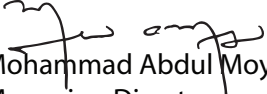


Dear Shareholders  
As-salamu Alaykum Wa-rahmatullah!

We forward herewith of the Half-yearly and Second Quarter (Q2) Financial Statements (Un-audited) performances of the company for the 6 (Six) months (July to December 2021) period ended 31st December 2021 of H.R. Textile Mills Limited as per Regulation of the Stock Exchange (Listing) Regulations, 2015 under LR 17(2).

  
Mohammad Abdul Moyeed  
Managing Director



Half-yearly and Second Quarter (Q2) Financial Statements (Un-Audited)  
for the 6 (six) month period ended 31st December 2021

**H.R. Textile Mills Limited**  
Pride Hamza (5th Floor), House # 54  
Road # 1, Sector # 6, Uttara  
Dhaka-1230, Bangladesh  
Cell: 01990409190 (Share Department)  
Fax: (8802) 222299147  
E-mail: [hrtex\\_cs@pride-grp.com](mailto:hrtex_cs@pride-grp.com)  
[www.pride-grp.com/hrt](http://www.pride-grp.com/hrt)

# H.R Textile Mills Limited

## Statement of Financial Position

As at December 31,2021

<b><u>ASSETS</u></b>	<b><u>Notes</u></b>	<b><u>Amount in Taka</u></b>	
<b>Non-Current Assets</b>		<b>As at December 31,2021</b>	<b>As at June 30,2021</b>
Property, Plant and Equipment	4	2,187,277,409	2,201,960,608
Investment in FDR	5	17,124,537	15,897,500
<b>Total Non-Current Assets</b>		<b>2,204,401,946</b>	<b>2,217,858,108</b>
<b>Current Assets</b>			
Stocks and Stores	6	668,807,859	661,701,780
Trade and Other Debtors	7	669,334,420	695,013,076
Advances, Deposits and Prepayments	8	105,545,190	94,425,853
Cash and Bank Balances	9	95,762,821	91,594,129
<b>Total Current Assets</b>		<b>1,539,450,290</b>	<b>1,542,734,838</b>
<b>TOTAL ASSETS</b>		<b>3,743,852,236</b>	<b>3,760,592,946</b>
<b><u>SHAREHOLDERS' EQUITY &amp; LIABILITIES</u></b>			
<b>Shareholders' Equity</b>			
Share Capital	10	253,000,000	253,000,000
General Reserve	11	6,956,752	6,956,752
Tax Holiday Reserve	12	22,378,988	22,378,988
Dividend Equalisation Reserve	13	10,000,000	10,000,000
Revaluation Surplus	14	651,419,688	651,867,794
Retained Earnings	15	227,030,813	198,914,119
<b>Total Shareholders' Equity</b>		<b>1,170,786,241</b>	<b>1,143,117,653</b>
<b>Long-term Liabilities</b>			
Long-term Loans-Secured, Future Maturity	16	1,206,090,355	1,186,629,941
Non-Convertible Callable Zero-coupon Bond	17	20,000,000	-
Provision for Gratitude	18	26,212,394	26,096,182
Provision for Deferred Taxation	19	87,593,395	85,348,514
<b>Total long-term Liabilities</b>		<b>1,339,896,144</b>	<b>1,298,074,637</b>
<b>Current Liabilities</b>			
Bank Overdrafts- Secured	20	51,377,482	73,932,455
Time Loan- Secured	21	415,259,410	388,546,435
Loans against Trust receipts	22	-	9,357,890
Trade Creditors	23	501,345,987	535,577,546
Unclaimed Dividend Account	24	4,736,378	9,507,557
Accrued Expenses	25	30,848,844	30,841,035
Provision for Current Taxation	26	60,458,143	49,803,043
Bills Receivable Discounted	27	17,251,138	16,945,349
Workers' Participation /Welfare Funds	28	12,350,331	13,303,075
Current Maturity of Long-term Loans	29	139,542,138	191,586,271
<b>Total Current Liabilities</b>		<b>1,233,169,851</b>	<b>1,319,400,656</b>
<b>Total Liabilities</b>		<b>2,573,065,995</b>	<b>2,617,475,293</b>
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<b>3,743,852,236</b>	<b>3,760,592,946</b>
<b>Net Assets Value (NAV) per share</b>	30	<b>46.28</b>	<b>45.18</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

