Rahman Mostafa Alam & CO. Chartered Accountants

Auditors' Report to The Shareholders of H.R. Textile Mills Limited

Report on the Audit of the Financial Statements:

Opinion

We have audited the financial statements of H.R Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information disclosed in notes 1 to 45 and Annexure-A.

In our opinion, the accompanying financial statements present fairly in all material respects of the financial position of the company as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange rules 1987 and other applicable rules and regulations.

Basis for Opinion

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

Our Key Audit Matters

Risk	Our response to the risk
Capital Work-in-Progress (CWIP)	
Refer note no. 4 to the Statement of Financial Posit	ion
Capital Work in progress is the pre-stage of capitalization of Property, plant and equipment	Our procedure includes:
(PPE). Capitalization of expenses and cost of goods are in some extend judgmental in nature.	Control test: testing the effectiveness of the entity's control around the recording and re-assessment of the amount of capitalization and transferred to PPE.
Moreover, transfer of capital work in progress to PPE is also judgmental requires estimation.	Test of details: obtaining supporting documents of capitalization transaction recorded either side of the year and debit notes issued after the year end to determine whether the amount in recorded in correct period. Test the advance adjustments and notes of transfer from CWIP to PPE and costing, date etc., thereof.
	Critically analyze journal entries posted during the year to identify unusual items.
	Assessing disclosure: considering the adequacy of the entity's disclosure regarding CWIP.
	Our result: the result of our testing is satisfactory and we considered the capitalization cost, expenses and the amount transferred to PPE recognized to be acceptable and recorded in correctly.

Term Loan

Refer note no. 16 to the Statement of Financial Position

Long term loans taken from Mutual Trust Bank Ltd., HSBC Bangladesh, IPDC Finance Ltd.

Our procedure includes:

Control test: testing the effectiveness of the entity's control around the recording of loan, interest and repayments.

Test of details: obtaining supporting documents of loan taken, utilization of loan, bank statements and transaction recorded either side of the year and credit notes issued after the year end to determine whether the amount recorded in correct period.

Test interest rates application, calculation nad repayments for carrying amount and current and non-current distinguish.

Critically analyze journal entries posted during the year to identify unusual items.

Assessing disclosure: considering the adequacy of the entity's disclosure regarding Loan.

Our result: the result of our testing is satisfactory and we considered the carrying amount of loan recognized to be acceptable and recorded in correctly.

Other Information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform
audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our

opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and relevant notifications issues by Bangladesh Securities and Exchange Commission, we also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examination of those books;
- The Statement of Financial Position, Statements of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- The expenditure was incurred for the purpose of the Company's business.

The engagement partner on the audit resulting in this independent auditors' report is Md. Anwaruzzaman FCA.

Dated: Dhaka, October 28, 2020 **Chartered Accountants**



H.R. Textile Mills Limited Statement of Financial Position As at 30th June 2020

Particulars	Notes	30/06/2020 Taka		30/06/2019 Taka
ASSETS		rata		*Restated
Non-Current Assets		2,149,175,755		1,656,302,759
Property, Plant and Equipment	4	1,556,043,229	Γ	1,475,400,167
Capital Work In Progress	5	593,132,526		180,902,592
Current Assets		1,375,994,306		1,115,358,265
Stocks and Stores	6	606,834,155		393,277,250
Trade and Other Debtors	7	610,274,903		574,533,283
Export Incentive Receivables	8	40,353,566		55,458,792
Advances, Deposits and Prepayments	9	88,020,582		67,318,628
Cash and Bank Balances	10	30,511,100		24,770,312
Total Assets		3,525,170,061		2,771,661,024
EQUITY AND LIABILITIES			-	
Equity		1,082,316,036	_	1,066,491,976
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 16	652,764,006		653,660,218
Retained Earnings	10	137,216,290	L	120,496,018
Long-term Liabilities		1,313,863,764	_	810,036,776
Long-term Loans - Secured, Future Maturity	17	1,208,061,584		705,830,468
Provision for Gratuity	18	27,218,882		28,392,064
Provision for Deferred Taxation	19	78,583,298	L	75,814,244
Current Liabilities		1,128,990,261	_	895,132,272
Bank Overdrafts - Secured	20	103,070,844		79,251,108
Time Loan - Secured	21	367,249,038		-
Trade Creditors	22	499,176,489		630,941,433
Accrued Expenses	23	44,352,811		27,136,943
Provision for Current Taxation	24	44,069,406		30,415,148
Bills Receivable Discounted	25	25,558,605		38,658,707
Workers' Participation/Welfare Funds	26	14,491,236		18,386,925
Current Maturity of Long-term Loans	27	31,021,832	L	70,342,008
Total Equity and Liabilities		3,525,170,061		2,771,661,024
Net Assets Value (NAV) per share	28	42.78	=	42.15

^{*} Last year's figures have been restated. Details disclosed in note no. 3.17 of the Financial Statements. The annexed notes from 1 to 45 and Annexure-A form an integral part of these financial statements.

Dr. M.A Moyeen Chairman

Mr. M. A Moyeed Managing Director Mr. M. A Momen Director

Mr. M.A.A.Waheel

Mr. Md. Wali Ullah **Company Secretary**

Signed in terms of our annexed report of even date

Dated: Dhaka October 28, 2020 Rahman Mostafa Alam & CO. **Chartered Accountants**

H.R. Textile Mills Limited Statement of Profit or Loss and other Comprehensive Income For the year ended 30th June 2020

Particulars	Notes	30/06/2020	30/06/2019
		Taka	Taka
			*Restated
Sales Revenue	29	2,218,253,529	2,328,287,124
Export Incentive	30	31,254,874	29,884,578
Total Revenue		2,249,508,403	2,358,171,702
Cost of Goods Sold	31	(1,929,453,320)	(2,026,994,848)
Gross Profit		320,055,083	331,176,854
Administrative, Selling and General Expenses	32	(103,534,895)	(110,954,879)
Financial Expenses	33	(166,149,442)	(152,355,380)
Operating Profit		50,370,746	67,866,595
Other Income	34	(3,395,866)	961,840
Profit before contribution to WPPF		46,974,880	68,828,435
Contribution to WPPF	26	(2,236,899)	(3,277,545)
Net Profit before Tax		44,737,981	65,550,890
Income Tax Expenses		(16,581,467)	(19,084,826)
Current Tax	36	(13,654,258)	(11,978,390)
Deferred Tax	19	(2,927,209)	(7,106,436)
Net Profit after Tax		28,156,514	46,466,064
Earning Per Share (EPS)	38	1.11	1.84

^{*} Last year's figures have been restated. Details disclosed in note no. 3.17 of the Financial Statements. The annexed notes from 1 to 45 and Annexure-A form an integral part of these financial statements.

