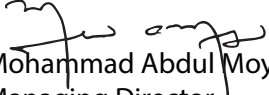


Dear Shareholders  
Assalamu Alaikum Wa Rahmatullah!

We forward herewith of the First Quarter (Q1) Financial Statements (Un-audited) performances of the company for the 3 (Month) month period (July to September 2021) ended 30th September 2021 of H.R. Textile Mills Limited as per Regulation of the Stock Exchange (Listing) Regulations, 2015 under LR 17(1).

  
Mohammad Abdul Moyeed  
Managing Director



First Quarter (Q1) Financial Statements (Un-Audited)  
for the 3 (three) month period ended 30th September 2021

**H.R. Textile Mills Limited**  
Pride Hamza (5th Floor), House # 54  
Road # 1, Sector # 6, Uttara  
Dhaka-1230, Bangladesh  
Cell: 01990409190 (Share Department)  
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**H.R Textile Mills Limited**  
**Statement of Financial Position (Un-Audited)**  
**As at September 30, 2021**

ASSETS	Notes	As at Sept 30, 2021 Taka	As at June 30, 2021 Taka
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	2,196,165,050	2,201,960,608
Investment in Fixed Deposits	5	16,274,000	15,897,500
<b>Total Non-Current Assets</b>		<b>2,212,439,050</b>	<b>2,217,858,108</b>
<b>Current Assets</b>			
Stocks and Stores	6	688,258,066	661,701,780
Trade and Other Debtors	7	691,983,233	695,013,076
Cash Incentive Receivable	8	11,256,002	-
Advances, Deposits and Prepayments	9	98,867,503	94,425,853
Cash and Bank Balances	10	70,963,513	91,594,129
<b>Total Current Assets</b>		<b>1,561,328,317</b>	<b>1,542,734,838</b>
<b>TOTAL ASSETS</b>		<b>3,773,767,367</b>	<b>3,760,592,946</b>
<b>SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share Capital	11	253,000,000	253,000,000
General Reserve	12	6,956,752	6,956,752
Tax Holiday Reserve	13	22,378,988	22,378,988
Dividend Equalisation Reserve	14	10,000,000	10,000,000
Revaluation Surplus	15	651,643,741	651,867,794
Retained earnings	16	214,643,996	198,914,119
<b>Total Shareholders' Equity</b>		<b>1,158,623,477</b>	<b>1,143,117,653</b>
<b>Long-term Liabilities</b>			
Long-term Loans-Secured, Future Maturity	17	1,185,486,484	1,186,629,941
Provision for Gratitude	18	25,756,617	26,096,182
Provision for Deferred Taxation	19	88,630,082	85,348,514
<b>Total long-term Liabilities</b>		<b>1,299,873,183</b>	<b>1,298,074,637</b>
<b>Current Liabilities</b>			
Bank Overdrafts- Secured	20	69,423,621	73,932,455
Time Loans- Secured	21	406,950,787	388,546,435
Loans against Trust Receipts	22	-	9,357,890
Trade Creditors	23	516,559,717	535,577,546
Unclaimed Dividend Account	24	4,752,533	9,507,557
Accrued Expenses	25	33,771,796	30,841,035
Provision for Current Taxation	26	55,140,129	49,803,043
Bills Receivable Discounted	27	19,805,136	16,945,349
Workers' Participation /Welfare Funds	28	13,102,845	13,303,075
Current Maturity of Long-term Loans	29	195,764,143	191,586,271
<b>Total Current Liabilities</b>		<b>1,315,270,707</b>	<b>1,319,400,656</b>
<b>Total Liabilities</b>		<b>2,615,143,890</b>	<b>2,617,475,293</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>3,773,767,367</b>	<b>3,760,592,946</b>
<b>Net Assets Value (NAV) per share</b>	30	<b>45.80</b>	<b>45.18</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

 Managing Director  
 Director

 Director

 CFO/HF&A

 Company Secretary



**H.R Textile Mills Limited**  
**Statement of Profit or Loss and other Comprehensive Income (Un-Audited)**  
**For the Q1 period from July 1, 2021 to September 30, 2021**

Particulars	Notes	July 1, 2021 to Sept 30, 2021 Taka	July 1, 2020 to Sept 30, 2020 Taka
Sales Revenue	31	821,063,966	593,027,598
Export Incentive	32	11,256,002	9,595,684
<b>Turnover</b>		<b>832,319,968</b>	<b>602,623,282</b>
Cost of Goods Sold	33	(702,632,562)	(508,856,585)
<b>Gross Profit</b>		<b>129,687,406</b>	<b>93,766,697</b>
Administrative, Selling and General Expenses	34	(29,534,663)	(27,504,733)
Financial Expenses	35	(75,838,406)	(50,691,223)
<b>Operating Profit</b>		<b>24,314,337</b>	<b>15,570,741</b>
Other income	36	1,016,365	458,465
<b>Profit Before contribution to WPPF</b>		<b>25,330,702</b>	<b>16,029,206</b>
Contribution to WPPF	28	(1,206,224)	(763,296)
<b>Net Profit before Tax</b>		<b>24,124,478</b>	<b>15,265,910</b>
Income Tax Expenses		(8,658,193)	(5,528,403)
Current Tax	37	(5,337,086)	(4,998,379)
Deferred Tax	19	(3,321,107)	(530,024)
Prior Year Tax		-	-
<b>Net Profit after tax</b>		<b>15,466,285</b>	<b>9,737,507</b>
 Earnings per share (EPS)	39	 0.61	 0.38

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Managing Director

  
Director

  
Director

  
CFO/HF&A

  
Company Secretary



**H.R Textile Mills Limited**  
**Statement of Cash Flows (Un-Audited)**  
**For the Q1 period from July 1, 2021 to September 30, 2021**

Particulars	Notes	Amount in Taka	
		July 1, 2021 to Sept 30, 2021	July 1, 2020 to Sept 30, 2020
<b>Cash Flows from Operating Activities:</b>			
Cash received from Sales and Export incentives		824,093,809	667,107,851
Exchange Fluctuation Gain/(Loss)		639,865	367,115
Receipts from Other Income (FDR)		376,500	91,350
Cash paid for goods and services		(756,750,330)	(526,302,081)
<b>Cash from operation</b>		<b>68,359,844</b>	<b>141,264,235</b>
Interest paid		(67,505,934)	(43,022,508)
Income tax paid/deducted at sources		(5,337,086)	(4,982,393)
<b>Net Cash inflows from operating activities</b>		<b>(4,483,176)</b>	<b>93,259,334</b>
<b>Cash Flows from Investing Activities:</b>			
Acquisition of property, plant and equipment	4	(21,447,746)	(35,537,392)
Investment in FDR	5	(376,500)	-
<b>Net Cash outflows from investing activities</b>		<b>(21,824,246)</b>	<b>(35,537,392)</b>
<b>Cash Flows from Financing Activities:</b>			
Bank Overdraft Received/(Repaid)		(4,508,834)	(31,348,515)
Long Term Loans Received/(Repaid)		(1,143,457)	103,054,754
Time Loans Received/(Repaid)		18,404,352	6,028,029
Loans against Trust receipts Received/ (Paid)		(9,357,890)	-
Bills Receivable Discounted Received/( Repaid)		2,859,787	331,667
Current Maturity of Long-term Loans		4,177,872	2,773,910
Unclaimed Dividend Account		(4,755,024)	(13,730)
<b>Net Cash inflow from financing activities</b>		<b>5,676,806</b>	<b>80,826,115</b>
Net increase/(decrease) in cash and bank balances		(20,630,616)	138,548,057
Cash and bank balances on opening		91,594,129	30,511,100
<b>Cash and bank balances at closing - Note 7</b>		<b>70,963,513</b>	<b>169,059,157</b>
<b>Net operating cash flows per share (NOCFPS)</b>	40	<b>(0.18)</b>	<b>3.69</b>