Sd/-  
CFO/HF&A

Sd/-  
Company Secretary

**H.R Textile Mills Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**Half yearly and second Quarter (Q2) ended 31 December ,2021**

(Amount in Taka)

<b>Particulars</b>	<b>Notes</b>	<b>Half-Year Ended</b>		<b>Second Quarter Ended</b>	
		<b>July, 2021 to December, 2021</b>	<b>July, 2020 to December, 2020</b>	<b>October, 2021 to December ,2021</b>	<b>October, 2020 to December ,2020</b>
Sales Revenue	31	1,584,442,861	1,363,183,465	763,378,895	770,155,867
Export Incentive	32	18,794,174	16,858,478	7,538,172	7,262,794
<b>Turnover</b>		<b>1,603,237,035</b>	<b>1,380,041,943</b>	<b>770,917,067</b>	<b>777,418,661</b>
Cost of Goods Sold	33	(1,374,295,314)	(1,183,035,547)	(671,662,752)	(674,178,962)
<b>Gross Profit</b>		<b>228,941,721</b>	<b>197,006,396</b>	<b>99,254,315</b>	<b>103,239,699</b>
Administrative, Selling and General Expenses	34	(59,582,741)	(55,773,516)	(30,048,078)	(28,268,783)
Financial Expenses	35	(128,194,143)	(105,397,273)	(52,355,737)	(54,692,385)
<b>Operating Profit</b>		<b>41,164,837</b>	<b>35,835,607</b>	<b>16,850,500</b>	<b>20,278,531</b>
Other income	36	1,432,160	694,912	415,795	222,782
<b>Profit Before contribution to WPPF</b>		<b>42,596,997</b>	<b>36,530,519</b>	<b>17,266,295</b>	<b>20,501,313</b>
Contribution to WPPF	28	(2,028,428)	(1,739,549)	(822,204)	(976,253)
<b>Net Profit before Tax</b>		<b>40,568,569</b>	<b>34,790,970</b>	<b>16,444,091</b>	<b>19,525,060</b>
Income Tax Expenses		(12,979,059)	(11,747,497)	(4,320,866)	(6,219,094)
Current Tax	37	(10,655,100)	(10,358,777)	(5,318,014)	(5,360,398)
Deferred Tax	19	(2,323,959)	(1,388,720)	997,148	(858,696)
<b>Net Profit after tax</b>		<b>27,589,510</b>	<b>23,043,473</b>	<b>12,123,225</b>	<b>13,305,966</b>
<b>Earnings per share</b>	39	<b>1.09</b>	<b>0.91</b>	<b>0.48</b>	<b>0.53</b>

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

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

Sd/-  
CFO/HF&A

Sd/-  
Company Secretary

**H.R Textile Mills Limited**  
**Statement of Cash Flows**  
**Half yearly and Second Quarter (Q2) ended December 31,2021**

