

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Bismillahir Rahmanir Rahim

Dear Shareholders

AssalamuAlaikum,

It is my great pleasure to welcome you at the 20th Annual General Meeting of Saiham Cotton Mills Ltd. I, on behalf of the Board of Directors, have the pleasure to present before you the report for the year ended June 30, 2021 along with the audited financial statements and auditors' report thereon.

## Background

Saiham Spinning Mills Limited was incorporated on May 30, 2002 as a Private Limited Company vide incorporation No.C-459289(2401)/2002 and with effect from April 16, 2003. The name of the company has been changed to Saiham Cotton Mills Ltd. It has been converted into a Public Limited Company on March 25, 2010. The Authorized capital of the company is Tk. 2,000 million and paid up capital is Tk. 1,487 million. The company was listed with the Dhaka Stock Exchange Ltd and Chittagong Stock Exchange Ltd and share trading started in both the houses on June 24, 2012.

## Industry outlook and possible future developments in the industry

Unlike any other time, the world apparel trade is going through an extremely challenging and uncertain time not seen before in the recent past due to the pandemic COVID 19. The world economic irrespective of bigger and smaller economy, all suffered largely at the second half of the year. This pandemic type situation was in addition to the big economic superpower USA and China trade war that was affecting the global scenario earlier.

It is extremely difficult to predict any possible future outcome during a pandemic situation. The whole world is in literal stand still with lockdown resulting out from the COVID 19, as such the economic activities are totally disrupted. The company went through a very challenging time due to the pandemic COVID 19. The operation of the mill was halted for an extended period of time. Business activity was paralyzed due to the lockdown imposed throughout the country.

## Turnover

The financial year 2020-2021 was a year associated with deep recession and uncertain business situation. The COVID 19 pandemic showing its severe shape, the whole world economy coming into a standstill, new norms in the name of lockdown, social distancing were slowing down the overall global economy to a great extent. The financial year started with a complete lockdown of the world economy into combat and control the pandemic. Bangladesh was no exception. The lockdown to control the spread and its after math, the business confidence both locally and globally, the financial system operating on a different module in the name of social distancing, new orders virtually evaporating in the name of complete demand destruction was the culmination of grave situation that emerged. However, at the later part even though business confidence tried to return to normal with a great amount of uncertainties, the reality was that the whole world was only trying to survive the pandemic shape of the COVID 19. With complete demand destruction and virtual zero economic activities, the prices were in a free fall. Trust factors, the integral basis of business was at its historical low as such proceeds realization was hampered. In spite of all these adversaries the companies succeeded to realize an annual turnover of BDT 3,648 million versus BDT 3,007 million which is BDT 641 million increases than last year. The increase in turnover does not suffice the effort put behind by the all corners of the SCML team, but only proves the core strength of the team "Saiham Cotton."

## Segment-wise or product-wise performance

The company produces 100% export oriented cotton yarn. There is no segment wise product produces, hence product wise performance not disclose in the report.

## Risks and concerns

**Foreign Exchange Risk** : As our business is export based the exchange rate plays a dominant role in mitigating our currency related risks. The value of Bangladeshi Taka and corresponding value of competitor currency determines the extra advantage a country might enjoy on a short time basis and on a long time to certain extend. The importing countries must be able to import yarn at a proper price as per their currencies and any major volatility in this aspect also affects business competitiveness. During last 3 years exchange rates have been quite volatile.

During the year 2020-21 dollar exchange rate was stable and to a certain degree the local currency showed signs of strength which will help in reducing the import cost. As for revenue generation this might have a negative impact but the bigger picture is that Bangladeshi Taka has proved to be a stable currency over the period.

**Opportunities, Threats and Concern:** Being an export unit concern, our market is being determined by the situation prevailing in our destination market i.e. USA, EU, Far East. Also, the future of Textile industry is highly depending on availability of raw material at a competitive price. With the introduction of Hybrids and BT Cotton, the cotton production is increasing and it is expected that the supply of quality cotton will be comfortable in the coming seasons. With the prevailing trade war, one strongly believes that Bangladesh might be able to reap the benefit and enrich its export basket. Moreover, with the COVID 19 situation, the demand for niche ended apparels specially home wares are in demand, and Bangladesh being one of the sustainable and cheap sources of this apparel might enjoy comparatively better days ahead. Spinning units are highly capital intensive and has to maintain large Raw Material inventory levels due to its seasonality. The company makes all efforts to have efficient inventory management and constant efforts are being made to monitor the inventory levels keeping in view of interest costs. Company has also a system of assessing the risks on an ongoing basis. This includes an effective internal control and management reporting system. Further, the framework also captures the existing practices to manage commodity price risk, interest risk, and foreign exchange risk etc. An important aspect of this framework is to promote a balanced approach that considers risk and return.