  
Managing Director

  
Director

  
Director

  
CFO/HF&A

  
Company Secretary





**H.R Textile Mills Limited**  
**Statement of Changes in Equity (Un-Audited)**  
**For the 1st Quarter (Q1) period ended 30th September 2021**

Particulars	Share Capital	General Reserve	Tax Holiday Reserve	Revaluation Surplus	Dividend Equalization Reserve	Retained Earnings	Total Taka
Balance as at June 30, 2021	253,000,000	6,956,752	22,378,988	651,867,794	10,000,000	198,914,119	1,143,117,653
Revaluation reserve realised	-	-	-	(224,053)	-	263,592	39,539
Net profit after Tax	-	-	-	-	-	15,466,285	15,466,285
Balance as on September 30, 2021	253,000,000	6,956,752	22,378,988	651,643,741	10,000,000	214,643,996	1,158,623,477

Particulars	Share Capital	General Reserve	Tax Holiday Reserve	Revaluation Surplus	Dividend Equalization Reserve	Retained Earnings	Total Taka
Balance as at June 30, 2020	253,000,000	6,956,752	22,378,988	652,764,006	10,000,000	137,216,290	1,082,316,036
Revaluation reserve realised	-	-	-	(224,053)	-	263,592	39,539
Net profit after Tax	-	-	-	-	-	9,737,507	9,737,507
Balance as on September 30, 2020	253,000,000	6,956,752	22,378,988	652,539,953	10,000,000	147,217,389	1,092,093,082

  
Managing Director

  
Director

  
Director

  
CFO/HF&A

  
Company Secretary



**H.R TEXTILE MILLS LIMITED**  
**Notes to the Financial Statements**  
**For the 1st Quarter ended 30<sup>th</sup> September 2021**  
**Forming an integral Part of the Financial Statements**

**1. Notes-General**

**Status and Activities:**

This is a public limited company incorporated in Bangladesh under the Companies Act, 1913 on 3 December 1984 under the entrepreneurship of the Pride Group. The other shareholders are the general public and local financial institutions. The shares of the Company are listed with both the Dhaka and Chittagong Stock Exchanges in Bangladesh. The address of the registered office is B-87, Mailbag Chowdhury Para, Dhaka and the mills are located at Karnapara, Savar, Dhaka. The Company owns textile mills and its principal activities are knitting, processing and finishing of textile products and making garments.

**2. Basis of preparation**

**2.1 Statement of compliance**

The financial statements have been prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the Companies Act 1994, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax Act 1991 and the Value Added Tax Rules 1991, Bangladesh Securities and Exchange Rules 1987 and other related regulations. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

**2.2 Basis of measurement**

The financial statements have been prepared on historical cost basis except financial assets and liabilities which are stated at "fair value".

**2.3 Functional and presentational currency**

These financial statements are prepared in Bangladeshi Taka, which is the Company's functional currency.

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with IAS/IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

**2.5 Reporting period**

The financial reporting period of the company covers three months from 01 July 2021 to 30 September 30, 2021.

**2.6 Comparative Information and Rearrangement Thereof**

In accordance with the provisions of IAS-1: Presentation of Financial Statements, Comparative information 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 year's financial statements.

## 2.7 Corporate Accounting Standards Practiced

IAS 1	Presentation of Financial Statements	Complied
IAS 2	Inventories	Complied
IAS 7	Cash Flows Statement	Complied
IAS 8	Accounting policies , Changes in Accounting Estimates and Errors	Complied
IAS 10	Events after the Reporting Period	Complied
IAS 12	Income Taxes	Complied
IAS 16	Property, Plant and Equipment	Complied
IAS 19	Employee Benefits	Complied
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS 21	The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23	Borrowing Costs	Complied
IAS 24	Related Party Disclosures	Complied
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
IAS 27	Separate Financial Statements	Complied
IAS 28	Investments in Associates and Joint Ventures	Not Applicable
IAS 29	Financial Reporting in Hyperinflationary Economies	Not Applicable
IAS 32	Financial Instruments: Presentation	Complied
IAS 33	Earnings Per Share	Complied
IAS 34	Interim Financial Reporting	Complied
IAS 36	Impairment of Assets	Complied
IAS 37	Provision , Contingent Liabilities and Contingent Assets	Complied
IAS 38	Intangible Assets	Complied
IAS 40	Investment Property	Not Applicable

**Applicable International Financial Reporting Standards (IFRSs) are as follows:**

IFRS 1	First-time Adoption of Bangladesh Financial Reporting Standards	Not Applicable
IFRS 2	Share-based Payment	Not Applicable
IFRS 3	Business Combinations	Not Applicable
IFRS 4	Insurance Contracts	Not Applicable
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Not Applicable
IFRS 6	Exploration for and Evaluation of Mineral Resources	Not Applicable
IFRS 7	Financial Instruments: Disclosures	Complied
IFRS 8	Operating Segments	Not Applicable
IFRS 9	Financial Instruments	Complied
IFRS 10	Consolidated Financial Statements	Not Applicable
IFRS 11	Joint Arrangements	Not Applicable
IFRS 12	Disclosure of Interests in Other Entities	Not Applicable
IFRS 13	Fair Value Measurement	Complied
IFRS 14	Regulatory Deferral Accounts	Not Applicable
IFRS 15	Revenue from contracts with customers	Complied
IFRS 16	Leases	Not Applicable

**2.8 Component of Financial Statements**

- (i) Statement of Financial Position as at September 30,2021;
- (ii) Statement of Profit or Loss and other Comprehensive Income for the period ended September 30, 2021;
- (iii) Statements of Changes in Shareholders' Equity for the period ended September 30, 2021;
- (iv) Statement of Cash Flows for the period ended September 30, 2021; and
- (v) Notes to the Financial Statements for the period ended September 30, 2021.

**3.00 Significant accounting policies**

The accounting policies set out below have been applied consistently to all period presented in these financial statements.



### **3.01 Property, plant and equipment**

#### **3.01.1 Recognition and measurement**

Property, plant and equipment are measured at cost and valuation (only land) less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. It is carried at the lower of its carrying amount and fair value less cost. Any write-down is shown as an impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

#### **3.01.2 Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

#### **3.01.3 Depreciation on property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation thereon. Depreciation is charged applying diminishing balance method on all fixed assets other than land and land development. Depreciation has been charged on addition when the related asset is available for use and no depreciation has been charged when the related assets are de-recognized/disposed off. After considering the useful life of the assets as per IAS-16: Property Plant and Equipment, the depreciation rates have been applied as under which is considered reasonable by the management:

<b>Particulars</b>	<b>Rate</b>
- Factory Building	2.50%
- Plant and Machinery	7.00%
- Factory Shed	7.50%
- Electric, Gas, Water , Steam and Telephone Installation	10.00%
- Furniture& Fixture, Office Equipment, Factory Equipment	10.00%
- Tools and Apparatus	10.00%
- Motor Vehicle	15.00%

#### **3.01.4 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.

##### **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 treated as a revaluation decrease. During the year no impaired loss occurred to recognize in the Financial Statements.

### **3.2 Inventories**

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is valued at weighted average cost method and includes costs for acquiring the inventories and bringing them to their existing locations and conditions.

### **3.3 Provisions**

A provision is recognized on the balance sheet date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is provable that an outflow of economic benefits will be required to settle the obligation.