Dr. M.A Moyeen Chairman

Mr. M. A Moyeed Managing Director

Mr. M. A Momen Director

Mr. M.A.A Waheel

Mr. Md. Wali Ullah **Company Secretary**

Signed in terms of our annexed report of even date

Dated: Dhaka October 28, 2020 Rahman Mostafa Alam & CO. **Chartered Accountants**

Statement of Changes in Shareholders' Equity For the year ended 30th June 2020 **H.R. Textile Mills Limited**

Particulars	Share Capital	General Reserve	Tax holiday Reserve	Revaluation Surplus	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th June 2018	253,000,000	6,956,752	22,378,988	ı	10,000,000	96,374,242	388,709,982
Adjustment for wrong calculation of							
deferred tax in prior year	•	1	•	•	ı	553,543	553,543
Restated opening balance	253,000,000	6,956,752	22,378,988	'	10,000,000	96,927,785	389,263,525
Revaluation Surplus as on 31 December 2018	1	1	1	686,195,360	ı	1	686,195,360
Transfer to deferred tax on revaluation surplus	1	1	1	(32,087,035)	ı	1	(32,087,035)
Revaluation reserve realised	1	1	1	(448,107)	ı	527,184	79,077
Net profit after tax	1	1	1	1	ı	48,341,049	48,341,049
Cash Dividend declared 2018	1	1	1	1	ı	(25,300,000)	(25,300,000)
Balance as at 30th June 2019	253,000,000	6,956,752	22,378,988	653,660,218	10,000,000	120,496,018	1,066,491,976
Balance as at 30th June 2019	253,000,000	6,956,752	22,378,988	653,660,218	10,000,000	120,496,018	1,066,491,976
Revaluation reserve realised	•	1	1	(896,212)	ı	1,054,368	158,156
Net profit after tax		1	1	1	ı	28,156,514	28,156,514
Cash Dividend declared 2019	'	'	1	-	ı	(12,490,610)	(12,490,610)
Balance as on 30th June 2020	253,000,000	6,956,752	22,378,988	652,764,006	10,000,000	137,216,290	1,082,316,036

The annexed notes from 1 to 45 and Annexure-A form an integral part of these financial statements. * Last year's figures have been restated. Details disclosed in note no.3.17 of the Financial Statements.

Hokedalker Dr. M.A Moyeen Chairman

Mr. M. A Moyeed Managing Director

Mr. M. A Momen Director

Mr. Md. Wali Ullah Company Secretary

H.R. Textile Mills Limited Statement of Cash Flows For the year ended 30th June 2020

<u>Particulars</u>	Notes	30/06/2020 Taka	30/06/2019 Taka
Cash Flows from Operating Activities: Cash received from Sales and export incentives Receipts from Other Income Cash paid for goods and services Cash from operation Interest paid Income-tax paid/deducted at sources Net Cash used in operating activities		2,229,105,781 365,400 (2,256,601,300) (27,130,119) (145,846,074) (13,590,313) (186,566,506)	2,174,809,317 961,840 (2,187,442,519) (11,671,362) (126,546,049) (10,659,821) (148,877,232)
Cash Flows from Investing Activities: Acquisition of property, plant and equipment Net Cash used in investing activities	4 & 5	(582,232,264) (582,232,264)	(307,650,452)
Cash Flows from Financing Activities: Bank Overdraft Received/(Repaid) Long-term Loans Received/(Repaid) Time Loan Received/(Repaid) Bills Receivable Discounted Received/(Repaid) Current Maturity of Long-term Loans Cash Dividend Paid Net Cash inflow from financing activities Net increase/(decrease) in cash and bank balances Opening Cash and Bank balances Effects of exchange rate changes on cash and cash equivaler Cash and Bank balances at closing - Note 10	nts	23,819,736 501,810,415 367,249,038 (13,100,102) (39,320,176) (66,048,908) 774,410,003 5,611,233 24,770,312 129,555 30,511,100	(1,327,414) 577,788,443 (123,733,987) 990,766 (8,805,677) (11,896,126) 433,016,005 (23,511,679) 48,281,991
Net operating cash flows per share (NOCFPS)	39	(7.37)	(5.88)

The annexed notes from 1 to 45 and Annexure-A form an integral part of these financial statements.

Dr. M.A Moyeen Chairman

Mr. M. A Moyeed Managing Director Mr. M. A Momen Director Mr. M.A.A.Nahee

Mr. Md. Wali Ullah Company Secretary

H.R. Textile Mills Limited Notes to the Financial Statements For the year ended June 30, 2020

Forming an Integral Part of the Financial Statements

1. Notes - General

(a) 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 a ongoing basis.

2.5 Reporting period

The financial reporting period of the company covers one year from 01 July 2019 to 30 June 2020

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

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

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

Component of Financial Statements

- i) Statement of Financial Position as on 30th June 2020:
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended 30th June 2020;
- iii) Statements of Changes in Shareholders' Equity for the year ended 30th June 2020;
- iv) Statement of Cash Flows for the year ended 30th June 2020; and
- v) Notes to the Financial Statements for the year 30th June 2020.

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:

SL No.	Particular	Rate of Depreciation
01	Factory Building	2.50%
02	Plant & Machinery	7.00%
03	Factory Shed	7.50%
04	Electric, Gas, Water, Steam and Telephone Installation, Furniture &	
	Fixture, Office Equipment, Factory Equipment and Tools & Apparatus.	10%
05	Motor Vehicle	15%

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 exits, 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 realisable 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 recognised 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

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 year.

