performance or cash flows.

#### 2.25 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial year of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.26 Income-tax expense

##### Current Tax:

Income tax is calculated and provision is made in compliance with the provisions of Finance Act 2023 and the Income Tax Ordinance 1984.

##### Deferred tax

##### 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).

##### Revaluations to fair value – Property, Plant and Equipment

The revaluation does not affect taxable profits in the period of revaluation and consequently, the tax base of the asset is not adjusted. Hence a temporary difference arises. This is provided for in full based on the difference between carrying amount and tax base. An upward revaluation is therefore give rise to a deferred tax liability.



#### 2.27 Foreign Currency Transaction:

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- (a) Foreign currency monetary items are translated using the closing rate.
- (b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- (c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate 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.

#### 3.00 Related party disclosures

IAS 24 Related Party Disclosures requires disclosures about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel.

The company carried out several transactions with related parties in the normal course of business and arms' length basis. The information as required by IAS-24, related party disclosures has been disclosed in a separate note to the accounts.

#### 4.00 Financial Instruments

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

##### Financial assets:

Financial assets of the company include cash and cash equivalents, accounts receivable, other receivables and equity instrument of another entity. The company initially recognized receivable on the date they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provision of the transaction. The company derecognizes a financial asset when, and only when the contractual rights or probabilities of receiving the cash flows on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial assets are transferred.

##### Financial liability:

Financial liabilities are recognized initially on the transaction date at which the company becomes a party to the contractual provisions of the liability. The company derecognizes the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities includes payable for expense, liability for capital expenditure and other current liabilities.



#### 4.01 Earnings Per Share & Diluted Earning Per Share

##### Earnings Per Share:

This has been calculated in compliance with the requirement of IAS-33 : Earnings per share by dividing the net earnings attributable to the share holders by the weighted average number of ordinary shares outstanding during the year .

Basic Earnings per share (Numerator /Denominator )

Earnings (Numerator)

This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents weighted average number of ordinary share outstanding during th

##### Diluted Earning Per Share:

Diluted earnings per share (diluted EPS) calculates a company's earnings per share if all convertible securities were converted

Diluted Earning per Share=Net Income/Weighted number of Share

#### 4.02 Impairment of Assets:

##### I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective 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 flow of that asset . that can be estimated reliably . Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc. No such impairment has been raised till the reporting date.

##### Receivable Write-off

Thorough examination of our receivables and we have found that Tk. 8,27,05,576 is uncollectible. Despite our efforts to reach out to the respective parties, many of them did not respond, while others refused to make payments. The prolonged period of non-operation has made it difficult to recover these amounts, necessitating the write-off of Tk. 8,27,05,576 in order to accurately reflect the status of our receivables in the financial statements.

##### Impairment of Stock

Due to constraint of production capacity stock has been remain unused for long period which is not able to use. Therefore, the stock obsolete or damaged due to their extended storage. As a result, these inventories will need to be impaired in the statement of financial position. The management has decided to obsoleted the stock amounting Tk 3,22,93,423 during the year.

##### II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. if any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount . Any impaired loss of a revalued asset shall be treated as a revaluation decrease. No such impairment has been raised till the reporting date.

##### Plant and Machinery Overhauling

The management of the company has decided to write off all the costs of overhauling of plant & machineries during the year which was capitalized earlier.





#### 4.03 Provision , Contingent Liabilities and Contingent Assets :

Contingent Liabilities and Contingents Assets are present or possible obligations or on liabilities or assets ; arising from past events and existence of which depends upon the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company or which amount of the obligations cannot be measured with sufficient reliability. In accordance with IAS-37 .

#### 4.04 Intangible Assets

In Compliance with the requirements of IAS, 38 Intangibles Assets'

The following terms are used in this Standard with the meanings pacified:

Amortization is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

An asset is a resource:

- (a) controlled by an entity as a result as past events; and
- (b) From which future economic benefits are expected to flow to the entity.

An intangible asset shall be recognized if , and only if:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and
- (b) the cost of the asset can be measured reliably

#### 4.05 Financial statements comprises:

- a) Statement of Financial Position as on June 30, 2023
- b) Statement of Profit or Loss and Other Comprehensive Income for the year ended June 30, 2023
- c) Statement of Cash Flows For the year ended June 30, 2023
- d) Statement of Changes in Equity as on June 30, 2023
- e) Notes to the financial statements as on June 30, 2023

#### 4.06 Employee Benefits

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

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

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

The company's employee benefits include the following:

##### Worker's Profit & Participation Fund:

The company has decided to provide 5% WPPF on net profit before tax as per chapter-15 of Labor Law 2006 as ammended upto 2013. The registration of such WPPF with the National Board of Revenue (NBR) is under process.

##### Short Term Employee Benefits

These includes better working conditions in line with overseas customer's requirement, Day care center, Health care facility, Transportation for admin and management employee, Advance against salary, Festival bonus etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.



#### 4.07 Risk Factors and Management's Perceptions about the Risks

The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on its business, result of its operations and financial condition, as follows:

##### I. Interest rate risks:

Interest rate is concerned with borrowed funds of short term & long-term maturity. Interest rate risk is the risk that the company faces due to unfavorable movements in the interest rates. Volatility in money market & increased demand for loans/ investment funds raise the rate of interest. A change in the government's policy also tends to increase the interest rate. High rate of interest enhances the cost of fund of a company. Such rises in interest rates however mostly affect companies having floating rate loans

Management perception:

The Company maintains a reasonable debt/ equity ratio; and accordingly, adverse impact of interest rate fluctuation will not adversely affect the Company's performance as the Company emphasizes on equity base financing to reduce the dependency on borrowing. Therefore, management perceives that the fluctuation of interest rate on borrowing would have little impact upon the performance of the Company.