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations;

- a) when the company has an obligation (legal or constructive) as a result of past events;
- b) when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) Reliable estimates can be made of the amount of the obligation.

### **3.4 Earnings per share (EPS)**

This has been calculated in compliance with the requirement of IAS-33: Earnings per share. Earnings per share by dividing the net earnings after Tax by the number of ordinary shares outstanding during the period.

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 number of ordinary share outstanding during the period.

### **Diluted Earnings per share**

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, no Diluted EPS of the company has been calculated.

### **3.5 Revenue**

In compliance with the requirements of IFRS 15 "Revenue from Contracts with Customers" revenue represents the sales proceeds which are recognized when the parties to the contract have approved the contract and are committed to perform their respective obligations; delivery are made from factory godown to carriers that is, when the significant risk and rewards of ownership have been transferred to the buyer,

recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

### **3.6 Trade receivables**

Trade receivables at the balance sheet date are stated at amounts which are considered realizable.

### **3.7 Finance income and expenses**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues. Finance expenses comprise interest expense on borrowings, bank charges and guarantee costs. All borrowing costs are recognized in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate.

### **3.8 Cash and cash equivalents**

It includes cash in hand and other deposits with banks which were held and available for use by the company without any restriction.

### **3.9 Taxation**

#### **Current tax**

Provision for current income tax has been made during the year under review in respect of net profit at the rate of 15%

#### **Deferred tax**

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

### **3.10 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.
- d) 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 year or in previous financial statements is recognized in profit or loss in the year in which they arise.

### **3.11 Employee Benefits:**

The Company is operating Workers Profit Participation Fund (WPPF) and Welfare Fund according to Bangladesh Labour Law 2006 and Bangladesh labour (Amendments) Act 2013 are accounted for securing benefits to the employees in accordance with the provision of International Accounting Standard (IAS)-19, "Employee Benefit".

### **Retrial Benefits (Gratuity):**

The retrial benefits (gratuity) liability for the permanent employees of the Company is accrued at one months' basic pay for each completed year of service of each employee who has completed service for six months or more.

### **3.12 Related party disclosure**

As per IAS 24: Related Party Disclosure, parties are considered to be related if one has the ability to control or exercise significant influence over other in making financial and operating decisions.

### **3.13 Statement of Cash Flows**

The statement of cash flows has been prepared in accordance with the requirements of IAS 7 "Statement of Cash Flows". The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

### **3.14 Events after the Reporting Period**

In compliance with the requirements of IAS 10 "Events after the Reporting Period" events after the reporting period that provided additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material.

### **3.15 Risk Exposure**

#### **Interest Rate Risk**

Interest rate risk is the risk that company faces due to unfavorable movements in the interest rates. Changes in the government's monetary policy, along with increased demand for loans/ investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

#### **Management Perception**

The company has mostly fixed rate loans; and accordingly, adverse, impact of interest rate fluctuation is insignificant.

#### **Exchange Rate Risk**

Exchange rate risk occurs due to changes in exchange rates. As the company imports materials and equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the company. If exchange rate increases against locale currency, opportunity arises for generating more profit.

### **Management Perception**

The company's exports exceed imports; therefore, volatility of exchange rates has limited impact on profitability of the company.

### **Industry Risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and market share which could have an adverse impact on the business, financial condition and results of operation.

### **Management Perception**

Management is optimistic about growth opportunity in garments and textiles sector in Bangladesh. Furthermore there is untapped international market.

### **Market risks**

Market risks refer to the risks of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

### **Management Perception**

Management is fully aware of the market risk and act accordingly. Moreover the company has a strong marketing and brand management to increase the customer base and customer loyalty.

### **Operational Risks**

Non-availabilities of materials/ equipment's/ services may affect the smooth operational activities of the company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

[[

### **Management Perception**

The company perceives that allocation of its resources properly can reduce this risk factor to great extent. The company hedges such risks in costs and prices and also takes preventive measures therefor.

### **Liquidity Risk**

Liquidity Risk is defined as the risk that the company will not be able to settle its obligations on time or reasonable price.

### **Management Perception**

The company's approach to managing liquidity is to ensure, as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Typically, management ensures that it has sufficient cash and cash equivalent to meet expected operational expenses, including the servicing of financial obligation through preparation of the cash forecast prepared based on time line of payment of the financial obligation and accordingly arrange for sufficient liquidity/ fund to make the expected payment within due date.

## **Financial risk management (IFRS 7)**

### **Introduction**

The Company's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and foreign currency risk), and liquidity risk. The Company's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to economically hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Company Treasury) under policies approved by the Board of Directors (Treasury Policy). Company Treasury identifies, evaluates, and hedges financial risks in close co-operation with the Company's operating units. The 'Treasury Policy' provides principles for specific areas, such as credit risk, interest rate risk, foreign currency risk, use of derivative financial instruments, and investment of excess liquidity.

This note presents information about the Company's exposure to each of the risks arising from financial instruments and the Company's objectives, policies, and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

### **Credit risks:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet its contractual obligations, and arises principally from cash and cash equivalents, time deposits, and trade accounts receivable.

The credit risk with Accounts Receivable (see note 07) is limited, as the Company has numerous clients located in various geographical regions. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. For risk control, the customers are categorized as follows (risk companies): governmental organizations, listed public limited companies, and other customers. Credit limits are established for each customer, whereby the credit limit represents the maximum open amount without requiring payments in advance or letters of credit; these limits are reviewed regularly (credit check).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position. There are no commitments that could increase this exposure to more than the carrying amounts.

### **Market risks**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and other prices will affect the Company's result or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.



### **Interest rate risk**

At the reporting date, the Company had the following interest-bearing financial instruments: cash and cash equivalents, time deposits, rent deposits, and bank liabilities. All cash and cash equivalents mature or reprise in the short-term, no longer than three months.

Borrowings mainly bear interest at fixed rates. Cash and cash equivalents and borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

The Company Treasury manages the interest rate risk to reduce the volatility of the financial result as a consequence of interest rate movements. For the decision whether new borrowings shall be arranged at a variable or fixed interest rate, the Company Treasury focuses on an internal long-term benchmark interest rate and considers the amount of cash and cash equivalents held at a variable interest rate. Currently, the interest rate exposure is not hedged.

### **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Company Treasury manages the Company's liquidity to ensure sufficient liquidity to meet all liabilities when due, under both normal and stressed conditions, without facing unacceptable losses or risking damage to the Company's reputation.

Excess liquidity can be invested in instruments such as time deposits, government, and corporate bonds, shares of publicly listed companies, and capital protected instruments.

### **3.16 COVID-19 disclosure in the financial statements**

On 30 January 2020, the World Health Organization declared the outbreak of Novel Corona Virus (COVID-19) as a pandemic, which continues to spread worldwide. In response to the outbreak, the Government of Bangladesh and stock Exchange of Bangladesh declared general holiday from 26 March 2020. Since then the Company temporarily closed its office and branches stopping all of its operations due to health concerns associated with COVID-19. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the Company expects this matter to negatively impact its business. The Company has considered key accounting considerations related to conditions that may result from the COVID-19.