Lastly, risks and concern of the industry solely depends on the upcoming Government policy. However, Garments being the major foreign currency earner has always enjoyed special consideration from all the successive Governments and expectation is that it will continue in the future thus enabling to negate a lot of unforeseen risks.

**Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin.**

Particulars	June 30, 2021	June 30, 2020
Cost of goods sold	3,164,194,063	2,858,608,425
Gross profit for the year	484,188,416	149,027,996
Net profit for the year	160,043,105	-94,658,927

**Discussion on continuity of any Extra-Ordinary activities (gain or loss)**

Abnormal loss has incurred due to fire incident during the financial year which is disclosed in the note # 23 of Notes to the Financial Statements.

**Related party transactions**

The Company enters into transactions with related parties as defined in the “International Accounting Standards 24: Related Party Disclosures”. The name of the related parties, nature of business and their value have been set out in note 28 of the notes to the financial statements.

**Utilization of Proceeds from public issues:**

With the IPO fund the company has set up a brand new 100% export oriented spinning unit. In the year 2014 that has been reported accordingly to the regulators. No further issue of any instrument was made during the year.

**Variance within the Quarterly Financial Statement and Annual Financial Statements**

Particulars	Q1	Q2	Q3	Annual Total
Turnover in BDT	978,062,565	874,426,919	740,540,414	3,648,382,478
Net profit after tax in BDT	22,094,570	32,226,267	52,935,161	160,043,105

### Remuneration to Directors

This information is incorporated in the Notes 21 of the notes to the financial statements on page 78 with reference to the “Directors Remuneration” mentioning figures concerning the remuneration of the Managing Director.

### Fairness of Financial Statements

The financial statements together with the notes thereon have been drawn up in conformity with International Accounting Standard/ International Financial Reporting Standard, Companies Act 1994 and Securities and Exchange Rules 1987. These statements present fairly the Company’s state of affairs, the results of its operations, cash flow and changes in equity.

In compliance with the requirement of the Bangladesh Securities and Exchange Commission’s Corporate Governance Code 2018, the Chief Executive Officer/Managing Director and the Chief Financial Officer have given their declarations about the fairness of the financial statements which is shown on page 36 of the report.

### Proper Books of Accounts

Proper books of accounts of the Company have been maintained.

### Accounting Policies

Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates are based on reasonable and prudent judgment.

### Application of IAS/IFRS

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

### Internal Control

The Board of Directors assures its Shareholders that the Company has a risk management process to ensure that the systems of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present. The company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that controls that are in place are adequate to address these risks.

### Minority Shareholders

Minority Shareholders interest have been protected by the Board of Directors.

### Going Concern

The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the financial statements. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of existing business. There are no significant doubts about the Company’s ability to continue as a going concern.

### Significant deviations from last year’s operating results.

Explain of Significant deviations from last year’s operating results are mentioned below:

Particulars	June 30, 2021	June 30, 2020
Net Profit after tax for the year	160,043,105	(94,658,927)
Add: Adjustment for revaluation of P.P.E and deferred tax	-	-
Add: Adjustment for depreciation on revalued assets	109,449,149	116,777,842
Add: Previous year’s surplus	690,492,112	817,148,198
<b>Recommended for appropriations:</b>		
Dividend paid	-	(148,775,000)
Balance as at June 30, 2021	959,984,366	690,492,112

### Key operating and financial data

The key operating and financial data of the last 5 (five) years is set out in page 35 of the annual report.

### Dividend

The Board of Directors at their board meeting held on October 27, 2021 recommended to the shareholders 10% cash dividend for the year ended June 30, 2021 whose name appears on the register of members on record date.

### Interim Dividend

No stock dividend has been declared as interim dividend for the year June 30, 2021.

### Unclaimed Dividend

Company maintained details information of unclaimed dividend as per BO account number-wise of the shareholders and summary of aforesaid information disclosed in the annual report page # 77 of note #19 under the head "Unclaimed Dividend Account".