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>July 21 to Dec. 21</u>	<u>July 20 to Dec. 20</u>
<b>Cash flows from Operating Activities:</b>			
Cash received from Sales and Export incentives		1,628,915,691	1,430,777,027
Foreign currency Gain/ (Loss)		205,123	498,547
Receipts from Other Income FDR		1,227,037	182,700
Cash paid for goods and services		(1,435,048,529)	(1,237,923,259)
<b>Cash from operation</b>		<b>195,299,322</b>	<b>193,535,015</b>
Interest paid		(115,639,210)	(90,646,809)
Income tax paid/deducted at sources		(10,655,100)	(9,639,709)
<b>Net Cash inflows from operating activities</b>		<b>69,005,012</b>	<b>93,248,497</b>
<b>Cash flows from Investing Activities:</b>			
Acquisition of property, plant and equipment	4	(41,360,286)	(73,497,869)
Invest in FDR	5	(1,227,037)	-
<b>Net Cash outflows from investing activities</b>		<b>(42,587,323)</b>	<b>(73,497,869)</b>
<b>Cash flows from Financing Activities:</b>			
Bank Overdraft Received/(Repaid)		(22,554,973)	(46,540,714)
Time Loan Received/(Repaid)		26,712,975	45,189,139
Loan against Trust receipts Received (Paid)		(9,357,890)	-
Non-Convertible Callable Zero-coupon Bond		20,000,000	-
Long Term Loans Received/(Repaid)		19,460,414	166,651,765
Bills Receivable Discounted Received/( Repaid)		305,789	(25,558,605)
Current Maturity of Long-term Loans		(52,044,133)	(52,571,264)
Unclaimed Dividend Account		(4,771,179)	(38,792)
<b>Net Cash inflow from financing activities</b>		<b>(22,248,997)</b>	<b>87,131,529</b>
<b>Net increase/(decrease) in cash and bank balances</b>		<b>4,168,692</b>	<b>106,882,157</b>
Cash and bank balances on opening		91,594,129	30,511,100
Net increase/(decrease) in cash and bank balances		4,168,692	106,882,157
<b>Cash and bank balances at closing - Note 9</b>		<b>95,762,821</b>	<b>137,393,257</b>
<b>Net operating cash flows per share (NOCFPS)</b>	40	<b>2.73</b>	<b>3.69</b>

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

Sd/-  
CFO/HF&A

Sd/-  
Company Secretary

**H.R Textile Mills Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the Haly year (Q2) ended December 31,2021**

<u>Particulars</u>	<u>Share Capital</u>	<u>General Reserve</u>	<u>Tax Holiday Reserve</u>	<u>Revaluation Surplus</u>	<u>Dividend Equalization Reserve</u>	<u>Retained Earnings</u>	<u>Total Taka</u>
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 Surplus realised	-	-	-	(448,106)	-	527,184	79,078
Net profit after Tax	-	-	-	-	-	27,589,510	27,589,510
Cash Dividend Declared 2021						-	-
<b>Balance as on December 31,2021</b>	<b>253,000,000</b>	<b>6,956,752</b>	<b>22,378,988</b>	<b>651,419,688</b>	<b>10,000,000</b>	<b>227,030,813</b>	<b>1,170,786,241</b>

<u>Particulars</u>	<u>Share Capital</u>	<u>General Reserve</u>	<u>Tax Holiday Reserve</u>	<u>Revaluation Surplus</u>	<u>Dividend Equalization Reserve</u>	<u>Retained Earnings</u>	<u>Total Taka</u>
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 Surplus realised	-	-	-	(448,106)	-	527,184	79,078
Net profit after Tax	-	-	-	-	-	23,043,473	23,043,473
Cash Dividend Declared 2020						-	-
<b>Balance as on December 31,2020</b>	<b>253,000,000</b>	<b>6,956,752</b>	<b>22,378,988</b>	<b>652,315,900</b>	<b>10,000,000</b>	<b>160,786,947</b>	<b>1,105,438,587</b>

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

Sd/-  
CFO/HF&A

Sd/-  
Company Secretary

**H.R TEXTILE MILLS LIMITED**  
**Notes to the Financial Statements**  
**For the Q2 Quarter ended 31 December, 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 a ongoing basis.

**2.5 Reporting period**

The financial reporting period of the company covers three months from 01 July 2021 to 31 December, 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

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

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

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

## **2.8 Component of Financial Statements**

- (i) Statement of Financial Position as at December 31,2021;**
- (ii) Statement of Profit or Loss and other Comprehensive Income for the period ended December 31, 2021;**
- (iii) Statements of Changes in Shareholders' Equity for the period ended December 31, 2021;**
- (iv) Statement of Cash Flows for the period ended December 31, 2021; and**
- (v) Notes to the Financial Statements for the period ended December 31, 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 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 is untapped international market.

#### **Market risks**

Marker 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 are 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 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.