##### II. Exchange rate risks:

If exchange rate increases against local currency opportunity is created for getting more revenue against sale in local currency. On the other hand, if exchange rate goes down, margin is squeezed in local currency.

Management perception:

The products of the company are sold in foreign currency and payment for raw materials are made mostly in foreign currency. Therefore, volatility of exchange rate will have little impact on profitability of the Company.

##### III. Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual and arise principally from the company's receivables. Management has a credit policy in place and exposure to credit risk is monitor on a on going basis. As at 30 June, 2023 substantial part of the receivable are unsecured which is written off during the year and rest of the amount is secured against L/C and subject to insignificant credit risk. Risk exposures from other financial assets, i.e. cash at bank and other receivable are nominal.

##### IV. Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligation as they fall due. The company's approach to managing liquidity ( cash & 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 condition without incurring unacceptable losses or risking damage to the company's reputation. Typically, the company ensure that it has sufficient cash and cash equivalent to meet expected operational expenses including financial obligations through preparation of the cash flow forecast with due consideration of the time line of payment of expected payment within due date. After the recent capital raising, even in extreme stressed condition it is unlikely that the company would require further financing at least within next couple of year.

##### VI. Market Risk

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



Notes	Particulars	Amount in Taka	
		June 30, 2023	June 30, 2022
<b>5.00</b>	<b>Property, Plant &amp; Equipment</b>		
	<b>A. Cost</b>		
	Opening Balance	255,529,237	255,529,237
	Addition during the year	222,637,557	-
	Disposal during the year	97,811,911	-
	<b>Closing Balance</b>	<b>380,354,883</b>	<b>255,529,237</b>
	<b>B. Accumulated Depreciation</b>		
	Opening Balance	143,549,448	137,295,690
	Addition during the year	5,040,848	6,253,758
	Adjusted during the year	40,214,693	-
	<b>Closing Balance</b>	<b>188,805,089</b>	<b>143,549,448</b>
	<b>Written Down Value (WDV) (A-B)</b>	<b>271,979,280</b>	<b>111,979,789</b>
	Details are shown in Annexure-A		
<b>6.00</b>	<b>Capital Work In Progress:</b>		
	Land and Land Development (Note 6.01)	-	19,070,500
	Building and Civil Work (Note 6.02)	-	123,816,121
	Plant and Machinery Overhauling (Note 6.03)	-	12,557,150
		<b>-</b>	<b>135,443,771</b>
<b>6.01</b>	<b>Land and Land Development</b>		
	Opening Balance	19,070,500	19,070,500
	Addition During the year	572,115	-
		<b>19,642,615</b>	<b>19,070,500</b>
	Transfer to Property Plant & Equivalent	(19,642,615)	-
	<b>Closing Balance</b>	<b>-</b>	<b>19,070,500</b>
<b>6.02</b>	<b>Building and Civil Work</b>		
	Opening Balance	123,816,121	123,816,121
	Addition During the year	14,061,436	-
		<b>137,877,557</b>	<b>123,816,121</b>
	Impairment of Machinery	-	-
	Transfer to Property Plant & Equivalent	(137,877,557)	-
	<b>Closing Balance</b>	<b>-</b>	<b>123,816,121</b>
<b>6.03</b>	<b>Plant and Machinery Overhauling</b>		
	Opening Balance	12,557,150	12,557,150
	Addition During the year	-	-
		<b>12,557,150</b>	<b>12,557,150</b>
	Impairment of Machinery	-	-
	Transfer to Property Plant & Equivalent	(12,557,150)	-
	<b>Closing Balance</b>	<b>-</b>	<b>12,557,150</b>

The management of the company has decided to write off all the costs of overhauling of plant & machineries during the year which was capitalized earlier.



Notes	Particulars	Amount in Taka	
		June 30, 2023	June 30, 2022
<b>7.00 Long Term Security Deposit:</b>			
	Long Term Security Deposit	152,000	152,000
	<b>Total</b>	<b>152,000</b>	<b>152,000</b>
<b>8.00 Inventories</b>			
	Details are as follows:		
	Leather & Chemical (Note - 20.01)	828,314	6,782,915
	Accessories Materials (Note - 20.02)	409,266	4,258,267
	Packing Materials (Note - 20.03)	127,394	1,258,645
	Spares Parts (Note - 20.04)	467,600	4,652,345
	Stock of Finished Goods (Note - 20)	1,755,584	15,461,356
	Work in process	132,692	230,000
	<b>Total</b>	<b>3,720,850</b>	<b>32,643,528</b>
<b>9.00 Advance, Deposit &amp; Prepayment:</b>			
	Salary Advance	-	22,468
	Advance against thai glass	-	615,329
	Advance against Leather & Accessories - (Note-9.01)	14,369,110	16,372,017
	<b>Total</b>	<b>14,369,110</b>	<b>17,009,805</b>
<b>9.01 Advance Against Leather &amp; Accessories:</b>			
	Tabir International Ltd.	7,106,472	7,962,686
	Vannara Corporatin Ltd.	7,262,638	8,409,331
	<b>Total</b>	<b>14,369,110</b>	<b>16,372,017</b>
<b>10.00 Temporary Loan</b>			
	Temporary Loan	4,900,000	8,200,000
	<b>Total</b>	<b>4,900,000</b>	<b>8,200,000</b>
<b>11.00 Accounts Receivable (Good &amp; Unsecured):</b>			
	Opening Balance	95,604,506	100,636,322
	Add : Addition during the year	1,757,855	-
		<b>97,362,361</b>	<b>100,636,322</b>
	Less : Realized during the year	(1,853,635)	-
	Less : Adjusted during the year (Bad debt)(Note: 28)	(82,121,401)	(5,031,816)
	<b>Closing Balance</b>	<b>13,387,325</b>	<b>95,604,506</b>
	Age analysis of the above balance of Bills Receivable is as follows :		
	<b>Particulars</b>		
	Less than six months	-	-
	Over six months	13,387,325	95,604,506
	<b>Total</b>	<b>13,387,325</b>	<b>95,604,506</b>
<b>12.00 Cash And Cash Equivalent:</b>			
	Cash in Hand (Note: 12.01)	46,875,300	57,916,292
	Cash at Bank (Note: 12.02)	300,004,085	1,032,680
	<b>Total</b>	<b>346,879,385</b>	<b>58,948,972</b>