### Contribution to the National Exchequer

Saiham Cotton Mills Limited is one of the largest corporate tax payers of the country. The Company contributed Tk. 35.99 million during 2020-2021 to the National Exchequer. Last five years comparative data are as follows:

(Taka in Million)

Particulars	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Tax,VAT,Duty & Others	35.99	26.58	21.49	30.29	25.20

### Board Meetings and Attendance

During the year total 07 (seven) board meeting were held. Details of the board meetings are shown in the note # 29 of the notes to the Financial Statements. The managing Director who is an Ex Officio, CFO and Company Secretary were present in all board meetings.

### Pattern of Shareholding and name wise details

Name wise details	No. of Shares held
(a) Parent/Subsidiary/Associated Companies and other related parties	Nil
(b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and compliance and their spouse and minor children:	
Mr. S.M.Faisal-Chairman	63,87,500
Engr. Syed Ishtiaq Ahmed - Managing Director	1,29,59,017
Mr. Shafqat Ahmed - Director	1,89,59,017
Mrs. Yasmin Faisal - Director	42,90,000
Mr. Mohammad Nazmul Hossain, FCA-Independent Director	Nil
Mr.S.F.A.M.Shahjahan - Sponsor	1,33,96,240
Mrs. Tasmina Ahmed- Sponsor	5,41,612
Mrs. Natasha Ahmed - Sponsor	65,41,612
Company Secretary, Chief Financial Officer, Head of Internal Audit and compliance and their spouse and minor children	Nil
(c) Executives; and	Nil
(d) Shareholders holding ten percent (10%) or more voting interest in the Company :	Nil



### Re- Appointment of Managing Director

Engr. Syed Ishtiaq Ahmed as the Managing Director of the company and tenure of 05 (five) year expired on April 16, 2021. He has been re-appointed as Managing Director of the company for further period of 05 (five) years by the Board of Directors in its meeting held on April 15, 2021.

The appointment of Managing Director to be placed before 20<sup>th</sup> the Annual General Meeting (AGM) for shareholders approval.

### Disclosure of information of the Managing Director who are Re- Appointment of Managing Director

Engr. Syed Ishtiaq Ahmed, son of Mr. S.M. Faisal is the Managing Director of Saiham Cotton Mills Ltd. He has graduated in Engineering from Michigan, USA and is also an MBA with a major in Finance from Institution of Business Administration (IBA), University of Dhaka. He has participated in a training on “Industry and Management” in Prato, Italy sponsored by Ministry of Foreign Trade, Italy. He is one of the members of the Board of Directors of BTMA. He has represented BTMA on a high level mission on Garment Technology and Textile Processing to IMB Cologne in Germany and also visited the London College of Fashion under University of the Arts London sponsored by United Nations Industrial Development Organizations (UNIDO). He has vast experience in technical, marketing and financial aspects of business. Mr. Ahmed is the Chairman of Saiham Textile Mills Ltd. He is also the Director of Faisal Spinning Mills Ltd and Saiham Knit Composite Limited.

Names of companies in which Engr. Syed Ishtiaq Ahmed holds the directorship:

Interest in other Company	Designation
Saiham Textile Mills Ltd.	Chairman
Faisal Spinning Mills Ltd	Director
Saiham Knit Composite Ltd	Director

### Directors appointment or re-appointment

In terms of Article 108 of the Articles of Association of the Company, Mr. **Syed Shafqat Ahmed, MBA**, Director retire by rotation from the Board in the 20<sup>th</sup> Annual General Meeting. Being eligible under Article 110 of the Articles of Association of the Company, the retiring Director have offered themselves for re-appointment. The brief profile of the Director is given below :

### Disclosure of information of the director who are willing to be re-elected.

#### Mr. Syed Shafqat Ahmed, MBA – Director

Mr. Syed Shafqat Ahmed, son of Mr. S.M. Faisal, is the Director of Saiham Cotton Mills Ltd. Mr. Syed Shafqat Ahmed graduated in Economics from Michigan State University and completed MBA from University of Texas at Arlington. He specializes in financial management and structuring / restructuring of organizations. He worked as a financial analyst at Salomon Smith Barney, an investment bank and as a pricing analyst in Bowne of Dallas. His expertise in workflow designing was the key behind Saiham Cotton Mills Limited’s winning the “Best IT Use Award” in 2005 awarded by BASIS Bangladesh. He is also the Managing Director of Saiham Knit Composite Ltd. and Saiham Suits Ltd., Director of Saiham Textile Mills Ltd. and Faisal Spinning Mills Ltd.