**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 , Pant and Equipment

Opening Balance  
Add: Addition this period  
Less: Accumulated Depreciation  
**Closing Balance**

Amount in Taka	
December 31,2021	June 30,2021
3,401,814,481	2,664,361,072
41,360,286	737,453,409
(1,255,897,358)	(1,199,853,873)
<b>2,187,277,409</b>	<b>2,201,960,608</b>

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

Cost of Goods Sold-Note 33.1  
Administrative, Selling and General Expenses-Note 34.1

December 31,2021	June 30,2021
44,834,788	36,034,800
11,208,697	9,008,700
<b>56,043,485</b>	<b>45,043,500</b>

#### 5. Investment in FDR

Opening Balance  
Add: Interest during the period  
**Closing Balance**

15,897,500	15,897,500
1,227,037	-
<b>17,124,537</b>	<b>15,897,500</b>

These above mentioned amount of three FDR are liened against Five years IPDC Finance Limited Guarantees amounting Tk.17,124,537 which have been issued by IPDC Finance Limited in favor of IPDC Finance Limited . Hence, the same have been shown as non-current asstes.

#### 6. Stocks and stores

6.1 The make-up is as below:

December 31,2021		June 30,2021	
In Kg	Taka	In Kg	Taka
6.2 706,637	273,468,450	964,335	257,522,055
6.3 474,190	90,227,721	538,876	84,808,306
6.4	162,185,089		170,047,725
6.5	96,125,020		105,640,861
	19,574,587		17,587,458
	16,658,542		12,214,521
	<b>658,239,409</b>		<b>647,820,926</b>
	10,568,450		13,880,854
	<b>668,807,859</b>		<b>661,701,780</b>

#### 6.2 Stock of Yarn

706,637	273,468,450	964,335	257,522,055
<b>706,637</b>	<b>273,468,450</b>	<b>964,335</b>	<b>257,522,055</b>

#### 6.3 Stock of Dyes and Chemicals

65,132	47,568,421	58,789	41,694,405
409,058	42,659,300	480,087	43,113,901
<b>474,190</b>	<b>90,227,721</b>	<b>538,876</b>	<b>84,808,306</b>

#### 6.4 Stock in Work in Process

	112,598,556		119,645,444
	49,586,533		50,402,281
	<b>162,185,089</b>		<b>170,047,725</b>

#### 6.5 Stock of Finished Products

	35,654,514		38,637,394
106,712	60,470,506	130,247	67,003,467
<b>106,712</b>	<b>96,125,020</b>	<b>130,247</b>	<b>105,640,861</b>

#### 7. Trade and Others Debtors

December 31,2021		June 30,2021	
US\$	Taka	US\$	Taka
7,485,825	634,049,420	7,991,211	670,063,076
416,588	35,285,000	297,555	24,950,000
<b>7,902,413</b>	<b>669,334,420</b>	<b>8,288,766</b>	<b>695,013,076</b>

These are unsecured but considered good.

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

	Amount in Taka	
	December 31,2021	June 30,2021
Salary Advance	1,054,235	1,066,770
Advance Tax	1,337,500	1,150,000
Factory Insurance Advance	2,589,488	1,124,816
Operational Advance	7,265,840	8,441,240
Eltech Engineering Co. Ltd	6,600,000	6,600,000
Tax deducted at source	56,142,376	45,487,276
	<b>74,989,439</b>	<b>63,870,102</b>

**Deposits :**

Security Deposits	20,571,731	20,571,731
Bank Guarantee Margin	9,984,020	9,984,020
	<b>30,555,751</b>	<b>30,555,751</b>
	<b>105,545,190</b>	<b>94,425,853</b>

The advances are unsecured but considered good.

**9. Cash and Bank Balances****Cash at Banks with Banks on Current Account:**

Brac Bank Ltd, Dhanmondi Branch, CD A/c	35,785	48,418
Mutual Trust Bank Ltd., Gulshan Branch, CD A/c	775,000	498,342
Mutual Trust Bank Ltd., Gulshan Branch, Fund buildup A/c	838,850	3,700,371
Mutual Trust Bank Ltd., Gulshan Branch, Dollar A/c	194,448	17,231,255
Mutual Trust Bank Ltd., Gulshan Branch, ERQ A/c	81,169	80,307
Mutual Trust Bank Ltd., Gulshan Branch, SND A/c	749	8,137
HSBC, Anchor Tower Branch, MDA Margin A/c	-	146,695
HSBC, Anchor Tower Branch, FCY A/c	4,327,414	1,621,248
Trust Bank Ltd, SKB Branch, Dollar A/c	46,853,371	18,570,432
Trust Bank Ltd, SKB Branch, FCAD A/c	770,226	7,301
Trust Bank Ltd, SKB Branch, CD A/c	215,156	19,573,484
Dutch Bangla Bank Ltd., Gulsgan Branch, CD A/c	399,854	385,674
AB Bank Ltd, Motijheel Branch, CD A/c	3,059,116	691,143
AB Bank Ltd, Motijheel Branch, CD A/c	1,375,656	
AB Bank Ltd, Motijheel Branch, Notice A/c	279,280	3,046,756
	<b>59,206,074</b>	<b>65,609,563</b>