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 recognised as it accrues. Finance expenses comprise interest expense on borrowings, bank charges and guarantee costs. All borrowing costs are recognised 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; although the leasing companies are charging a bit higher rate but management expects that the rates will not increase further 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 will have 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 marker 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 are untapped international market.

Market risks

Marker risks refers 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 and takes action as and when required accordingly. Moreover the company has a strong marketing and brand image for its quality products. Based on the above the demand is in increase.

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 has been updated its systems and procedures regularly and updating its equipments depending on the product requirement and as such management is confident to handle the operational risk

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.

Carrying amounts of financial instruments by category

The following table shows the carrying amounts of financial instruments by category at the end of June 30, 2020:

Maturity analysis

Particulars	Current	>30 days	>90 days	>1 year	Total
Loans and receivables:					
Cash and cash equivalents	3,288,740	-	-	-	3,288,740
Accounts Receivable	-	-	381,365,402	228,909,501	610,274,903
Balance at June 30, 2020	3,288,740	-	381,365,402	228,909,501	613,563,643
Financial liabilities measured at amortized cost:					
Bank Loan	-	-	-	1,208,061,584	1,208,061,584
Sundry Creditors	499,176,490	-	-	-	499,176,490
Balance at June 30, 2020	499,176,490	-	-	1,208,061,584	1,707,238,074

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 companied 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.

The following are the contractual maturities of financial liabilities, including interest payments:

BDT	Carrying amount	Between 1 and 90 days	Between 91 and 360 days	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities					
Bank Loan	-	-	-	-	1,208,061,584
Sundry Creditors	-	-	499,176,490	-	-
Balance at June 30, 2020	-	-	499,176,490	-	1,208,061,584

3.16 COVID-19 disclosure in the financial statements

On 30 January 2020, the World Health Organization declared the outbreak of a novel corona virus (COVID-19) as a pandemic, which continues to spread worldwide. In response to the outbreak, the Government of Bangladesh and stock exchanges 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.

3.17 Restatement

The company inadvertently has not recognized deferred tax on revaluation of land and buildings at earlier period. Hence revaluation reserve and deferred tax have been restated in this year.

4.	Property, Plant and Equipment			020	2019 Tales
	Opening Balance		2,494,3	aka 58 742	Taka 2,367,610,882
	Add: Addition during the year			02,330	126,747,860
	Less: Accumulated Depreciation		(1,108,31		(1,018,958,575)
	Closing Balance		1,556,0		1,475,400,167
	3 · · · · · ·				
4.1	Depreciation for the year is charged as below:				
	Cost of Goods Sold - Note 31.1		71,4	87,414	64,280,555
	Administrative, Selling and General Expenses - Note	32.1		71,854	16,070,139
_	Control Works to Document		<u>89,3</u>	59,268	80,350,694
5.	Capital Works in Progress		100.0	02.502	
	Opening Balance Add: Addition this year			02,592 29,934	180,902,592
	Closing Balance			32,526	180,902,592
	closing bulance		= 373,1	32,320	100,502,552
	Stocks and Stores				
6.1	The make-up is as below:		2020	2019	
		Quantity	Amount	Quantity	Amount
	Ctarle of Variance and	(In Kg.)	Taka	(In Kg.)	Taka
	Stock of Yarn - Note 6.2	1,096,298	305,195,048	823,473	211,701,754
	Stock of Dyes and Chemicals - Note 6.3 Stock of Work-in-Process - Note 6.4	438,527	78,071,491	375,288	65,547,814
	Stock of Finished Goods - Note 6.5		93,354,996 84,784,030		44,367,516 41,029,893
	Stock of Accessories		10,893,146		9,456,443
	Goods in Transit		21,485,623		12,062,410
	Goods III Halliste		593,784,334		384,165,830
	Stock of Spares		13,049,821		9,111,420
	·		606,834,155		393,277,250
6.2	Stock of Yarn				
	Stock of Yarn	1,096,298	305,195,048	823,473	211,701,754
		1,096,298	305,195,048	823,473	211,701,754
6.3	Stock of Dyes and Chemicals	20.027	40 422 270	26.400	20.750.074
	Dyes Chemicals	39,827 398,700	40,432,279	36,488	29,750,874
	Chemicals	438,527	<u>37,639,212</u> 78,071,491	338,800 375,288	35,796,940 65,547,814
6.4	Stock in Work in Process	= +30,327	70,071,451	<u> </u>	05,547,014
	Cost of Materials		57,328,297		23,556,383
	Cost of Conversion		36,026,699		20,811,133
			93,354,996		44,367,516
6.5	Stock of Finished Products				
0.5	Finished Garments	_	26,158,748	_	22,073,256
	Knitted Fabrics	135,979	58,625,282	45,487	18,956,637
		135,979	84,784,030	45,487	41,029,893
7	Trade and Others Debtors				
7.	riade and Others Deptors	US\$	Taka	US\$	Taka
	Export Sales Receivable (Below 180 days)	6,206,165	519,766,306	6,234,634	519,033,283
	Others Debtors	1,080,700	90,508,597	666,667	55,500,000
		7,286,865	610,274,903	6,901,301	574,533,283

These include a sum of Tk. 90,508,597 (2019: Tk. 55,500,000) due from Associates Companies, expected to be realised/adjusted within a year from the financial statement end date.

These are unsecured but considered good.