Names of companies in which Mr. Syed Shafqat Ahmed, MBA holds the directorship:

Interest in other Company	Designation
Saiham Textile Mills Ltd.	Director
Faisal Spinning Mills Ltd	Director
Saiham Knit Composite Ltd	Managing Director

### **Appointment of Independent Director**

As per BSEC notification for Corporate Governance Code, Ref. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018, the Board of Directors appointed Mr. **Mohammad Nazmul Hossain, FCA** as Independent Director for the three years term and will be expired on January 2024.

The appointment of Independent Director to be placed before the 20th Annual General Meeting (AGM) for shareholders approval.

### **Disclosure of information of the Independent Director**

Mr. Mohammad Nazmul Hossain, FCA is a Chartered Accountant and more than 38 years professional experience. He is a Chief Financial Officer of BGMEA University of Fashion & Technology. He is also a fellow member of the Institute of Chartered Accountants of Bangladesh (ICAB). He has long experience financial accounting, management & cost accounting, statutory audit, special audit, internal audit, internal control, income tax, VAT, company law, banking, insurance and other business services. Previously, he was the Head of Finance of BOC Bangladesh Limited.

### **Management Discussion and Analysis**

Management discussion and analysis has been highlighted in the Directors' report.

### **Declaration or certification by the MD and CFO**

Declaration or certification by the MD and CFO has been given on page # 36 of annual report.

### **Report on Compliance of the corporate Governance Code**

The company maintained a good Corporate Governance practices as described to page # 27 to 33 of the annual report.

### **Appointment of Auditors**

M/S. Khan Wahab Shafique Rahman & Co, Chartered Accountants has carried out the audit of accounts of the company for the year June 30, 2021 and completed consecutive three years of audit. They are not eligible for re-appointment, in accordance with the provision of BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20 June, 2018 and Regulation Number 15(3) of Stock Exchange (Listing) Regulations 2015. Among the proposals received from Chartered Accountants firms, The Audit Committee reviewed the proposal for appointment and recommended to the Board for appointment of M/S. Rahman Mostafa Alam & Co., Chartered Accountants at a remuneration of Tk. 350,000 (three lac fifty thousand) only including tax but excluding VAT as the auditors of the company for the year 2021-2022 to hold office for the period until conclusion of the next (21<sup>st</sup>) Annual General Meeting of the company for auditing the accounts for the year to be ended June 30, 2022.

The appointment of auditor to be placed before 20<sup>th</sup> Annual General Meeting for shareholders approval.

### **Appointment of Professional (Chartered Accountants/Cost and Management Accountant/Chartered Secretaries) firm for the Certificate on Compliance with the Corporate Governance Code of BSEC**

As per notification number BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 the company shall obtain certificate from Professional Accountant/Chartered Secretary (Chartered Accountants/Cost and Management Accountant/Chartered Secretary) regarding compliance with the condition of Corporate Governance Code of the commission and such certificate shall be disclosed in the Annual Report.

In this regard, Kazi Zahir Khan & Co., Chartered Accountants offered themselves for appointment to issue "Corporate Governance Compliance Certificate". The Board recommended the proposal for appointment of Kazi Zahir Khan & Co., Chartered Accountants at a remuneration of Tk. 30,000 (Thirty Thousand only) to issue "Corporate Governance Compliance Certificate" of Saiham Cotton Mills Limited for the year June 30, 2022 subject to approval of the shareholders of the company in the 20<sup>th</sup> Annual General Meeting.

### **Corporate Social Responsibility (CSR)**

Saiham Cotton Mills Limited (SCML) has been operating not only as a business entity but also trying to perform of the Corporate Social responsibility that is bestowed upon it. The said set up of the industry in a remote village almost 20 years back and the economic development achieved by the locality and it's resident eventually culminating into a small township only summarized the success story of SCML. Having over 200 years of relationship with the ancestors of the locality and the entrepreneurs it was always social responsibility first rather than the business perspective that was prevalent. Following are some of the major Corporate Social Responsibilities of SCML to mention a few activities:

#### **Women Empowerment:**

The development of women work force in SCML and in return creating the empowerment of women in locality can be a case study for any Business School. Women in this locality were confined within the boundaries of their house and were concentrated to only household work. The dark reality was that they were never financially and socially independent. The teenage girls forced to be married in their early teens due to social taboo were in most cases divorced few years later, probably with the responsibility of the new born children on their shoulder. For security and social pressure, they would marry again only to face the same destiny in most of the cases. They were deprived of their fundamental rights of education and eventually was a burden to the society. It is through the effort of SCML, that a pilot project was taken up to introduce this women as work force in the factory, much to the raised eye brows of the then social leaders. Presently the women comprises of almost 65% of the work force of SCML. These steps gave dividends as these women were no longer bounded by the social force of getting married in early ages and having children, rather the women started determining their own fate of marrying or remarrying as they are financially independent now. With the introduction of the women as a work force, a new revolution has taken over the locality, where the younger girls are more concentrating towards their completion of education in order to get themselves admitted in the non-production related administrative officer post. A small dream with a little effort and courage has transformed the entire socio-economic situation of the area for which SCML really can claim to be the initiator.

#### **Development of the locality:**

Setting up industry in a remote village far away from the Capital city was an initiative not supported by business ethics at that time. With no or limited infrastructure, every corner including few financial institutions requested of reevaluation of the decision to set up the industry in such remote village. Almost 2 decades on, and with the success story of SCML and its other sister concern of the group, the area has turned out to be the most sought after industrial area in the country. Not only has the real estate industry developed with the appreciation of the land price, the housing industry, the market and overall economic activities of the locality has made it to be one of the most profitable and emerging area not only in the district but maybe in the entire division.

#### **Free Eye Camp:**

Eyes are the most crucial zones of our body. It is not possible to depict an existence without visualization. In order to address this issue SCML along with Moulavi Bazaar B.N.S.B Eye Hospital took its initiatives for free eye camp providing free eye operation and post-operative care. The company has been organising this free eye camp for almost 20 years now. Free eye surgeries with intra ocular lens implantation are organized for the rural people. Every year thousands of people of nearby rural locality wait eagerly for this free eye care and come to see the doctors, get medicine or even get surgery, completely free of cost. SCML even arranges for the boarding and lodging free of cost, for the patient during their stay for the treatment.

#### **COVID 19:**

The company is well aware of the social obligation it has towards the society and tends to fulfill the responsibility as such. During the pandemic COVID 19, realising the severity of the situation the company not only ensured that all its workers are retained and taken care of properly with timely payment of their salary and bonuses, the company took up one of the largest Food Distribution Program in the district in distributing free essential food items among the thousands of distressed locals. With the help of the local administration free PPE and face masks were distributed and an strong campaign was launched within the factory premises to educate the workers of the social distancing, hygiene, hand wash and ways to avoid the transmission of COVID 19. The result was eminent as there was no COVID 19 detected patients within our factory premise.



**Patrons:**

Education is the back bone of a nation. Without proper education and dynamic and knowledge enriched students, the future of a nation will be at jeopardy. SCML realises this fact very much and believes education as a primal tool for social change. The contribution of SCML towards the educational sectors to enhance the leadership skill to prepare the new upcoming generations for the real world can be seen in their whole hearted participation of almost all educational institution of the locality. Not only that, the entity is maintaining a complete chain of educational institutes starting from primary school, high school, Colleges, and Universities. S.M. Faisal Primary School, Syed Sayeeduddin Ahmed School and College, Syed Sayeeduddin Ahmed University and College are some of the institutions to name which are being looked after by SCML. SCML has also expanded their philanthropic hand in the local Madrasha, namely Itakhola Aliya Madrasha. Not only with financial help, they have gone limit in constructing buildings with their own fund. There are instances when the salaries of the teachers were also paid from these institutions, as it awaited Government recognition. All the educational institutions are well reputed and have high respect among nearby locality for their quality of education.

**Financial Independence:**

SCML has transformed the whole of the locality into a model financially independent economy. Every other person in the locality is directly or indirectly related to economic activities. In the earlier days most of the people residing here barely had no any work to do throughout the year. Main profession of the area was farming and going to forest to cut trees and sell them to local market for their daily earning. With the inception of SCML most of the workers are from local villages now. SCML took all the trouble of training these farmers and house wife and transforming them into work force. Now not only the men but also the women of the family are working in shifts and generating a decent earning. Working 8 hours on a shift they all now have another 8 hours to devote their time for agriculture or to their tiny shops, which gives them extra financial return. The women of the family also coming into the work force has really given most of the families extra financial benefit, as such one can come into a conclusion that the area “Saihamnagar” is free of hunger and poverty and boasts to be one of the most proactive society contributing to the economy and a financially secured villages in the country.