Notes	Particulars	Amount in Taka	
		June 30, 2023	June 30, 2022
<b>12.01</b>	<b>Cash in Hand</b>		
	Cash in Hand (H.O.)	32,768,251	38,290,022
	Petty Cash	36,375	35,000
	Factory Cash	14,070,674	19,591,270
	<b>Total</b>	<b>46,875,300</b>	<b>57,916,292</b>
<b>12.02</b>	<b>Cash at Banks</b>		
	AB Bank PLC (A/C# 4034-799725-000)	-	701,911
	Jamuna Bank Limited (A/C# 1001001492858)	300,003,360	-
	Exim Bank Limited (A/C# 0111000359451)	725	330,769
	<b>Total</b>	<b>300,004,085</b>	<b>1,032,680</b>
<b>13.00</b>	<b>Share Capital:</b>		
	<b>Authorized Capital :</b>		
	75,000,000 Ordinary Shares of Tk. 10/- each	750,000,000	750,000,000
	<b>Issued, Subscribed and Paid-up Capital:</b>		
	12,989,980 Ordinary Shares of Tk. 10/- each	129,899,800	129,899,800
	90,000 Ordinary Shares of Tk. 10/- each issued in consideration of other than cash	900,000	900,000
	Fresh Issuance of Share 3,00,00,000 @ 10	300,000,000	-
		<b>430,799,800</b>	<b>130,799,800</b>
	The percentage of shareholdings as on June 30, 2023	<b>No. shares</b>	<b>No. shares</b>
	Sponsors	33,924,354	3,924,354
	Financial Institution	1,437,489	1,437,489
	General Public	7,718,137	7,718,137
		<b>43,079,980</b>	<b>13,079,980</b>
<b>14.00</b>	<b>Revaluation Surplus:</b>		
	Opening Balance	64,790,813	65,360,291
	Addition during the year	65,117,385	-
		(5,197,486)	
	Deferred tax on revaluation surplus on Land & Land Development during the year	(9,767,608)	
	Less: Transfer to retained earnings	450,565	(569,478)
	<b>Closing Balance:</b>	<b>115,393,669</b>	<b>64,790,813</b>
<b>15.00</b>	<b>Retained Earnings:</b>		
	Opening Balance	(73,522,456)	(60,974,414)
	Transfer to revaluation reserve to retained earnings (current)	(450,565)	569,478
	Cash Dividend	-	(915,562)
	Dividend Adjustment as per SEC	-	(1,000,000)
	Net profit for the year	3,340,016	(11,201,958)
	<b>Closing Balance</b>	<b>(70,633,005)</b>	<b>(73,522,456)</b>



Notes	Particulars	Amount in Taka	
		June 30, 2023	June 30, 2022
<b>16.00</b>	<b>Workers Participation Fund:</b>		
	The above amount represents provision for Workers Profit Participation Fund for 12 months as well unpaid amounts from previous fiscal year. Provision has been made @ rate 5 % on the net profit before tax.		
	Opening Balance	216,282	539,282
	Additions during the period (5% of Net Income before tax)	215,827	-
	Less: Payments made during the year	(130,600)	(323,000)
	<b>Closing Balance</b>	<b>301,509</b>	<b>216,282</b>
	No beneficiary received from WPPP excluding Tk. 25,000 and only the amount distributed among the Law paid worker.		
<b>17.00</b>	<b>Deferred Tax Liability</b>		
	<b>Deferred Tax Liability - Cost</b>		
	Property, Plant & Equipment		
	WDV of Property, Plant & Equipment (excluding Land) - Carrying Value	113,869,280	38,629,789
	WDV of Property, Plant & Equipment (excluding Land) - Tax Value	93,498,774	18,654,238
	Temporary Difference	20,370,506	19,975,551
	Income Tax Rate	12.00%	11.25%
	Closing Deferred Tax (Assets)/Liability-Cost	2,444,461	2,247,249
	Less: Additional Depreciation allowed by NBR	-	678,967
	<b>Deferred Tax, net (excluding Land) - [A]</b>	<b>2,444,461</b>	<b>1,568,282</b>
	Deferred Tax Expenses/(Income) to be Recognized in Profit & Loss Account		
	Closing Deferred Tax Liability	2,444,461	1,568,282
	Opening Deferred Tax Liability	1,568,282	2,151,253
	<b>Deferred Tax Expenses/(Income) to be Recognized in Profit &amp; Loss Account</b>	<b>876,179</b>	<b>(582,971)</b>
	<b>Deferred Tax Liability - Revaluation</b>		
	Land		
	WDV of Land & Land Development - Carrying Value	158,110,000	73,350,000
	WDV of Land & Land Development - Tax Value	22,352,742	2,710,127
	Temporary Difference	135,757,258	70,639,873
	Income Tax Rate	15%	15%
	Closing Deferred Tax (Assets)/Liability on Revaluation (B)	20,363,589	10,595,981
	Deferred Tax Expenses/(Income) to be Recognized Directly in Equity		
	Closing Deferred Tax Liability	20,363,589	10,595,981
	Opening Deferred Tax Liability	10,595,981	10,595,981
	<b>Deferred Tax (Income)/Expenses recognised in other Comprehensive income and revaluation surplus:</b>	<b>9,767,608</b>	<b>-</b>
	<b>Total Deferred Tax (Assets)/Liability (A+B)</b>	<b>22,808,050</b>	<b>12,164,263</b>