8. Export Incentives Receivable	2020 Taka	2019 Taka
Opening Balance Received during the year	55,458,792 (46,360,100)	75,406,776 (49,832,562)
For the year	9,098,692 31,254,874	25,574,214 29,884,578
Closing Balance	40,353,566	55,458,792
The receivables are unsecured but considered good.		
9. Advances, Deposits and Prepayments		
Advances: Salary Advance	1,126,209	1,131,166
Advance Tax	460,000	210,000
Factory Insurance Advance	998,986	1,039,705
Operational Advance	7,902,846	7,185,690
Eltech Engineering Co. Ltd Tax deducted at source	6,600,000 40,376,790	3,600,000 26,786,476
lax deducted at source	57,464,831	39,953,037
Deposits:		39,933,037
Security deposits	20,571,731	17,381,571
Bank Guarantee Margin	9,984,020	9,984,020
	30,555,751	27,365,591
	88,020,582	67,318,628
The advances are unsecured but considered good.		
10. Cash and Bank Balances		
Cash at Banks with Banks on Current Account:	12.016	211 760
BRAC Bank Ltd, Dhanmondi Branch, CD A/c Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	13,916 563,161	211,760 118,752
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	5,900,861	807,270
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	342,152	337,615
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	1,189,241	569,135
HSBC, Anchor Tower Branch, MDA Margin A/c	99	259,082
HSBC, Anchor Tower Branch, FCY A/c Trust Bank Ltd, SKB Branch, Dollar A/c	3,242,894 1,100,349	192,318 10,117,969
Trust Bank Ltd, SKB Branch, FCAD A/c	18,003	672,191
Trust Bank Ltd, SKB Branch, CD A/c	3,183	114,169
IPDC Finance	10,000,000	-
United Commercial Bank Ltd., CD A/c	2,325,680	-
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c AB Bank Ltd, Motijheel Branch, CD A/c	36,872 330,692	3,737
AB Bank Ltd, Motijneel Branch, Notice A/c AB Bank Ltd, Motijheel Branch, Notice A/c	936,012	7,301,646 918,064
The ballit Eta, motificer branch, notice tive	26,003,115	21,623,708
With Bank on Short-term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	180,141	21,401
Southeast Bank Ltd, Principal Branch, STD A/c	1,039,104	1,020,619
Cash at Banks	27,222,360	22,665,728
Cash in Hand	3,288,740	2,104,584
	30,511,100	24,770,312
11. Share Capital		
11.1 Authorized: 100,000,000 Ordinary Shares of Tk. 10 each	1,000,000,000	1,000,000,000
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
25,300,000	253,000,000	253,000,000

11.3 Composition of Shareholdings:

	2020			2019	
Classes of Holdings	No. of Shares	%	No. of Shares		%
Sponsor/Directors	12,808,619	50.63	12,808,619		50.63
Financials Institutions	1,760,838	6.96	3,277,612		12.96
Investment Corporation of Bangladesh	378,874	1.50	-		-
7th ICB Unit Fund	5,000	0.02	38,400		0.15
ICB Investors A/c	27,690	0.11	28,190		0.11
ICB Mutual Fund	3,000	0.01	3,000		0.01
ICB Unit Fund	378,187	1.49	3,500		0.01
ICBMS	191,188	0.76	-		-
General Public	9,746,604	38.52	9,140,679		36.13
Total	25,300,000	100.00	25,300,000		100.00

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

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the Stock Exchanges (Listing) Regulations, 2015.

		2020			2019	
Shareholdings range in number of shares	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
0000000001 - 0000000499	6,932	1,938,961	7.66	7,203	1,986,649	7.85
0000000500 - 0000000500	3,754	1,877,000	7.42	3,704	1,852,000	7.32
0000000501 - 0000002000	915	2,025,543	8.00	1,063	2,351,143	9.29
0000002001 - 0000005000	520	1,664,000	6.58	527	1,686,400	6.67
0000005001 - 00000010000	118	832,136	3.29	124	874,448	3.45
00000010001 - 00000050000	46	1,518,000	6.00	41	1,353,000	5.35
0000050001 - 00000100000	4	352,000	1.39	6	528,000	2.09
00000100001 - 00000250000	6	1,272,000	5.03	4	848,000	3.35
00000250001 - 00000500000	2	1,011,741	4.00	1	1,011,741	4.00
00000500001 and above	6	12,808,619	50.63	6	12,808,619	50.63
Total	12,303	25,300,000	100.00	12,679	25,300,000	100.00

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	2020 Taka	2019 Taka
Opening & Closing Balance	6,956,752	6,956,752
13. Tax Holiday Reserve		
Opening & Closing balance	22,378,988	22,378,988
14. Dividend Equalisation Reserve		
Opening & Closing balance	10,000,000	10,000,000
15. Revaluation Surplus		
Revaluation Surplus	653,660,218	686,195,360
Transfer to Deferred Tax on revaluaiton surplus	-	(32,087,035)
Revaluation reserve realised	(896,212)	(448,107)
Closing Balance	652,764,006	653,660,218

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	2020 Taka	2019 Taka
Balance as on June 30, 2019	120,496,018	96,374,242
Prior adjustment of deferred tax	-	553,543
Total Comprehensive income for the year:		
Profit for the year	28,156,514	48,341,049
Revaluation reserve realized	1,054,368	527,184
	149,706,900	145,796,018
Dividend during the year:		
Final dividend for previous year	(12,490,610)	(25,300,000)
Balance as on June 30, 2020	137,216,290	120,496,018
17. Long-term Loan - Secured Future Maturity		
9% Loan - Note 17.1	981,018,475	530,485,517
5% Loan - Note 17.2	8,577,655	39,178,786
15% Loan - Note 17.3	156,548,999	-
Deferred L/C Liabilities - Note 17.4	61,916,455	136,166,165
	1,208,061,584	705,830,468
17.1 The movement of loans is as follows:		
Opening Balance	530,485,517	2,516,705
Loan received this year	450,532,958	527,968,812
Closing Balance	981,018,475	530,485,517

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 June 2021. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

17.2 The movement of loans is as follows:	2020	2019
	Taka	Taka
Opening balance	39,178,786	102,892,400
Loan received this year		
	39,178,786	102,892,400
Current Maturity	(31,021,832)	(63,713,614)
Unrealised Loss	420,701	-
Closing balance	8,577,655	39,178,786

The offshore term loan has been taken from The Honkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 108 Bir Uttam C.R. 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:	2020 Taka	2019 Taka
Opening Balance	-	-
Loan received this period	150,000,000	-
Add: Interest	6,548,999	-
Closing Balance	156,548,999	-