**4. Property, Plant and Equipment**

	Sept. 30,2021	June 30,2021
	Taka	Taka
Opening Balance	3,401,814,481	2,664,361,072
Addition during the Period	21,447,746	737,453,409
Less: Accumulated Depreciation	(1,227,097,177)	(1,199,853,873)
<b>Closing Balance</b>	<b>2,196,165,050</b>	<b>2,201,960,608</b>

**4.1. Depreciation for the year is charged as below:**

Cost of Goods Sold-Note 33.1	21,794,643	73,228,824
Administrative, Selling and General Expenses-Note 34.1	5,448,661	18,307,206
	<b>27,243,304</b>	<b>91,536,030</b>

**5. Investment in Fixed deposits**

Opening Balance	15,897,500	10,000,000
Addition this Period	-	5,897,500
Interest during this Period	376,500	-
<b>Closing Balance</b>	<b>16,274,000</b>	<b>15,897,500</b>

**6. Stocks and stores**

6.1 The make-up is as below:

		September 30,2021		June 30,2021	
		In Kg	Taka	In Kg	Taka
Stock of Yarn	6.2	734,501	265,154,845	964,335	257,522,055
Stock of Dyes and Chemicals	6.3	376,709	89,650,503	538,876	84,808,306
Stock of Work-in-Process	6.4		179,653,103		170,047,725
Stock of Finished Goods	6.5		110,116,782		105,640,861
Stock of Accessories			18,564,974		17,587,458
Goods in Transit			13,542,641		12,214,521
			676,682,848		647,820,926
Stock of Spares			11,575,218		13,880,854
			688,258,066		661,701,780

**6.2 Stock of Yarn**

Stock of Yarn	734,501	265,154,845	964,335	257,522,055
	<b>734,501</b>	<b>265,154,845</b>	<b>964,335</b>	<b>257,522,055</b>

**6.3 Stock of Dyes and Chemicals**

Dyes	49,192	44,125,658	58,789	41,694,405
Chemicals	327,517	45,524,845	480,087	43,113,901
	<b>376,709</b>	<b>89,650,503</b>	<b>538,876</b>	<b>84,808,306</b>

**6.4 Stock in Work in Process**

Cost of Materials	128,194,651	119,645,444
Costs of Conversion	51,458,452	50,402,281
	<b>179,653,103</b>	<b>170,047,725</b>

**6.5 Stock of Finished Products**

Finished Garments	42,546,941	38,637,394
Knitted Fabrics	126,299	67,003,467
	<b>126,299</b>	<b>105,640,861</b>

**7. Trade and Others Debtors**

	September 30,2021		June 30,2021	
	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 Days)	7,728,956	653,483,233	7,991,211	670,063,076
Other Debtors	455,352	38,500,000	297,555	24,950,000
	<b>8,184,308</b>	<b>691,983,233</b>	<b>8,288,766</b>	<b>695,013,076</b>

These include a sum of Tk.38,500,000 (2021: Tk.24,950,000) due from Associates Companies, expected to be realized /adjusted within a year from the financial statement end date.

These are unsecured but considered good.

**8. Cash Incentives Receivable**

Opening Balance
Received during the period
For the period
<b>Closing Balance</b>
The receivables are unsecured but considered good.

**Sept. 30,2021****June 30,2021**

<b>Taka</b>	<b>Taka</b>
-	40,353,566
-	(91,693,907)
-	(51,340,341)
11,256,002	51,340,341
<b>11,256,002</b>	<b>-</b>

**9. Advances, Deposits and Prepayments****Advances :**

Salary Advance	1,043,560	1,066,770
Advance Tax	1,337,500	1,150,000
Factory Insurance Advance	240,346	1,124,816
Operational Advance	8,265,984	8,441,240
Eltech Engineering Co. Ltd	6,600,000	6,600,000
Tax deducted at source	50,824,362	45,487,276
	<b>68,311,752</b>	<b>63,870,102</b>

**Deposits :**

Security Deposits	20,571,731	20,571,731
Bank Guarantee Margin	<u>9,984,020</u>	<u>9,984,020</u>
	<u><b>30,555,751</b></u>	<u><b>30,555,751</b></u>
	<b>98,867,503</b>	<b>94,425,853</b>

The advances are unsecured but considered good.

**10. Cash and Bank Balances****Cash at Banks with Banks/Financial Institutions on Current Account:**

Brac Bank Ltd, Dhanmondi Branch,CD A/c	35,785	48,418
Mutual Trust Bank Ltd.,Gulshan Branch, CD A/c	471,786	498,342
Mutual Trust Bank Ltd.,Gulshan Branch, Fund builup A/c	16,279,500	3,700,371
Mutual Trust Bank Ltd.,Gulshan Branch, Dollar A/c	22,623	17,231,255
Mutual Trust Bank Ltd.,Gulshan Branch, ERQ A/c	80,307	80,307
Mutual Trust Bank Ltd.,Gulshan Branch, SND A/c	8,137	8,137
HSBC,Anchor Tower Branch, MDA Margin A/c	16,838,450	146,695
HSBC,Anchor Tower Branch, FCY A/c	2,005,945	1,621,248
Trust Bank Ltd,SKB Branch, Dollar A/c	2,127,724	18,570,432
Trust Bank Ltd,SKB Branch,FCAD A/c	276,633	7,301
Trust Bank Ltd,SKB Branch, CD A/c	77,548	19,573,484
Dutch Bangla Bank Ltd.,Gulsgan Branch ,CD A/c	399,854	385,674
AB Bank Ltd,Motijheel Branch, CD A/c	690,453	691,143
AB Bank Ltd,Motijheel Branch, Notice A/c	343,189	3,046,756
	<b>39,657,934</b>	<b>65,609,563</b>

**With Bank on Short Term Deposit Account:**

Trust Bank Ltd.,SKB Branch, SND A/c	26,529,619	21,238,894
Southeast Bank Ltd, Principal Branch, STD A/c	1,065,763	1,055,211
	27,595,382	22,294,105
Cash at Banks	<b>67,253,316</b>	<b>87,903,668</b>
Cash in Hand	3,710,197	3,690,461
	<b>70,963,513</b>	<b>91,594,129</b>

## 11. Share Capital

### 11.1 Authorized:

100,000,000 Ordinary Shares of Tk.10 each	1,000,000,000	1,000,000,000
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### 11.2 Issued, Subscribed and Paid-up:

25,300,000 Ordinary Shares of Tk.10 each fully paid-up	253,000,000	253,000,000
14,000,000 Ordinary Shares of Tk.10 each fully paid-up in cash	140,000,000	140,000,000
11,300,000 Ordinary Shares of Tk.10 each issued as fully paid-up bonus shares	113,000,000	113,000,000
	<b>253,000,000</b>	<b>253,000,000</b>

### 11.3 Composition of Shareholdings:

Classes of Holdings	September 30,2021		June 30,2021	
	No. of Shares	%	No. of Shares	%
Sponsors Directors	12,808,619	50.63	12,808,619	50.63
Financial Institutions	1,012,670	4.00	1,712,981	6.77
General Public	11,478,711	45.37	10,778,400	42.60
	<b>25,300,000</b>	<b>100</b>	<b>25,300,000</b>	<b>100</b>

Distribution schedule-Disclosures Under the Listing Regulations of Stock Exchanges:

### 11.4 Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be used to increase the issued, subscribed and paid up capital through the issuance of new shares.

## 12. General Reserve

	Sept. 30,2021	June 30,2021
	Taka	Taka
Opening and Closing Balance	6,956,752	6,956,752
	<b>6,956,752</b>	<b>6,956,752</b>

## 13. Tax Holiday Reserve

Opening and Closing Balance	22,378,988	22,378,988
	<b>22,378,988</b>	<b>22,378,988</b>

## 14. Dividend Equalisation Reserve

Opening and Closing Balance	10,000,000	10,000,000
	<b>10,000,000</b>	<b>10,000,000</b>

## 15. Revaluation Surplus

Revaluation Surplus	651,867,794	652,764,006
Revaluation reserve realised	(224,053)	(896,212)
Closing Balance	<b>651,643,741</b>	<b>651,867,794</b>

M/S. Ahmad and Akhtar & Co. Chartered Accountants , Dhaka, Bangladesh (the valuer) revalued the Factory Lands & Building as of December 31,2018 at "Current Cost Accounting Method (CCA)". Due to the revaluation , a net revaluation surplus amounting to Tk.686,195,360.00 arose and accounted for.