Notes	Particulars	Amount in Taka	
		June 30, 2023	June 30, 2022
<b>18.00</b>	<b>Long Term Loan From Rupali Bank:</b>		
	Opening Balance	309,005,126	289,466,160
	Add : Interest (Note :27)	-	19,538,966
		<u>309,005,126</u>	<u>309,005,126</u>
	Less: Loan repaid	-	-
		<u>309,005,126</u>	<u>309,005,126</u>
	Less : Adjustment	(16,505,834)	-
		<u>292,499,292</u>	<u>309,005,126</u>
	Less : Exemption of interest by the bank	(175,851,988)	-
	Closing Balance	<u>116,647,304</u>	<u>309,005,126</u>
<b>19.00</b>	<b>Trade Creditors:</b>		
	Munsi Car Particulars	8,250	16,500
	Ray Tanneries	18,465	24,680
	M.B.Tannery	21,650	65,248
	Ork Traders	824,742	-
	Uprise	618,557	-
	Hasan Chemical	18,732	24,575
	<b>Total</b>	<u>1,510,396</u>	<u>131,003</u>
<b>20.00</b>	<b>Liability For Expenses:</b>		
	This is made up as follows :		
	Salaries (H/O)	72,500	145,285
	Remuneration	1,200,000	-
	Salaries & Wages (Factory)	114,700	225,450
	Electricity (Factory)	58,632	32,484
	Electricity (H/O)	2,700	-
	Telephone & Others (H/O)	450	-
	Office Rent	38,000	-
	Service Charge	9,000	-
	CDBL Connection Fees	217,032	-
	CSE Annual Listing Fees	435,364	-
	DSE Annual Listing Fees	213,143	-
	AGM/EGM Expenses	73,000	-
	CDBL Internet Connection	16,035	-
	Audit Fee	215,000	200,000
	<b>Total</b>	<u>2,665,556</u>	<u>603,219</u>
<b>21.00</b>	<b>Unclaimed Dividend:</b>		
	Liability for dividend payable to shareholders	2,780,960	2,780,960
	<b>Total</b>	<u>2,780,960</u>	<u>2,780,960</u>



Notes	Particulars	Amount in Taka	
		June 30, 2023	June 30, 2022
22.00	Provision For Income Tax:	<u>26,637,580</u>	<u>26,537,230</u>

Year	Provision	Paid	Balance	Remarks
2004	284,892	40,875	244,017	Assessment Completed
2005	599,636	22,500	577,136	Assessment Completed
2006	476,063	10,938	465,125	Assessment Completed
2007	923,858	-	923,858	Return submitted but assessment not yet completed
2008	951,113	-	951,113	Return submitted but assessment not yet completed
2009	1,215,683	-	1,215,683	Return submitted but assessment not yet completed
2010	1,901,614	-	1,901,614	Return submitted but assessment not yet completed
2011	2,533,128	-	2,533,128	Return submitted but assessment not yet completed
2012	1,358,113	-	1,358,113	Return submitted but assessment not yet completed
2013	1,410,832	-	1,410,832	Return submitted but assessment not yet completed
2014	1,304,101	-	1,304,101	Return submitted but assessment not yet completed
2015	382,887	-	382,887	Return submitted but assessment not yet completed
2016	191,086	-	191,086	Return submitted but assessment not yet completed
2017	1,637,252	-	1,637,252	Return submitted but assessment not yet completed
2018	3,394,913	-	3,394,913	Submission under process
2019	6,355,767	-	6,355,767	Submission under process
2020	-	-	-	Submission under process
2021	656,478	2,520	653,958	Submission under process
2022	1,039,647	3,000	1,036,647	Submission under process
2023	100,350	-	100,350	
<b>Total</b>	<b>26,717,413</b>	<b>79,833</b>	<b>26,637,580</b>	

**22.01 Addition during the year:**

Tax on Business income	5,625	719,647
Tax on other Income	94,725	320,000
	<u>100,350</u>	<u>1,039,647</u>

**22.02 Income Tax:**

Net Profit before Tax	4,316,545	(10,745,282)
Less: Other income	(421,000)	(1,600,000)
Add: Accounting Depreciation & Amortization	5,040,848	-
Less: Tax Depreciation	(10,435,482)	(168,448,436)
Taxable Business income	(1,499,089)	(180,793,718)
Tax rate on Business Income	12%	12%
Tax on Business Income (A)	-	-
TDS on Export received (B)	-	-
Tax on Gross receipt (C) @ 0.32% (12/22.5*0.6)	5,625	719,647
Tax liabilities on business income (Higher of A, B,&C)	<u>5,625</u>	<u>719,647</u>