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 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:	2020	2019
	Taka	Taka
Opening Balance	136,166,165	22,632,920
Addition this year	61,916,455	136,166,165
Paid this year	(136,166,165)	(22,632,920)
Closing Balance	61,916,455	136,166,165

The offshore facility has been taken from Mutual Trust Bank Ltd., 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	2020	2019
10. Trovision for diactary	Taka	Taka
Opening balance	28,392,064	27,852,964
Contribution during this year	3,822,463	4,797,845
	32,214,527	32,650,809
Paid during this year	(4,995,645)	(4,258,745)
Closing balance	<u>27,218,882</u>	28,392,064
19. Provision for Deferred Taxation		
Opening Balance	75,814,244	39,128,378
Adjustment for overcharged in prior years	-	(2,428,528)
Restated opening balance	75,814,244	36,699,850
Charged to profit or loss account during the year	2,927,209	7,106,436
Deferred tax on revalued asset	-	32,087,035
Adjustment for depreciation of revalued asset	(158,155)	(79,077)
Closing balance	78,583,298	75,814,244
A. Property, plant and equipment (PPE)	071 420 424	700 724 004
WDV of Accounting Base WDV of Tax Base	871,429,421	789,731,991
	532,653,908	469,298,017
Taxable temporary difference Tax rate	338,775,513 15%	320,433,974
Deferred tax liability/(asset)	50,816,327	48,065,096
Deferred tax hability/(asset)		40,003,090
B. Deferred Tax on Gratuity Provision		
Opening balance of deferred tax liability for gratuity provision	(4,258,810)	(4,177,945)
Addition during the year	175,978	(80,865)
Deferred tax liability/(asset)	(4,082,832)	(4,258,810)
C. Calculation of deferred tax		
Revalued value of land	644,020,625	644,020,625
Revalued value of other than land	40,593,183	41,647,551
Tax Rate	.,,	, , , , , ,
On land	4%	4%
On other than land	15%	15%
Deferred tax liabilities		
For land For other than land	25,760,825	25,760,825
. or other than talls	6,088,978	6,247,133
Deferred tax liability/(asset)	31,849,803	32,007,958
Total (A+B+C)	78,583,298	75,814,244
Calculation of deferred tax charged on Profit or Loss Account:	42.004.50	24 402 224
Deferred tax liability other than revalued asset as on June 30, 2019	43,806,286	36,699,850
Deferred tax liability other than revalued asset as on June 30, 2020	46,733,495	43,806,286
Deferred tax expense/(income) during the year	2,927,209	
20. Bank Overdraft		
Trust Bank Ltd, SKB Branch	53,535,858	51,519,908
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	49,534,986	18,201,386
Mutual Trust Bank Ltd., Gulshan Branch	-	9,529,814
Th	103,070,844	79,251,108
These are secured		
21. Time Loan Bank		
9% Loan - Note 21.1	367,249,038	
	367,249,038	-
These are secured		

21.1 The movement of loan isas follows:

Openining balance Loan received this year Add Interest Closing Balance

2020 Taka
-
350,000,000
17,249,038
367,249,038

2020

Taka

2019 Taka	
	-
	-
	-
	-

2019 Taka

1,054,143

18,386,925

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.

22. Creditors

For Import Purchases For Local Purchases For Dividend Payable For Staff Income Tax For Refund Warrant

	2020	
US\$		Taka
5,680,649		482,003,067
		8,843,614
		7,397,675
		560,664
		371,469
		499,176,489
	-	7,397,675 560,664 371,469

	2019	
US\$		Taka
6,678,196		558,096,871
		11,187,416
		60,955,973
		329,704
		371,469
		630,941,433

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

23. Accrued Expenses

Gas Expenses (Factory)
Electricity bill
Telephone
Salaries, Wages and Allowances
Security bill
Legal Fee
Auditors' Fee (Including Vat)
AGM Expense

24. Provision for Current Taxation

Opening balance Addition during the year

Paid during the year Closing Balance

25 Bills Receivable Discounted

Opening balance Discounted during the year

Collected during the year Closing balance

26. Workers' Participation/Welfare Funds

Opening balance Payment during this year

Contributions for the year Interest during the year Closing balance

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

854,954

14,491,236

27. Current Maturity of Long-term Loans

Opening balance Current Matuirity this year

Paid during this year Closing Balance

2020	2019
Taka	Taka
70,342,008	79,147,685
31,021,832	63,713,614
101,363,840	142,861,299
(70,342,008)	(72,519,291)
31,021,832	70,342,008

The offshore facilities 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.

28. Net Assets Value (VAV) Per Share

Total Assets Total Liabilities A. Net Assets

B. Number of ordinary of shares

Net Assets Value (NAV) Per Share (A/B)

	2020		2019
	Taka		Taka
3,525	5,170,061		2,771,661,024
(2,442	,854,025)		(1,705,169,048)
1,082	2,316,035		1,066,491,976
25	5,300,000		25,300,000
	42.78		42.15
1,082	,854,025) 2,316,035 5,300,000	:	(1,705,169,048) 1,066,491,976 25,300,000

The NAV Per Share increased mainly due to revaluation surplus detailed in note 15.