## 16.Retained earnings

Balance as on June 30,2021	198,914,119	137,216,290
Total Comprehensive income for the year:		
Profit for the year	15,466,285	73,031,606
Revaluation reserve realised	263,592	1,054,368
	<b>214,643,996</b>	<b>211,302,264</b>
Dividend during the year:		
Final dividend for previous year	-	(12,388,145)
<b>Balance as on September 30,2021</b>	<b>214,643,996</b>	<b>198,914,119</b>

**17. Long-term Loan -Secured Future Maturity**

	September 30, 2021 Taka	June 30, 2021 Taka
9% Loan - Note 17.1	987,978,268	987,768,518
5% Loan - Note 17.2	-	-
15% Loan - Note 17.3	142,434,471	143,787,678
Deferred L/C Liabilities -Note 17.4	55,073,745	55,073,745
	<b>1,185,486,484</b>	<b>1,186,629,941</b>

**17.1 The movement of loan is as follows:**

Opening Balance	987,768,518	957,660,813
Interest during this Period	31,779,455	188,313,701
Current maturity	(31,569,705)	(158,205,996)
<b>Closing Balance</b>	<b>987,978,268</b>	<b>987,768,518</b>

The loan has been taken from Mutual Trust Bank Ltd, Gulshan Branch for import of Plant and machinery. The loan carries interest at 9% and is repayable in 16 Quarterly installments, starting from 11 July, 2021. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

**17.2 The movement of loan is as follows:**

Opening Balance	-	8,577,655
Current Maturity	-	(8,577,655)
Unrealised Loss	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

The offshore has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 108 Bir Uttam CR Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery. The loan carries interest at 5% and is repayable in 16 quarterly installments, starting from 1 January 2014.

**17.3 The movement of loan is as follows:**

Opening Balance	143,787,678	156,548,999
Interest during this period	4,847,448	21,232,503
Paid this period	-	(9,191,204)
	<b>148,635,126</b>	<b>168,590,298</b>
Current Maturity	(6,200,655)	(24,802,620)
<b>Closing Balance</b>	<b>142,434,471</b>	<b>143,787,678</b>

The term loan facility has been taken from IPDC Finance Limited, Head office : Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka-1212, Bangladesh, for construction of effluent treatment plant.. The loan carries interest at 15% and is repayable in 72 equal monthly installments, starting from 25 November 2019.

**17.4 The movement of Deferred L/C liabilities is as follows:**

Opening Balance	55,073,745	61,916,455
Addition this Period	-	55,073,745
Paid this Period	-	(61,916,455)
<b>Closing Balance</b>	<b>55,073,745</b>	<b>55,073,745</b>

The offshore facility has been taken from Mutual Trust Bank Limited, Gulshan Branch, 120 Gulshan Avenue, Gulshan, Dhaka-1212, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

**18. Provision for Gratuity**

Opening Balance	26,096,182	27,218,882
Contribution during this Period	1,036,285	4,002,800
	<b>27,132,467</b>	<b>31,221,682</b>
Paid during this Period	(1,375,850)	(5,125,500)
<b>Closing Balance</b>	<b>25,756,617</b>	<b>26,096,182</b>

**19. Provision for Deferred Taxation**

	September 30, 2021 Taka	June 30, 2021 Taka
Opening Balance	85,348,514	78,583,298
Charged to profit or loss account during the Period	3,321,107	6,923,372
Adjustment for depreciation of revalued assets	(39,539)	(158,156)
<b>Closing balance</b>	<b>88,630,082</b>	<b>85,348,514</b>

**A. Property, Plant and Equipment (PPE)**

WDV of Accounting Base	1,512,869,202	1,518,401,168
WDV of Tax Base	1,107,259,426	1,134,592,541
Taxable temporary difference	<b>405,609,776</b>	<b>383,808,627</b>
Tax rate	15%	15%
Deferred tax liability (asset)	<b>60,841,466</b>	<b>57,571,294</b>

**B. Deferred Tax on Gratuity Position**

Opening balance of deferred tax liability for gratuity provision	(3,914,427)	(4,082,832)
Addition during the Period	50,935	168,405
Deferred tax liability (asset)	<b>(3,863,492)</b>	<b>(3,914,427)</b>

**C. Calculation of deferred Tax**

Revalued value of land	644,020,625	644,020,625
Revalued value of other than land	39,275,223	39,538,815
<b>Tax Rate</b>		
On land	4%	4%
On other than land	15%	15%
<b>Deferred tax liabilities</b>		
For land	25,760,825	25,760,825
For other than land	5,891,283	5,930,822
Deferred tax liability (asset)	31,652,108	31,691,647
<b>Total (A+B+C)</b>	<b>88,630,082</b>	<b>85,348,514</b>

**Calculation of deferred tax charged on Profit and Loss Account:**

Deferred tax liability other than revalued asset as on June 30, 2021	53,656,867	46,733,495
Deferred tax liability other than revalued asset as on September 30, 2021	56,977,974	53,656,867
	<b>3,321,107</b>	<b>6,923,372</b>

**20. Bank Overdrafts**

Trust Bank Ltd, SKB Branch	51,159,664	50,933,128
HSBC Bank, Plc, Anchor Tower Branch, Kawranbazar	18,263,957	22,999,327
	<b>69,423,621</b>	<b>73,932,455</b>

These are secured.

**21. Time Loan**

9% Loan - Note 21.1	377,794,638	359,397,739
5% Loan - Note 21.2	29,156,149	29,148,696
	<b>406,950,787</b>	<b>388,546,435</b>

**21.1 The movement of loan is as follows:**

Opening Balance	359,397,739	367,249,038
Paid this Period	-	(36,077,375)
Add. Interest	18,396,899	28,226,076
<b>Closing Balance</b>	<b>377,794,638</b>	<b>359,397,739</b>

The loan has been taken from United Commercial Bank Ltd, Corporate Branch, Plot CWS (A)1, Road 34, Gulshan Avenue, Dhaka-1212 for Working Capital requirement. The loan carries interest at 9% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.



	September 30, 2021	June 30,2021
	Taka	Taka
Opening Balance	29,148,696	29,148,696
Paid this period	(320,621)	-
Interest during this period	328,074	-
<b>Closing Balance</b>	<b>29,156,149</b>	<b>29,148,696</b>

The loan has been taken WC under Stimulus Package Covid-19 Pandemic from Trust Bank Ltd, Sena Kalyan Bhaban Branch, 195 Motijheel C/A, Dhaka-1000 for Working Capital requirement. The loan carries interest at 4.5% and is repayable in 12 months .

## 22. Loan against Trust Receipts

Opening Balance	9,357,890	-
Loan received this Period	-	9,357,890
Paid this period	(9,357,890)	-
<b>Closing balance</b>	<b>-</b>	<b>9,357,890</b>

## 23. Creditors

	As at September 30,2021		As at June 30,2021	
	US\$	Taka	US\$	Taka
For Import Purchases	5,969,125	507,077,192	6,243,975	525,430,493
For Local Purchases		8,843,780		9,158,254
For Staff Income Tax		638,745		617,330
For Refund Warrant		-		371,469
		<b>516,559,717</b>		<b>535,577,546</b>

These are unsecured but creditors for import purchases are against back to back L/Cs.