**22.03 Tax on other income**

Tax on Interest income @ 22.5%	94,725	320,000
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Notes	Particulars	Amount in Taka	
		July 01, 2022 to June 30, 2023	July 01, 2021 to June 30, 2022
<b>23.00</b>	<b>Turnover:</b>	<b>1,757,855</b>	<b>119,941,115</b>
<b>24.00</b>	<b>Cost of Goods Sold:</b>		
	Raw Material Consumed (Leather & Chemical) [24.01]	554,484	42,981,680
	Material Consumed (Accessories) [24.02]	251,301	12,219,143
	Packing Material Consumed [24.03]	57,304	4,294,312
	Spare Parts Consumed [24.04]	48,609	9,158,364
	Work in Process (Opening)	911,698	68,653,499
	Work in Process (Closing)	230,000	478,872
		(132,692)	(230,000)
	<b>Total Consumption</b>	<b>1,009,006</b>	<b>68,902,371</b>
	Add: Manufacturing Overhead [24.05]	2,426,606	22,310,992
	Add: Depreciation (Annexure-01)	4,788,806	5,941,070
	<b>Cost of Production</b>	<b>8,224,418</b>	<b>97,154,433</b>
	Add: Opening stock of Finished Goods	15,461,356	16,999,430
	Less: Obsolete Stock of Finished Goods	(15,800,257)	-
	Less: Closing stock of Finished Goods	(1,755,584)	(15,461,356)
	<b>Total</b>	<b>6,129,933</b>	<b>98,682,507</b>
<b>24.01</b>	<b>Raw Materials Consumed (Leather &amp; Chemical):</b>		
	Opening Stock	6,782,915	5,353,362
	Add : Purchase during the period	2,054,705	44,411,233
	Less: Obsolete Stock of Raw Materials	(7,454,822)	-
	Less: Closing Stock	(828,314)	(6,782,915)
	<b>Raw Materials Consumed</b>	<b>554,484</b>	<b>42,981,680</b>
<b>24.02</b>	<b>Accessories Materials Consumed:</b>		
	Opening Stock	4,258,267	3,808,995
	Add : Purchase during the period	85,692	12,668,415
	Less: Obsolete Stock of Accessories Materials	(3,683,392)	-
	Less: Closing Stock	(409,266)	(4,258,267)
	<b>Accessories Materials Consumed</b>	<b>251,301</b>	<b>12,219,143</b>
<b>24.03</b>	<b>Packing Materials Consumed:</b>		
	Opening Stock	1,258,645	1,908,650
	Add : Purchase during the period	72,605	3,644,307
	Less: Obsolete Stock of Packing Materials	(1,146,552)	-
	Less: Closing Stock	(127,394)	(1,258,645)
	<b>Packing Materials Consumed</b>	<b>57,304</b>	<b>4,294,312</b>
<b>24.04</b>	<b>Spare Parts Consumed:</b>		
	Opening Stock	4,652,345	4,306,280
	Add : Purchase during the period	72,264	9,504,429
	Less: Obsolete Stock of Spare Parts	(4,208,400)	-
	Less: Closing Stock	(467,600)	(4,652,345)
	<b>Spare Parts Consumed</b>	<b>48,609</b>	<b>9,158,364</b>



Notes	Particulars	Amount in Taka	
		July 01, 2022 to June 30, 2023	July 01, 2021 to June 30, 2022
<b>24.05</b>	<b>Manufacturing Overhead:</b>		
	Salary & Wages	1,376,400	6,742,720
	Bonus & Overtime	229,400	449,514
	Electricity, Gas & Water	599,595	1,820,378
	Insurance Premium	-	342,725
	Carriage Inward	16,863	873,160
	Repairs & Maintenance	13,234	1,261,750
	Fuel & Lubricant	59,597	338,730
	Internet	20,298	156,900
	Sub-contract	21,384	8,891,280
	Medical Expenses	18,181	232,605
	Fooding	24,231	362,311
	Conveyance	23,503	275,468
	Stationery	12,534	294,318
	Misc. Expenses	4,551	76,671
	Telephone	6,835	192,462
	<b>Total</b>	<b>2,426,606</b>	<b>22,310,992</b>
<b>25.00</b>	<b>Administrative Overhead:</b>		
	The break up is given as under:		
	Salaries and Allowances	870,000	2,270,560
	Bonus	145,000	151,370
	Directors Remuneration	1,200,000	1,500,000
	Entertainment	19,098	94,824
	Printing & Stationary	14,197	174,269
	Medical Expenses	1,445	78,648
	Office Rent & Other charges	564,000	424,095
	Travelling & Conveyance	13,642	334,682
	Telephone	7,065	27,540
	Telex, Fax & Photocopy	7,256	448,658
	Electricity & Wasa	24,600	126,543
	Audit Fee	215,000	200,000
	Depreciation (Annexure-01)	252,042	312,688
	AGM/EGM Expenses	73,000	405,825
	Membership Fee	-	246,850
	Postage & Stamp	1,319	15,186
	Misc. Expenses	3,147	188,964
	Daily Labour	4,203	265,872
	Repairs & Maintenance	14,168	68,548
	Welfare	2,818	14,684
	Paper	3,546	4,285
	Registration & Renewals	865,539	115,260
	Internet bill	28,035	46,000
	Water	3,208	18,000
	<b>Total</b>	<b>4,332,328</b>	<b>7,533,351</b>
<b>26.00</b>	<b>Sales Expenses:-</b>		
	This is arrived at as follows:		
	Promotional Expenses	101,154	589,245
	Carriage Outward	47,020	315,484
	Trade Promotion	15,633	592,463
	<b>Total</b>	<b>163,807</b>	<b>1,497,192</b>



Notes	Particulars	Amount in Taka	
		July 01, 2022 to June 30, 2023	July 01, 2021 to June 30, 2022
<b>27.00</b>	<b>Financial Expenses:</b>		
	This is consists of:		
	Bank Charges & Commission	6,531	2,565
	Interest on Long Term Loan (Note:15)	-	19,538,966
		<u>6,531</u>	<u>19,541,531</u>
<b>28.00</b>	<b>Abnormal Income/Loss:</b>		
	Obsolote Stock	32,293,423	-
	Bad Debt (Note 8)	82,121,401	5,031,816
	Impairment of Building & Civil work	52,399,732	-
	Impairment of Machneries	12,557,150	-
	Walver of Bank Loan	(192,357,822)	-
		<u>(12,986,116)</u>	<u>5,031,816</u>
<b>29.00</b>	<b>Other Income:</b>		
	Other Income	<u>421,000</u>	<u>1,600,000</u>



**30.00 Directors of The Company:**
**a) Number of Directors:**

There are seven Directors including three Independent Directors of the Company for the year ended June 30, 2023