29. Sales

Item
Export sales: Knit Fabrics (Kgs)
Garments (Pcs)
Total

 Quantity
 2020 Amount (in US\$)
 Amount Taka

 2,586,173
 13,885,709
 1,164,403,732

 5,454,906
 12,579,282
 1,053,849,797

 26,464,991
 2,218,253,529

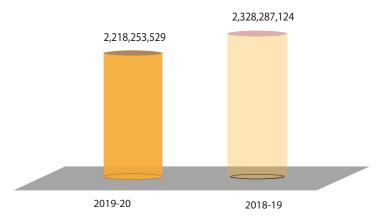
Quantity	2019 Amount (In US\$)	Amount Taka	
3,098,578	15,928,598	1,328,928,729	
5,613,538	12,017,881	999,358,395	
	27,946,479	2,328,287,124	

30. Export Incentives

Cash Incentive

2020 2019 Taka Taka 31,254,874 29,884,578 31,254,874 29,884,578

Export Sales in Taka



31. Cost of Goods Sold 31.1 The break-up is as follows:
Materials Consumed - Note-31.2
Salary, Wages and Allowances - Note 31.3
Tiffin & Entertainment expenses
Depreciation - Note 4.1
Stores and Spares Consumed
Factory Conveyance
Power and Gas
Gratuity
Vehicle expenses
Repairs and Maintenance
Packing & Loading expenses
Import Landing, Clearing and Insurance
Factory Stationery expenses
Carriage Inward & Outward
Knitting, Sewing & Processing charge
Factory Insurance
Sewing Machine Rental
Miscellaneous
Total Manufacturing Costs for the year
Add: Opening Work in Process
Total Manufacturing Costs
Less: Closing Work in Process
Cost of Goods Manufactured
Add: Opening Finished Goods
Cost of Goods available for use
Less: Closing Finished Goods

2020		2019	
Taka	Taka		
1,609,765,128	1,611,592,058		
211,727,847	209,446,229		
985,745	964,251		
71,487,414		64,280,555	
1,652,658		1,445,845	
988,542		974,587	
96,669,822		104,050,211	
2,853,985		3,648,643	
1,862,547		1,857,985	
1,455,848		1,497,148	
1,546,535		1,154,871	
1,550,531		1,547,895	
1,205,475	1,179,875		
2,542,384	2,497,458		
11,558,458	9,258,565		
3,184,080	3,465,176		
795,480		758,942	
362,458		358,745	
2,022,194,937	2,019,979,039		
44,367,516	43,464,295		
2,066,562,453	2,063,443,334		
93,354,996	44,367,516		
1,973,207,457	2,019,075,818		
41,029,893	48,948,923		
2,014,237,350	2,068,024,741		
84,784,030	41,029,893		
1,929,453,320		2,026,994,848	

31.2 Materials Consumed

Cost of Goods Sold

Yarn
Dyes
Chemicals
Accessories
Total Materials Consumption

31.3 Salaries, Wages and Allowances

Employees drawing Tk. 8,000 or more per month Employees drawing less than Tk. 8,000 per month Total

	2020					
	Quantity (Kg)	Taka				
	4,052,966	1,143,787,458				
	274,247	178,147,852				
	1,458,363	174,245,231				
		113,584,587				
		1,609,765,128				
	20	20				
	No. of Employe	e Taka				
١	1,867	211,727,847				
1						
	1,867	211,727,847				

2019				
Quantity (Kg) Taka				
4,074,551	1,134,232,814			
279,090	180,844,651			
1,517,251	178,959,748			
	117,554,845			
	1,611,592,058			
2019	a			
No. of Employee				
No. or Employee	Taka			
1,879	209,446,229			
1,879	209,446,229			

32. Administrative, Selling and General Expenses	2020	2019
32.1 The break-up is as below:	Taka	Taka
Directors' Remuneration - Note 32.2	2,600,000	2,600,000
Salaries and Allowances - Note 32.3	58,154,872	58,345,145
Security Service charge	1,152,000	1,152,000
Depreciation - Note 4.1	17,871,854	16,070,139
Electricity expenses	2,091,943	3,613,759
Postage, Courier, Telephone and Fax	1,158,457	1,524,524
Form & Stamp	954,874	1,025,412
Gratuity	968,478	1,149,202
Traveling and Conveyance	864,355	912,542
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 32.2	172,500	172,500
A.G.M expenses	285,875	414,845
Registration and Fees	875,254	874,584
Staff welfare	924,872	1,105,875
Stationery expenses	938,452	985,484
Office Repairs and Maintenance	728,453	845,874
Vehicle expenses	1,868,323	2,487,652
Entertainment expenses	1,048,589	1,245,847
Central fund for RMG	318,810	353,030
Buying House Commission	2,658,000	3,450,000
Freight Charges & Freight out	4,258,452	6,754,580
Garments Testing & Inspection Charges	3,254,640	5,371,635
Miscellaneous	325,842	440,250
Total	103,534,895	110,954,879

32.2 No remuneration or fee, other than that specified in note 32.1, was paid to directors and auditors.

	·			
2.3 Salaries and Allowances: 2020		2019		
	No. of Employee Taka	No. of Employe	e Taka	
Employees drawing Tk. 8,000 or more p/m	145 58,154,872	147	58,345,145	
Employees drawing less than Tk. 8,000 p/m		_	-	
Employees drawing less than 18.0,000 p/m	145 58,154,872	147	58,345,145	
		2020	2019	
33. Financial Expenses		Taka	Taka	
Interest Expenses		146,701,028	127,600,192	
Bank Charges		19,448,414	24,755,188	
Dalik Charges		166,149,442	152,355,380	
		100,149,442	132,333,300	
33.1 Interest expense is as follows:				
Interest on Workers' Participation/Welfare I	Funds	854,954	1,054,143	
Interest on Long-term Loans		78,338,061	19,328,602	
Interest on Bills Discounted		30,559,905	68,005,735	
Interest on Bank Overdraft		7,753,130	11,049,016	
Interest on Time Loan		22,645,979	28,162,696	
Interest on Lease Finance		6,548,999	-	
litterest off Lease Finance		146,701,028	127,600,192	
34. Others Income		365,400	365,400	
Rental income	34.01	(3,761,266)	596,440	
Exchange Fluctuation Gain/(Loss)	34.01	(3,395,866)	961,840	
		(3,393,000)	=======================================	
34.01		222 772	596,440	
Unrealised gain/(loss) on receivables		233,772	390,440	
Unrealised gain/(loss) on payables		(3,703,892)	-	
Unrealised gain/(loss) on FC accounts balances		129,555	-	
Unrealised gain/(loss) on loans		(420,701)		
		(3,761,266)	596,440	

35. Event after Balance Sheet Data:

The Board of Directors of the Company in its meeting held on October 28, 2020 (2019: October 23, 2019) recommended 10% cash dividend i.e. Tk. 1.00 per share of Tk. 10.00 each (2019: 10% cash dividend only General Shareholders) for only General Shareholders of the company subject to their approval in the AGM.