## 24. Unclaimed Dividend Account

Opening Balance	9,507,557	7,397,675
Refund Warrant	371,469	-
Addition during the Period	-	12,388,145
	<b>9,879,026</b>	<b>19,785,820</b>
Less: Transfer to Capital Market Stabilization Fund (CMSF)	(5,126,493)	-
Paid this Period	-	(10,278,263)
	<b>4,752,533</b>	<b>9,507,557</b>

## 25. Accrued Expenses

Gas Expenses (Factory)	14,627,056	15,192,692
Electricity Bill	403,374	76,102
Telephone	94,378	135,450
Salaries, Wages and Allowances	18,451,088	14,879,016
Security Bill	75,275	75,275
Legal Fee	15,000	60,000
Auditors' Fee (including Vat)	43,125	172,500
AGM Expenses	62,500	250,000
	<b>33,771,796</b>	<b>30,841,035</b>

## 26. Provision for Current Taxation

Opening balance	49,803,043	44,069,406
Addition during the Period	5,337,086	21,924,237
	<b>55,140,129</b>	<b>65,993,643</b>
Paid during the Period	-	(16,190,600)
<b>Closing Balance</b>	<b>55,140,129</b>	<b>49,803,043</b>

**27. Bills Receivable Discounted**

	September 30,2021	June 30,2021
	Taka	Taka
Opening Balance	16,945,349	25,558,605
Discounted during the period	91,682,516	169,845,684
	<b>108,627,865</b>	<b>195,404,289</b>
Collected during the period	(88,822,729)	(178,458,940)
<b>Closing Balance</b>	<b>19,805,136</b>	<b>16,945,349</b>

**28. Workers' Participation/Welfare Funds**

Opening Balance	13,303,075	14,491,236
Payment during this period	(1,625,410)	(6,854,851)
	11,677,665	7,636,385
Contributions for the period	1,206,224	5,093,961
Interest during the period	218,956	572,729
<b>Closing Balance</b>	<b>13,102,845</b>	<b>13,303,075</b>

Interest has been provided on the funds balance in terms of the Bangladesh Labour Law.

**29. Current Maturity of long-term loans**

29.1 Mutual Trust Bank Limited, Gulshan Branch, Dhaka	163,102,493	158,205,996
29.2 The Honkong and Shanghai Banking Corporation Plc, Anchor Tower, Dhaka	3,725,261	8,577,655
29.3 IPDC Finance Ltd,Hosna Centre (4th Floor),106 Gulshan Avenue, Dhaka	28,936,389	24,802,620
<b>Closing Balance</b>	<b>195,764,143</b>	<b>191,586,271</b>

**29.1 The movement of loan is as follows:**

Opening Balance	158,205,996	23,357,662
Current Maturity this period	31,569,705	158,205,996
	<b>189,775,701</b>	<b>181,563,658</b>
Paid during this period	(26,673,208)	(23,357,662)
<b>Closing Balance</b>	<b>163,102,493</b>	<b>158,205,996</b>

The loan has been taken from Mutual Trust Bank Ltd,Gulshanl Branch for import of Plant and machinery.The loan carries interest at 9% and is repayable in 16 Quartly installments,starting from 11 July, 2021.The loan is secured by hypothecation of stock, machinery, equipment and book debts.

**29.2 The movement of loan is as follows:**

Opening Balance	8,577,655	31,021,832
Current Maturity this period	-	8,577,655
	<b>8,577,655</b>	<b>39,599,487</b>
Paid during this period	(4,852,394)	(31,021,832)
<b>Closing Balance</b>	<b>3,725,261</b>	<b>8,577,655</b>

The offshore facility has been taken from The Honkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C R Dutta Road, Dhaka-1205,Bangladesh, for import of Plant and machinery .

**29.3 The movement of loan is as follows:**

Opening Balance	24,802,620	9,191,204
Current Maturity this period	6,200,655	24,802,620
	31,003,275	33,993,824
Paid during this period	(2,066,886)	(9,191,204)
<b>Closing Balance</b>	<b>28,936,389</b>	<b>24,802,620</b>

The term loan facility has been taken from IPDC Finance Limited, Head office : Hosna Centre (4th Floor),106 Gulshan Avenue, Dhaka-1212, Bangladesh, for construction of effluent treatment plant.. The loan carries interest at 15% and is repayable in 72 equal monthly installments, starting from 25 November 2019.

**30. Net Assets Value (NAV) per Share**

Total Assets	3,773,767,367	3,760,592,946
Total Liabilities	(2,615,143,890)	(2,617,475,293)
<b>A. Net Assets</b>	<b>1,158,623,477</b>	<b>1,143,117,653</b>
<b>B. Number of ordinary of shares</b>	<b>25,300,000</b>	<b>25,300,000</b>
<b>Net Assets Value (NAV) per Share (A/B)</b>	<b>45.80</b>	<b>45.18</b>

The NAV per share increased mainly due to revaluation surplus detailed in note 15.

**31. Sales**

July 1, 2021 to September 30, 2021			July 1, 2020 to September 30, 2020		
Quantity	USD	Taka	Quantity	USD	Taka
<b>Export sales:</b>					
Knit Fabrics (Kgs)	164,219	1,019,801	86,224,136	333,028	1,735,078
Garments (pcs)	3,462,624	8,691,187	734,839,830	2,216,441	5,341,623
<b>Total</b>	<b>9,710,987</b>	<b>821,063,966</b>		<b>7,076,701</b>	<b>593,027,598</b>

Sales increased significantly by 35.27% mainly from increased export Sales of garments by 94.50% pcs.

**32. Export Incentives**

	September 30, 2021 Taka	September 30, 2020 Taka
Cash Incentive	11,256,002	9,595,684
	<b>11,256,002</b>	<b>9,595,684</b>

**33. Cost of Goods Sold****33.1 The break-up is as follows:-**

Materials Consumed - Note 33.2	603,478,722	414,614,314
Salary, Wages and Allowances - Note 33.3	58,736,627	50,965,853
Tiffin & Entertainment Expenses	254,842	235,985
Depreciation - Note 4.1	21,794,643	18,329,261
Stores and Spares Consumed	415,245	402,568
Factory Conveyance	235,845	235,698
Power and Gas	26,433,231	25,363,491
Gratuity	740,950	685,632
Vehicle expenses	365,843	452,698
Repairs and Maintenance	375,698	362,562
Packing & Loading Expenses	398,564	359,685
Import Landing, Clearing and Insurance	385,947	382,522
Factory Stationery Expenses	312,548	302,659
Carriage Inward and Outward	658,458	675,825
Knitting, Sewing & Processing Charge	958,495	1,235,642
Factory Insurance	884,470	799,189
Sewing Machine Rental	225,865	202,564
Miscellaneous	57,868	56,860
<b>Total Manufacturing Costs for the year</b>	<b>716,713,861</b>	<b>515,663,008</b>
Add Opening Work in Process	170,047,725	93,354,996
<b>Total Manufacturing Costs</b>	<b>886,761,586</b>	<b>609,018,004</b>
Less Closing Work in Process	179,653,103	89,183,055
<b>Cost of Goods Manufactured</b>	<b>707,108,483</b>	<b>519,834,949</b>
Add Opening Finished Goods	105,640,861	84,784,030
<b>Cost of Goods available for use</b>	<b>812,749,344</b>	<b>604,618,979</b>
Less Closing Finished Goods	110,116,782	95,762,394
<b>Cost of Goods Sold</b>	<b>702,632,562</b>	<b>508,856,585</b>