**b) Salary and Remuneration of the Management team:**

Aggregate amount paid to the Management team for their services rendered as defined in the schedule 12 (2) Para 4 part-ii of Securities and Exchange Rules 1987 are given below:

Sl. No.	Name	Designation	12 Months (Tk.)
1	Mrs. Shahnaz Sultana	Chairperson	600,000
2	Mr. Quazi Rafi Ahmad	Managing Director	600,000
<b>Total</b>			

**31.00 Earning per share (EPS)**

Basic earnings per share:

Profit after tax	3,340,016	(11,201,958)
Profit attributable to ordinary shareholders	3,340,016	(11,201,958)
Total weighted average number of shares outstanding during the year	14,395,048	13,079,980
Basic earnings per share (Tk 10/= per Share)	<u>0.23</u>	<u>(0.86)</u>

Diluted earnings per share:

Profit attributable to ordinary shareholders	3,340,016	(11,201,958)
Weighted-average number of ordinary shares outstanding during the year	14,395,048	13,079,980
Diluted potential number of ordinary shares	-	1,315,068
Total number of shares as dilutive potential ordinary shares	14,395,048	14,395,048
Diluted earnings per share (Tk 10/= per Share)	<u>0.23</u>	<u>(0.78)</u>

Particulars	Amount	No of Days use capital	No Day in a year	Weight	Price per Share	weighted number of share
Share Capital	130,799,800	365	365	1.00	10	13,079,980
Share Money Deposit	300,000,000	16	365	0.04	10	1,315,068
	<u>430,799,800</u>					<u>14,395,048</u>

**32.00 Net Asset Value Per Share (NAVPS)**

Shareholders' Equity

Shareholders' Equity	482,036,595	128,544,288
No. of Share for Share Capital	43,079,980	13,079,980
Potential No. of Share for Share Money Deposit	-	-
Total No of Share to Calculate Net Asset Value Per Share	43,079,980	13,079,980
NAVPS (Net Asset Value Per Share)	<u>11.19</u>	<u>9.83</u>



<b>33.00 Net Operating Cash Flow per Share (NOCFPS)</b>		
Net Operating Cash Flow	(736,036.00)	14,694,700.00
No. of Share for Share Capital	43,079,980	13,079,980
Potential No. of Share for Share Money Deposit	-	-
Total No of Share to Calculate Net Asset Value Per Share	43,079,980	13,079,980
Net Operating Cash Flow per share	<u>(0.02)</u>	<u>1.12</u>
<b>34.00 Cash Received from Customers and others income:</b>		
Revenue	1,757,855	119,941,115
Add: Bills Receivable balance b/d	95,604,506	100,636,322
Less: Bills Receivable balance c/d	(13,387,325)	(95,604,506)
Less: Adjusted during the year (Bad debt)	(82,121,401)	(5,031,816)
	<u>1,853,635</u>	<u>119,941,115</u>
<b>35.00 Cash Paid to Suppliers, employees and others expenses</b>		
Cost of Goods Sold	(6,129,933)	(98,682,507)
Administrative expenses	(4,332,328)	(7,533,351)
Selling and distribution Expenses	(163,007)	(1,497,192)
Adjustment for Depreciation	5,040,848	6,253,758
Adjustment for Amortization	-	-
Workers Participation Fund	(130,600)	(323,000)
Increase/Decrease Trade Payables	1,379,393	131,003
Increase/Decrease Liability for expenses	2,062,337	(252,316)
Increase/Decrease Inventory	(3,370,745)	202,061
Increase/Decrease Advance deposits and prepayments	2,640,695	(4,139,305)
	<u>(3,004,140)</u>	<u>(105,840,849)</u>
<b>36.00 Income Tax paid</b>		
Opening AIT	-	-
Less: Closing AIT	-	-
Less: Current year Provision	(100,350)	(1,039,647)
Less: Opening Provision for Tax	(26,537,230)	(25,500,583)
Closing Provision for Tax	26,637,580	26,537,230
	<u>-</u>	<u>(3,000.36)</u>
<b>37.00 Cash flow for Property Plant and Equipment / Capital in Working Progress</b>		
Addition to Property Plant & Equipments	(157,520,172)	-
Addition to Capital Work In Progress	(14,633,551)	-
Adjustment for Transfer from CWIP to PPE	157,520,172	-
	<u>(14,633,551)</u>	
<b>38.00 Reconciliation of Net profit before tax with Cash flow from operating activities</b>		
Net profit before income tax	4,316,545	(10,745,282)
Add: Finance Cost	6,531	19,541,531
Adjustment for Depreciation	5,040,848	6,253,758
Adjustment for Amortization	-	-
Workers' Profit Participation Fund (WPPF)	85,227	(323,000)
(Increase)/Decrease Inventory	(3,370,745)	202,061
(Increase)/Decrease Receivable	95,780	-
Increase/Decrease Advance deposits and prepayments	2,640,695	(5,139,305)
Increase/(Decrease) Accounts Payables	1,379,393	131,003
Increase/Decrease Liability for expenses	2,062,337	(252,316)
Interest Paid	(6,531)	(2,565)
Income Tax Paid	-	(3,000)
Net Cash (used in)/generated by operating activities	<u>(12,986,116)</u>	<u>5,031,816</u>
	<u>(736,036)</u>	<u>14,694,701</u>



**39.00 Segment Reporting**

The company operates under one operating segment which is manufacturing of export-oriented leather goods. The company also has operations situated in one geographical location. Therefore the Company does not have separate operating or geographic segments. Therefore there is no additional segment reporting disclosures in the financial statements.

**40.00 Commission, Brokerage or Discount against sales**

No commissions or brokerage fees were incurred or paid to distributors nor any discounts were paid against sales.