36. Current Tax	2020	2019
	Taka	Taka
Profit before tax	44,737,981	65,550,890
Depreciation as per accounting base	89,359,268	80,350,694
	134,097,249	145,901,584
Depreciation as per Tax base	(114,237,885)	(115,766,134)
	19,859,364	30,135,450
Provision for Gratuity for the year	3,822,463	4,797,845
	23,681,827	34,933,295
Other income (Separate calculation)	(365,400)	(365,400)
	23,316,427	34,567,895
Payment for Gratuity	(4,995,645)	(4,258,745)
	18,320,782	30,309,150
Tax Rate @ 15%	2,748,117	4,546,372
Minimum Tax	13,590,313	10,659,821
Add: Other income tax		
Rental income	365,400	365,400
Maintains @ 30%	(109,620)	(109,620)
	255,780	255,780
Tax Rate @ 25%	63,945	63,945
Current Tax	13,654,258	10,723,766
Additional Tax for the prior years finally determined	-	1,254,624
, ,	13,654,258	11,978,390

37. Remuneration/Payments to Directors/Officers:

37.1The aggregate amount paid/provided during the period in respect of directors and officers of the Company as defined in the Bangladesh Securities and Exchange Rules, 1987 are disclosed below:

2	020		20	19
Directors	Officers		Directors	Officers
2,600,000	-		2,600,000	-
	34,859,864		-	35,024,587
	17,359,875		-	17,485,487
	5,935,133			5,835,071
2,600,000	58,154,872		2,600,000	58,345,145
	Directors 2,600,000	Directors Officers 2,600,000 - 34,859,864 17,359,875 5,935,133	Directors Officers 2,600,000 - 34,859,864 17,359,8755,935,133	2,600,000 - 2,600,000 34,859,864 - 17,359,875 - 5,935,133 -

- 37.2 No compensation was allowed by the Company to its Managing Director.
- 37.3 No amount of money was spent by the Company for compensating any member of the Board for services rendered except as stated above.

38. Earnings Per Share

38.1 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:

2020

Taka

28,156,514 25,300,000

1.11

2019

Taka

46,466,064

25,300,000

1.84

- A. Earnings attributable to the Ordinary Shareholders (Net Profit after tax)
- B. Number of ordinary of shares outstanding during the year Earnings Per Share (A/B)

38.2 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.

30.2	Diluted earnings per share
	No diluted earnings per sha

39. Net Operating Cash Flows Per Share (NOCFPS)

Cash flows from Operating Activities: Cash received from Sales, Export incentive and Others Receipts from Other 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) NOCFPS became negative mainly due to adverse credit terms.

2020	2019
Taka	Taka
2,229,105,781	2,174,809,317
365,400	961,840
(2,256,601,300)	(2,187,442,519)
(27,130,119)	(11,671,362)
(145,846,074)	(126,546,049)
(13,590,313)	(10,659,821)
(186,566,506)	(148,877,232)
25,300,000	25,300,000
(7.37)	(5.88)

40 The capacity and actual production of the Company are as below:

The capacity and actual production of the compa	,	Actual	Percentage (%)
Item	Capacity	Production	of achievement
Finished Garments (Lac Pcs.)	84	54.55 (2019: 56.13)	64.94 (2019:66.82%)
Knit Fabrics (MTs.)	6,000	3,873 (2019: 3,099)	64.55 (2019:66.87%)

41. The Company has obtained bank credit facilities from the following banks

Bank & Branch Name	Type of facility	Limit	Utilised	Unut ilised				
	7,1			2020	2019			
		Taka	Taka	Taka	Taka			
Trust Bank Ltd.	Back to Back L/C, EDF & Sight	650,000,000	254,874,589	395,125,411	291,547,550			
SKB Branch, Dhaka	IBP (Inner Limit B to B L/C EDF & Sight)		-	70,000,000	70,000,000			
	Trust receipt (B to B L/C EDF & Sight		<u>-</u>	40,500,000	40,500,000			
	Overdraft	50,000,000	53,535,858	(3,535,858)	(1,519,908)			
	Bank Guarantee	1,000,000	-	1,000,000	1,000,000			
	Term Loan		-	-	25,000,000			
		701,000,000	308,410,447	503,089,553	426,527,642			
Mutual Trust Bank Ltd.	Back to Back L/C, EDF & Sight	1,000,000,000	224,584,594	775,415,406	774,514,540			
Gulshan Branch, Dhaka	Secured Overdraft	150,000,000	-	150,000,000	140,470,186			
, ,	Term Loan	1,060,000,000	981,018,475	78,981,525	529,514,483			
	- -	2,210,000,000	1,205,603,069	1,004,396,931	1,444,499,209			
	=		<u></u>					
HSBC	Export Cash Limit	147,000,000	25,558,605	121,441,395	209,415,480			
Anchor Tower, 108 Bir Uttam	Import Line	716,000,000	250,097,443	465,902,557	693,027,066			
C.R. Datta Road, Dhaka-1205	•	50,000,000	49,534,985	465,015	31,798,614			
	Bank Guarantee	18,000,000	17,797,900	202,100	12,202,100			
	Loan Line	54,540,000	47,512,134	7,027,866	150,000,000			
		985,540,000	390,501,067	595,038,933	1,096,443,260			
			_					

42. The analysis of consumption of materials and spares as to origin is as below

	2020		2019	9		
	Taka	%	Taka	%		
Imported	504,167,333	31.29	585,787,450	36.32		
Local	1,107,250,453	68.71	1,027,250,453	63.68		
	1,611,417,786	100.00	1,613,037,903	100.00		

. Reconciliation of net operating cash flow	2020 Taka	2019 Taka
Profit after tax Depreciation	28,156,514 89,359,268	46,466,064 80,350,694
Unrealised loss	3,761,266	-
Changes in:		
Stock and Stores	(213,556,905)	(60,020,829)
Trade and other Debtors	(35,507,848)	(183,362,385)
Decrease, Export Incentive Receivable	15,105,226	-
Advance Deposit and Prepayments	(20,701,954)	(14,089,097)
Trade Creditors	(81,752,382)	(25,843,351)
Accrued Expenses	17,215,868	4,603,136
Provision for Current Taxation	13,654,258	(2,103,844)
Provision for Gratuity	(1,173,182)	539,100
Workers' Participation/Welfare Funds	(3,895,689)	(2,523,156)
Provision for Deferred Taxation	2,769,054	7,106,436
Net cash provided (used) by operating activities	(186,566,506)	(148,877,232)

44. Related Parties Disclosures

43.