**33.2 Materials Consumed**

July 1, 2021 to September 30, 2021		July 1, 2020 to September 30, 2020	
Quantity (Kg.)	Taka	Quantity (Kg)	Taka
Yarn	1,027,887	389,774,582	978,076
Dyes	103,423	66,975,842	70,347
Chemicals	475,413	65,359,845	377,193
Accessories		81,368,453	
<b>Total Materials Consumption</b>	<b>603,478,722</b>		<b>414,614,314</b>

**33.3 Salaries, Wages and Allowances**

	No. of Employees	Taka	No. of Employees	Taka
Employees drawing Tk.8,000 or more per month	1,921	58,736,627	1,867	50,965,853
Employees drawing less than Tk.8,000 per month	-	-	-	-
<b>Total</b>	<b>1,921</b>	<b>58,736,627</b>	<b>1,867</b>	<b>50,965,853</b>

**34. Administrative, Selling and General Expenses**  
**34.1 The break-up is as below:**

	September 30, 2021 Taka	September 30, 2020 Taka
Directors' Remuneration-Note 34.2	700,000	700,000
Salaries and Allowances Note 34.3	16,165,874	13,863,468
Security Service charges	221,113	288,000
Depreciation - Note 4.1	5,448,661	4,582,315
Electricity Expenses	860,801	459,339
Postage, Courier, Telephone and Fax	425,486	492,654
Form & Stamp	402,549	425,648
Gratuity	295,335	271,213
Travelling and Conveyance	355,848	363,542
Legal and Professional Expenses	15,000	15,000
Auditors' Fee-Note 34.2	43,125	37,500
A.G.M Expenses	82,150	75,623
Registration and Fees	314,842	411,926
Staff welfare	347,768	346,542
Stationery Expenses	330,184	356,241
Office Repairs and Maintenance	409,907	465,345
Vehicle Expenses	438,031	565,324
Entertainment Expenses	323,989	463,251
Central fund for RMG	199,593	141,424
Buying House Commission	425,400	956,200
Freight Charges & Freight out	975,840	1,458,456
Garments Testing & Inspection Charges	557,683	640,080
Miscellaneous	195,484	125,642
	<b>29,534,663</b>	<b>27,504,733</b>

34.2 No remuneration or fee, other than that specified in note 34.1, was paid to directors and auditors.

34.3 Salaries and Allowances:

	No of Employees	Taka	No of Employees	Taka
Employees drawing Tk.8,000 or more per month	171	16,165,874	145	13,863,468
Employees drawing less than Tk.8,000 per month	-	-	-	-
	<b>171</b>	<b>16,165,874</b>	<b>145</b>	<b>13,863,468</b>

**35. Financial Expenses**

Interest Expenses	67,505,934	43,267,962
Bank Charges	8,332,472	7,423,261
	<b>75,838,406</b>	<b>50,691,223</b>

**35.1 Interest expense is as follows:**

Interest on Workers' Participation/Welfare Funds	218,956	245,454
Interest on Long Term Loans	39,833,422	24,678,403
Interest on Bills Discounted	2,265,874	4,597,291
Interest on Bank Overdraft	1,461,927	1,946,307
Interest on Time Loan	18,724,973	6,028,029
Interest on Trust Receipts	153,334	-
Interest on Lease Finance	4,847,448	5,772,478
	<b>67,505,934</b>	<b>43,267,962</b>

**36. Other Income**

	September 30, 2021 Taka	September 30, 2020 Taka
Interest in FDR	376,500	91,350
Exchange Fluctuation Gain/(Loss)	639,865	367,115
	<b>1,016,365</b>	<b>458,465</b>

	September 30, 2021 Taka	September 30, 2020 Taka
<b>37. Current Tax</b>		
Profit before tax	24,124,478	15,265,910
Depreciation as per Accounting base	27,243,304	22,911,576
	<b>51,367,782</b>	<b>38,177,486</b>
Depreciation as per Tax base	(48,780,861)	(25,785,873)
	<b>2,586,921</b>	<b>12,391,613</b>
Provision for Gratuity for the Year	1,036,285	956,845
	<b>3,623,206</b>	<b>13,348,458</b>
Other income (Separate calculation)	-	(91,350)
	<b>3,623,206</b>	<b>13,257,108</b>
Payment for Grauity	(1,375,850)	(1,352,459)
	<b>2,247,356</b>	<b>11,904,649</b>
Tax Rate @ 15%	<b>337,103</b>	<b>1,785,697</b>
Minimum tax	<b>5,337,086</b>	<b>4,982,393</b>
<b>Add: Other income tax</b>		
Rental income	-	<b>91,350</b>
Maintenance @ 30%	-	(27,405)
	-	<b>63,945</b>
Tax Rate @ 25%	-	15,986
Current tax	<b>5,337,086</b>	<b>4,998,379</b>

### 38. Remuneration/Payments to Directors/Officers:

**38.1** The aggregate amount paid/provided during the period in respect of directors and officers of the Company as defined in the Securities and Exchange Rules,1987 are disclosed below :

Particulars	Directors	Officers	Directors	Officers
Remuneration	700,000	-	700,000	-
Basic salary		9,457,895		8,317,540
House Rent Allowance		4,598,740		4,155,876
Other benefits and perquisites		1,709,239		1,390,052
	<b>700,000</b>	<b>15,765,874</b>	<b>700,000</b>	<b>13,863,468</b>

**38.2** No compensation was allowed by the Company to its Managing Director.

**38.3** No amount of money was spent by the Company for compensating any member of the Board for services rendered except as stated above.

### 39. Earnings per share

#### 39.1. Basic earnings per share

Earnings Per Share (EPS) is calculated in accordance with Bangladesh Accounting Standard (BAS) 33 : Earnings Per Share. The composition of EPS is given below:

A. Earnings attributable to the Ordinary Shareholders (net Profit after tax)	15,466,285	9,737,507
B. Number of ordinary of shares outstanding during the period	25,300,000	25,300,000
<b>Earning Per Share (EPS) (A/B)</b>	<b>0.61</b>	<b>0.38</b>

EPS for the year significantly rose by 160.36% mainly from increased Sales revenue by 35.27% and increased Export Incentive by 64.26%

#### 39.2. Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

**40. Net Operating Cash Flows per Share (NOCFPS):****Cash flows from Operating Activities:**

Cash received from Sales, Export incentives and Others

Receipts from Other Income

Rental Income

Cash paid for goods and services

Cash from operation

Interest paid

Income tax paid/deducted at sources

Net Cash inflows from operating activities

Divided by number of ordinary of shares

Net operating cash flows per share (NOCFPS)

September 30, 2021 (Taka)	September 30, 2020 (Taka)
824,093,809	667,107,851
1,016,365	367,115
-	91,350
(756,750,330)	(526,302,081)
68,359,844	141,264,235
(67,505,934)	(43,022,508)
(5,337,086)	(4,982,393)
(4,483,176)	93,259,334
25,300,000	25,300,000
(0.18)	3.69

NOCFPS became significantly positive mainly due to increased collections from Sales and Export Incentive.