**41.00 Attendance status of Board Meeting of Directors**

During the period from 1st July, 2022 to 30 June, 2023 there were five Board meeting held. The attendance status of all the meeting is as follows:

Name of Directors	Position	Meeting Held	Attended
Mrs. Shahnaz Sultana	Chairperson	6	5
Mr. Quazi Rafi Ahmed	Managing Director	6	6
Mr. Quazi Nafees Ahmed	Deputy Managing Director	6	3
Mr. Kharram Ja Murad	Independent Director	6	4
Mr. Md Abu Sayeed	Independent Director	6	5
Mr. Md. Farukul Islam	Independent Director	6	3

**42.00 Disclosure as per requirement of Schedule XI, Part II of the Company Act, 1984**

a. Disclosure as per requirement of Schedule XI, Part II Note 5 of Para 3.

a (i) Employee Position (As at June 30, 2023)

Salary Range (Monthly)	Office & Staff		Worker	Total Employee
	Head Office	Factory		
Below TK 3,000/-	-	-	-	-
Above TK 3,000/-	7	8	110	125
<b>Total</b>	<b>7</b>	<b>8</b>	<b>110</b>	<b>125</b>



## b. Disclosure as per requirement of Schedule xi, part II, para 4

Name of Directors	Designation	Nature of Transaction	Nature of Transaction	Festival Bonus	Total Payment
Mrs. Shahnaz Sultana	Chairperson	Remuneration	600,000	-	600,000
Mr. Quazi Rafi Ahmed	Managing Director	Remuneration	600,000	-	600,000
Quazi Rafi Ahmad	Managing Director	Share Capital	8,994,620	8,994,620	-
Reverstone	Shareholder	Share Capital	19,240,000	19,240,000	-
M/S Lamim Enterprise	Shareholder	Share Capital	19,240,000	19,240,000	-
Hayat Trade International	Shareholder	Share Capital	17,500,000	17,500,000	-
M/S Habib Enterprise	Shareholder	Share Capital	17,500,000	17,500,000	-
NSRA Equities Ltd	Shareholder	Share Capital	17,250,000	17,250,000	-
SAM Equities Ltd.	Shareholder	Share Capital	17,250,000	17,250,000	-
Sea Pearl Beach Resort & Spa Ltd.	Shareholder	Share Capital	5,450,000	5,450,000	-
Md. Aminul Haque	Shareholder	Share Capital	8,400,000	8,400,000	-
MK Footwear Plc	Shareholder	Share Capital	17,250,000	17,250,000	-
Nirod Barua	Shareholder	Share Capital	8,800,000	8,800,000	-
Ahmed Farabi Chowdhury	Shareholder	Share Capital	20,000,000	20,000,000	-
Shrinta Sabeen Chowdhury	Shareholder	Share Capital	9,500,000	9,500,000	-
Quazi Nafees Ahmed	Director	Share Capital	4,295,380	4,295,380	-
Quazi Aziz Ahmed	Shareholder	Share Capital	5,330,000	5,330,000	-
TS Equity & Ventures Ltd.	Nominee Director	Share Capital	22,500,000	22,500,000	-
NASCPS Equities Ltd	Nominee Director	Share Capital	81,500,000	81,500,000	-
<b>Total</b>			<b>361,200,000</b>	<b>300,000,000</b>	<b>1,200,000</b>



b (i) The above Directors of the company did not take any benefit from the company other than the remuneration.

Particulars	30.06.2023	30.06.2022
A) Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	1,200,000	Nil
B) Expenses reimbursed to Managing Agent	Nil	Nil
C) Commission or Remuneration payable separately to a managing agent or his associate	Nil	Nil
D) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company	Nil	Nil
E) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period.	Nil	Nil
F) Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable.	Nil	Nil
G) Other allowances and commission including guarantee commission	Nil	Nil
H) Pensions etc.	Nil	Nil
(i) Pensions	Nil	Nil
(ii) Gratuities	Nil	Nil
(iii) Payments from a provident funds, in excess of own subscription and interest thereon	Nil	Nil
I) Share Based payments	Nil	Nil

In accordance with IAS 24 Paragraph 17, the company has disclosed compensation to key management personnel.

Name of Executive Employee	Designation	Remuneration
Mr. Md. Mamunul Haque	CFO	225,000

c Disclosure as per requirement of Schedule XI, part II, para 8

i) Raw Materials, Spare Parts, Packing Materials

Items	Purchase In Taka			Consumption in Taka	% of Consumption of total purchase
	Import	Local	Total		
Raw Materials (Leather & Chemicals)	-	2,054,705	2,054,705	554,484	27%
Materials (Accessories)	-	85,692	85,692	251,301	293%
Packing Materials	-	72,605	72,605	57,304	79%
Spare Parts	-	72,264	72,264	48,609	67%
<b>Total</b>	-	<b>2,212,661</b>	<b>2,212,661</b>	<b>911,698</b>	





ii) The company has not incurred any expenditures denominated in foreign currency for the period from 1st July 2021 to 30 June 2022 on account of royalty, know-how, professional fee, consultancy fees and interest.

iii) The company has not earned any royalty, know-how or professional fees and consultancy fees denominated in foreign currency.

#### 43.00 Subsequent Disclosure of Events after the Balance sheet Date- Under IAS 10

There is no non-adjusting post balance sheet event of such importance, non disclosure of which would effect the ability to the users of the financial statements to proper evaluation and decision.