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 Disclosure". Total exposure with the related parties during the year ended as at June 30, 2020 is as under:

Name of the related party	Relationship	Nature of Transaction	2020	2019
			Taka	Taka
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics	1,164,403,732	1,328,928,729
		Receivable	90,508,597	55,500,000
Pride Limited	Common Director	No Transaction	-	-
Dacca Textiles Limited	Common Director	No Transaction	-	-
Pride Spinning Ltd	Common Director	No Transaction	-	-

Approval for receivable in Fashion Knit Garments Ltd., will be taken in next Annual General Meeting.

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

Name of Directors	Designation	Monthly	Bonus	June 30, 2020	June 30, 2019
	_	Remuneration	during the year		
Professor Dr. Muhammad Abdul Moyeen	Chairman	-	-	-	-
Mr. Mohammad Abdul Moyeed	Managing Director	200,000	200,000	2,600,000	2,600,000
Professor Mohammad Abdul Momen	Director	-	-	-	-
Ms. Ruhey Rawa	Director	-	-	-	-
Ms. Sumbal Azwad Momen	Director	-	-	-	-
Ms. Sana Kainat Moyeen	Director	-	-	-	-
Professor Dr. A.H.M Habibur Rahman	Independent Director	-	-	-	-
Mr. Mohammad Kabiruzzaman	Independent Director	-	-	-	-
Total		200,000	200,000	2,600,000	2,600,000

- 45. General
- 45.1 There was no sum for which the Company was contingently liable as at 30 June 2020 and 30 June 2019.
- 45.2 There was no claim, except an aggregate amount of Tk. 27,613,521 (2019: 27,549,576) claimed by the Tax Authority but appealed against by the Company, not acknowledged as debt as at 30 June 2020 and 30 June 2019. Such claim, being contingent liability, needs not be provided for.
- 45.3 There was no credit facilities available to the Company, except trade credits and back to back L/C facilities, during the years ended as on 30 June 2020 and 30 June 2019.
- 45.4 There was no foreign shareholder of the Company as on 30 June 2020 and 30 June 2019 and no dividend was remitted to any foreign shareholders during the years ended 30 June 2020 and 30 June 2019.
- 45.5 There was no capital expenditure contracted but not incurred or provided for the year ended 30 June 2020 and 30 June 2019.
- 45.6 There was no capital expenditure authorised by the Board but not contracted for the year ended 30 June 2020 and 30 June 2019.

Dr. M.A Moyeen Chairman

Mr. M. A Moyeed Managing Director Mr. M. A Momen Director

Mr. M.A.A.Waheel

Mr. Md. Wali Ullah Company Secretary

019-20																						
Annexure-A	(Amount in Taka) Written down value	As on 30 June 2020	8,479,375	254,322,722	578.129.445	10,659,756	1,215,010	1,338,181	10	190,450	10	11,835,453	2,695,186	10	2,563,808	871,429,421		644,020,625	40,593,183	684,613,808	1,556,043,229	1,475,400,167
	A)	As on 30 June 2020	1	82,635,163	6,823,470	23,621,048	6,611,025	7,652,339	2,563,342	9,976,277	1,027,851	34,356,669	35,321,261	183,865	10,054,694	1,106,736,291		1	1,581,552	1,581,552	1,108,317,843	1,018,958,575
	Depreciation	During the year	1	8,423,947	- 67.882.026	3,428,080	135,000	899,052	1	21,160	•	3,290,440	2,963,345	•	1,261,850	88,304,900		1	1,054,368	1,054,368	89,359,268	80,350,694
ent		As on 1 July 2019	1	74,211,216	6,823,470	20,192,968	6,476,025	6,753,287	2,563,342	9,955,117	1,027,851	31,066,229	32,357,916	183,865	8,792,844	1,018,431,391		1	527,184	527,184	1,018,958,575	938,607,881
mited and Equipme		Rate	0:00%	2.50%	7.50%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	15.00%	10.00%	10.00%	10.00%				2.50%		1	1
H.R. Textile Mills Limited of Property, Plant and Ed		As on 30 June 2020	8,479,375	336,957,885	6,823,475	34,280,804	7,826,035	8,990,520	2,563,352	10,166,727	1,027,861	46,192,122	38,016,447	183,875	12,618,502	1,978,165,712		644,020,625	42,174,735	686,195,360	2,664,361,072	2,494,358,742
H.R. Textile Mills Limited Schedule of Property, Plant and Equipment	Cost or valuation	Additions/ (Deletions)	1	1	167.083.365	481,365	1,350,000	525,000	•	211,600	•	•	29,000	•	292,000	170,002,330		ı	'	1	170,002,330	126,747,860
S		As on 1 July 2019	8,479,375	336,957,885	6,823,475	33,799,439	6,476,035	8,465,520	2,563,352	9,955,127	1,027,861	46,192,122	37,957,447	183,875	12,326,502	1,808,163,382		644,020,625	42,174,735	686,195,360	2,494,358,742	2,367,610,882
		Particulars	Factory Land and Development	Factory Building	Factory Shed Plant and Machinery	Electric Installation	Gas Installation	Water Installation	Steam Installation	Furniture and Fixtures	Telephone Installation	Motor Vehicles	Office Equipment	Loose Tools	Factory Equipment	A. Total	Revaluation	Factory Land and Development	Factory Building	B.Total	Total (A+B) as on June 30, 2020	Total Taka as on June 30, 2019