**Contribution to Religious Institutions**

The word Saiham and donation to religious institution goes hand in hand. There are hardly any religious institutions in locality that has not been benefited financially by SCML. Few years back, a promotion was launched where all mosques were given free mikes, fans, carpets/floor mat out of these institutions. Moreover, any new construction to these religious institutions, the first thing in the list of the organisers are to approach SCML for their philanthropic help. Not only mosque this grants exceeds past into the temples of the locality. It is because of the presence of SCML and their controlling factor, the area is enjoying a brotherly atmosphere among religions.

**Warm Clothes Distribution**

The area Noyapara, Saihamnagar is situated in the North East of Dhaka among the lush green tea garden area. As such the weather here is extremely intriguing. The temperature during the winter times comes down very much. The poor people are not prepared for this extreme cold weather. Even though it lasts for several weeks yet extreme cold along with severe fog makes life unbearable. May it be adults, children or elderly persons living in the village home, sleeping at night becomes impossible due to wet like cold floor and chilling air blowing through. SCML comes up for the help of this distressed people. Every year on a routing wise schedule they distribute blankets familywise and sweaters and warm clothes to individual for free. The biggest satisfaction observed during this distribution is that after 2/3 years of distribution it was observed that major people are covered with this hot clothing and can survive the initial spell of cold weather the subsequent year.

**Law and Order Situation**

The village of Saihamnagar has transformed into an industrialized area and along with it has transformed the citizens staying there. As already mentioned, everyone values time and realized his or her contribution towards economy as such is a great unified work force. They understand the value of work and the essence of financial independence. As such less idle times are spent which results in less non-productive discussion and less law and order disorder. Understanding the value of time and specially the time value of money with the SCML operating at the back ground, the villagers have barely have any time to think beyond their own requirements. Such peace, calm, quiet and secure is the area that people are migrating outside of the locality in numbers, may it be Muslim, Hindu or other religion or profession. Any petty occurrences are instantly solved through local interference as they all realize the value of wasted time and the loss it will incur for them.



### **Sewerage and Drainage problem Solution**

SCML has gone forward in mitigating the water logging and sanitation problem of the locality. With the beginning of each unit construction special priorities were given in solving the water logging and drainage problem of the area. May it be the mile-long drain from the central Noyapara Bazaar to wash away all the wastages, the excavation of the canal beside the SCML for proper flowing of water, creating drainage in the locality to overcome the water logging and save the houses from submersion, SCML is always present beside the local people.

### **Environmental Aspect**

SCML is an environment conscious entity. In fact, today's textile industry is one of the biggest sources of greenhouse gasses on Earth, due to the huge size and scope of the industry as well as the many processes and products that go into the making of textiles and finished textile products. Co-generation or Combined Heat and Power (CHP) is the simultaneous generation of both electricity and heat from the same fuel, for useful purposes and one of the bigger solution for reducing the carbon emission. The average global efficiency of fossil-fuelled power generation has remained stagnant for decades at 35% to 37%. Technologies already exist today to bring the generation fleet closer to 45% efficiency. Even though not essential for SCML yet SCML has ventured into the co-generation arena, out of their responsibility towards the environment and Mother Nature. As such not only production wise, SCML has set up the **largest co-generation system in Bangladesh** in spinning sector where the polluted exhaust gas of the Generators are recycled into a close system to produce chilled water, instead of releasing them in the open air thus utilizing almost 70% of utilized energy. The recycled exhaust is then used as a chilled water to reduce the internal temperature of the manufacturing floor. The whole process is a complete closed chamber and saves the environment of the polluted discharge of the generator sets and thus contributing to the Carbon Footprint.

SCML has set up an own grid of 50 Kwh solar electricity plant. The electricity is generated and is used for the day-to-day non-production related work, thus contributing to the reduction of Carbon Footprint. A master plan is underway where SCML plans to harvest the rainwater in recycling the water for its various internal use mainly gardening and toilet flushing by the end of year 2019.

### **Acknowledgement**

The Company and its Board of Directors would like to extend its foremost regard and appreciation to the valued shareholders and others stakeholders of the company for their persistent support and guidance to the company that lead to the achievement. The Board also express their gratitude to National Board Of Revenue (NBR), Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission's (BSEC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange (DSE), Chattogram Stock Exchange (CSE), Bank/NBFI and others agencies for their support and guidance.

For and on behalf of the Board of Directors.



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**(S. M. Faisal)**

Chairman