**41. Reconciliation of net operating cash flow**

Profit after tax

Depreciation

Changes in:

Stock and Stores

Trade and other Debtors

Advance Deposit and Prepayments

Trade Creditors

Accrued Expenses

Provision for Current Taxation

Provision for Gratuity

Workers' Participation /Welfare Funds

Provision for Deferred Taxation

Decrease, Revaluation Surplus

Net cash provided (used) by operating activities

15,466,285	9,737,507
27,243,304	22,911,576
(26,556,286)	(3,426,288)
(8,226,159)	64,484,569
(4,441,650)	(5,045,090)
(19,017,829)	5,920,407
2,930,761	(5,712,202)
5,337,086	4,998,379
(339,565)	(395,614)
(200,230)	(743,934)
3,281,568	490,485
39,539	39,539
(4,483,176)	93,259,334

**42. Related Parties Disclosures**

A. The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related Party" contained in Bangladesh Accounting Standard-24: "Related party Disclosures". Total exposure with the related parties during the year ended as at June 30 2021 is as under

Name of the related party	Relationship	Nature of Transaction	Amount in Taka	
			September 30, 2021	September 30, 2020
Fashion Knit Garments Ltd	Common Director	Sale of Finished Fabrics	86,224,136	145,399,574
		Receivable	38,500,000	5,524,396
Pride Limited	Common Director			
Dacca Textiles Limited	Common Director			
Pride Spinning Limited	Common Director			

Approval for receivable in Fashion Knit Garments Limited will be taken in next Annual General Meeting interns of BSEC Notification No.

**B. Disclosure as per requirement of Schedule XI, Part II, Para 4:**

Name of Directors	Designation	Monthly Remuneration	Bonus during the year	September 30, 2021	September 30, 2020
Dr. Mohammad Abdul Moyeen	Chairman	-	-	-	-
Mr. Mohammad Abdul Moyeen	Managing Director	200,000	100,000	700,000	700,000
Mr. Mohammad Abdul Momen	Director	-	-	-	-
Ms. Ruhey Rawa	Director	-	-	-	-
Ms. Sumbal Azwad Momen	Director	-	-	-	-
Ms. Sana Kainat Moyeen	Director	-	-	-	-
Dr. A.H.M Habibur Rahman	Independent Director	-	-	-	-
Dr. Md. Zakir Hossain Bhuiyan	Independent Director	-	-	-	-
<b>Total</b>		200,000	100,000	700,000	700,000



Managing Director



Director



Director



CFO/HF&A



Company Secretary





**H.R Textile Mills Limited**  
**Schedule of Property, Plant and Equipment**  
**As at September 30, 2021**

(Amount in Taka)

Particulars	Cost or valuation			Depreciation			Written Down Value As on September 30, 2021
	As on July 01, 2021	Addition/ (Deletion)	As on September 30, 2021	As on July 01, 2021	During the Year	As on September 30, 2021	
Factory Land and Development	8,479,375	-	8,479,375	-	-	-	8,479,375
Factory Building	903,026,172	21,447,746	924,473,918	94,597,037	5,777,962	100,374,999	824,098,919
Factory Shed	6,823,475		6,823,475	6,823,470	-	6,823,470	5
Plant and Machinery	1,631,218,464	-	1,631,218,464	950,198,116	18,509,552	968,707,668	662,510,796
Electric Installation	34,642,204	-	34,642,204	27,060,059	866,055	27,926,114	6,716,090
Gas Installation	7,826,035	-	7,826,035	6,746,025	33,750	6,779,775	1,046,260
Water Installation	9,380,520	-	9,380,520	8,588,147	234,513	8,822,660	557,860
Steam Installation	2,563,352	-	2,563,352	2,563,342	-	2,563,342	10
Furniture and Fixtures	11,036,777	-	11,036,777	11,026,159	10,613	11,036,772	5
Telephone Installation	1,027,861		1,027,861	1,027,851	-	1,027,851	10
Motor Vehicles	46,192,122		46,192,122	37,647,109	822,610	38,469,719	7,722,403
Office Equipment	39,795,147	-	39,795,147	39,406,079	389,063	39,795,142	5
Loose Tools	183,875		183,875	183,865	-	183,865	10
Factory Equipment	13,423,742	-	13,423,742	11,350,694	335,594	11,686,288	1,737,454
<b>A. Total</b>	<b>2,715,619,121</b>	<b>21,447,746</b>	<b>2,737,066,867</b>	<b>1,197,217,953</b>	<b>26,979,712</b>	<b>1,224,197,665</b>	<b>1,512,869,202</b>

**Revaluation**

Factory Land and Development	644,020,625	-	644,020,625	-	-	-	644,020,625
Factory Building	42,174,735	-	42,174,735	2,635,920	263,592	2,899,512	39,275,223
<b>B. Total</b>	<b>686,195,360</b>	<b>-</b>	<b>686,195,360</b>	<b>2,635,920</b>	<b>263,592</b>	<b>2,899,512</b>	<b>683,295,848</b>
<b>Total (A+B) as on September 30, 2021</b>	<b>3,401,814,481</b>	<b>21,447,746</b>	<b>3,423,262,227</b>	<b>1,199,853,873</b>	<b>27,243,304</b>	<b>1,227,097,177</b>	<b>2,196,165,050</b>
<b>Total Taka as on June 30, 2021</b>	<b>2,664,361,072</b>	<b>737,453,409</b>	<b>3,401,814,481</b>	<b>1,108,317,843</b>	<b>91,536,030</b>	<b>1,199,853,873</b>	<b>2,201,960,608</b>

**H.R Textile Mills Limited**  
**Schedule of Property, Plant and Equipment**  
**As at September 30, 2020**

(Amount in Taka)

Particulars	Cost or valuation			Depreciation		Written Down Value
	As on July 01, 2020	Addition/ (Deletion)	As on September 30, 2020	During the Year	As on September 30, 2021	As on September 30, 2020
Factory Land and Development	8,479,375	-	8,479,375	-	-	8,479,375
Factory Building	336,957,885	-	336,957,885	2,105,987	84,741,150	252,216,735
Factory Shed	6,823,475	-	6,823,475	-	6,823,470	5
Plant and Machinery	1,464,038,732	3,196,800	1,467,235,532	17,026,450	902,935,737	564,299,795
Electric Installation	34,280,804	-	34,280,804	857,020	24,478,068	9,802,736
Gas Installation	7,826,035	-	7,826,035	195,651	6,806,676	1,019,359
Water Installation	8,990,520	-	8,990,520	224,763	7,877,102	1,113,418
Steam Installation	2,563,352	-	2,563,352	-	2,563,342	10
Furniture and Fixtures	10,166,727	889,000	11,055,727	190,445	10,166,722	889,005
Telephone Installation	1,027,861	-	1,027,861	-	1,027,851	10
Motor Vehicles	46,192,122	-	46,192,122	1,732,205	36,088,874	10,103,248
Office Equipment	38,016,447	-	38,016,447	-	35,321,261	2,695,186
Loose Tools	183,875	-	183,875	-	183,865	10
Factory Equipment	12,618,502	-	12,618,502	315,463	10,370,157	2,248,345
<b>A. Total</b>	<b>1,978,165,712</b>	<b>4,085,800</b>	<b>1,982,251,512</b>	<b>22,647,984</b>	<b>1,129,384,275</b>	<b>852,867,237</b>

**Revaluation**

Factory Land and Development	644,020,625	-	644,020,625	-	-	644,020,625
Factory Building	42,174,735	-	42,174,735	263,592	1,845,144	40,329,591
<b>B. Total</b>	<b>686,195,360</b>	<b>-</b>	<b>686,195,360</b>	<b>263,592</b>	<b>1,845,144</b>	<b>684,350,216</b>
<b>Total (A+B) as on September 30, 2020</b>	<b>2,664,361,072</b>	<b>4,085,800</b>	<b>2,668,446,872</b>	<b>22,911,576</b>	<b>1,131,229,419</b>	<b>1,537,217,453</b>