#### 44.00 Accounts Receivable

(I) Debt consider good in respect of which company is fully secured: The debtors occurred in the ordinary course of business are considered good and secured.	3,720,850	
(II) Debt considered good for which the company hold no security other than the debtors personal security Total debts are under this category as on 30 June 2023.		
(III) Debt considered doubtful or bad The company made no provision for doubtful debts as on 30 June 2023, because of the fact that sales/export are being made on regular basis with fixed maturity date:		
(IV) Debt due by directors or other officers of the company There is no such debt in this respect as on 30 June 2023.		
(V) Debt due by common Management There is no amount due from common management as on 30 June 2023.		
(VI) The maximum amount due by directors or other officers of the company There is no such debt in this respect as on 30 June 2023.		

#### Accounts Receivable (Good & Unsecured):

13,387,325	95,604,506
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Age analysis of the above balance of Bills Receivable is as follows:

Less than six months

Over six months

-	-
13,387,325	95,604,506
<u>13,387,325</u>	<u>95,604,506</u>



**45.00 Financial Risk Management**

The management of Company under the supervision of the Board has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect change in market conditions and the company's activities. The Company is exposed through its operations to the following financial risks:

- A. Interest rate Risk
- B. Credit Risk
- C. Stock/Inventory Risk

**B. Credit Risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge a contractual obligation. Credit risk mainly arises from trade debtors, advances and prepayments and cash & bank balances. The Management of the Company considers the balance of Bills Receivables to be in good standing and provision for bad and doubtful debts sufficient to cover unforeseen risks of non-realization. The Company has recently come to an arrangement with the debtors to realize their old debts. The maximum exposure to credit risk at the reporting date in terms of carrying value of assets is as follows:

**46.00 Details of Lease Agreement:**

There is no lease assets. So no lease agreement was required or signed.

**47.00 Approval of the financial statements:**

These financial statements were authorized for issue by the Company's Board of Directors dated on \_\_\_\_\_, 2023.

**48.00 Internal Control**

The following steps have been taken for implementation of an effective internal control procedure of the Company:

A strong internal control and compliance division has been formed with a view to establish a well designated system of internal control. Management makes regular reviews of internal audit reports with view to implement the suggestion of internal auditors in respect if internal control technique. The internal control compliance division is also working towards establishing an effective management system that includes planning, organizing and supervising culture in the factory as well as at Head Office.

**49.00 Contingent Liability**

There are no contingent liabilities apart from those that have already been disclosed in the financial statements and notes to the financial statements.

**50.00 General**

- a) The Company has no aggregate amount of contract for capital expenditure to be executed and not provided for in the accounts.
- b) There is no Bank Guarantee issued by the Management on behalf of Directors of the Company except Bank Loan.
- c) Auditors are paid only statutory audit fees approved by the shareholders in the last AGM.
- d) There was no foreign exchange remitted to the relevant shareholders during the period.
- e) All shares have been fully called and paid up.
- f) No amount of money was expended by the company for compensating any member of the Board for special service.



**Legacy Footwear Limited**  
**Schedule of Property, Plant & Equipment**  
**As at June 30, 2023**

Sl. No.	Particulars	Cost			Rate	Depreciation			Written Down Value As on June 30, 2023
		Balance as on July 01, 2022	Addition during the year	Disposal during the year		Balance as on June 30, 2023	Charged during the year	Disposal during the year	
01	Land and Land Development	2,710,127	19,642,615	-	0%	-	-	22,352,742	
02	Building & Civil work	34,550,640	137,877,557	81,386,676	10%	1,894,832	28,586,944	91,041,521	
03	Plant & Machinery	118,330,377	-	-	10%	2,129,354	-	99,156,187	
04	Equipments	4,650,764	-	-	10%	114,999	-	3,615,278	
05	Furniture	2,576,521	-	-	10%	241,282	-	2,427,810	
06	Generator	516,000	-	-	10%	304,546	-	325,781	
07	Air Compressor with Trolley	83,000	-	-	10%	49,003	-	52,403	
08	CC Camera	147,500	-	-	10%	87,084	-	93,126	
09	Air Conditioner	1,000,000	-	-	10%	508,895	-	558,006	
10	Water Filter	14,000	-	-	10%	8,266	-	8,839	
11	Computer	388,600	-	-	25%	191,999	-	240,149	
12	Office decoration	3,500,600	-	-	10%	1,708,293	-	1,887,576	
As on 30.06.2023		168,464,129	157,520,172	81,386,676		132,899,197	28,986,944	108,375,663	
As on 30.06.2022		168,464,129	-	-		127,287,104	-	132,899,197	

**REVALUATION**

Sl. No.	Particulars	Cost			Rate	Depreciation			Written Down Value As on June 30, 2023
		Balance as on July 01, 2022	Addition during the year	Disposal during the year		Balance as on June 30, 2023	Charged during the year	Disposal during the year	
01	Land and Land Development	70,639,873	65,117,185	-	0%	-	-	135,757,258	
02	Building & Civil Work	16,425,235	-	16,425,235	10%	577,498	11,227,749	-	
As on 30.06.2023		87,065,108	65,117,185	16,425,235		577,498	11,227,749	135,757,258	
As on 30.06.2022		87,065,108	-	-		641,665	-	76,814,857	

\* Land & Land Development and building & civil works has revalued on 2023. Original cost of Land & Land Development was Tk. 22,352,742 which was revalued to Tk. 158,110,000 resulting revaluation surplus of Tk. 135,757,258. Original cost of building & civil works was Tk. 169,955,667 resulting revaluation to Tk. 91,041,521 resulting impairment of Tk. 57,597,210

Figures in Taka

	June 30, 2023	June 30, 2022
Depreciation charged to Cost of Goods Sold (Note-24.05)	4,708,006	5,943,070
Dep. charged to Administrative Overhead (Note-25)	252,042	312,688
	<b>5,040,848</b>	<b>6,255,758</b>





# *Legacy Footwear PLC*

## **Head Office**

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## **Factory**

Vill.: Vannara, P.O.: Mouchak, P.S.: Kaliakair

Dist.: Gazipur, Bangladesh