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

Trust Bank Ltd., SKB Branch, SND A/c	31,940,169	21,238,894
Southeast Bank Ltd, Principal Branch, STD A/c	1,070,763	1,055,211
	<b>33,010,932</b>	<b>22,294,105</b>
Cash at Banks	<b>92,217,006</b>	<b>87,903,668</b>
Cash in Hand	3,545,815	3,690,461
	<b>95,762,821</b>	<b>91,594,129</b>

**10. Share Capital****10.1 Authorized:**

100,000,000 Ordinary Shares of Tk.10 each

Amount in Taka	
December 31,2021	June 30,2021
1,000,000,000	1,000,000,000

**10.2 Issued, Subscribed and Paid-up:**

25,300,000 Ordinary Shares of Tk.10 each fully paid-up

14,000,000 Ordinary Shares of Tk.10 each fully paid-up in cash

11,300,000 Ordinary Shares of Tk.10 each issued as fully paid-up bonus shares

253,000,000	253,000,000
140,000,000	140,000,000
113,000,000	113,000,000
<b>253,000,000</b>	<b>253,000,000</b>

**10.3 Composition of Shareholdings:**

Classes of Holdings	December 31,2021		June 30,2021	
	No. of Shares	%	No. of Shares	%
Sponsors	12,808,619	50.63	12,808,619	50.63
Financial Institutions	1,447,516	5.72	1,712,981	6.77
General Public	11,043,865	43.65	10,778,400	42.60
	<b>25,300,000</b>	<b>100.00</b>	<b>25,300,000</b>	<b>100.00</b>

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.

**10.4 Year wise break-up of the issue**

Date	No. of Shares	Particulars	Taka	Taka
03.12.1984	4,000	Subscribed capital as per Memorandum and Articles of Association at the time of incorporation (4,000 of Tk.100 each)	400,000	400,000
25.06.1987	28,100	28,100 Bonus shares of Tk.100 each issued	2,810,000	2,810,000
10.02.1995	1,500	1,500 Bonus shares of Tk.100 each issued	150,000	150,000
27.03.1995	366,400	366,400 Bonus shares of Tk.100 each issued	36,640,000	36,640,000
06.04.1995	400,000	400,000 Bonus shares of Tk.100 each issued	40,000,000	40,000,000
14.12.1995	200,000	200,000 Bonus shares of Tk.100 each issued	20,000,000	20,000,000
19.12.1966	1,000,000	1,000,000 shares issued through public offering (1,000,000 shares of Tk.100 each )	100,000,000	100,000,000
28.03.2011	200,000	10% shares issued as Bonus (200,000 shares of Tk.100 each issued	20,000,000	20,000,000
29.03.2012	330,000	15% shares issued as Bonus (330,000 shares of Tk.100 each issued	33,000,000	33,000,000
<b>Total</b>	<b>2,530,000</b>		<b>253,000,000</b>	<b>253,000,000</b>

**10.5 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.

**11. General Reserve**

Opening and Closing Balance

Amount in Taka	
December 31,2021	June 30,2021
6,956,752	6,956,752
<b>6,956,752</b>	<b>6,956,752</b>

**12. Tax Holiday Reserve**

Opening and Closing Balance

22,378,988	22,378,988
<b>22,378,988</b>	<b>22,378,988</b>

**13. Dividend Equalisation Reserve**

Opening and Closing Balance

10,000,000	10,000,000
<b>10,000,000</b>	<b>10,000,000</b>

**14. Revaluation Surplus**

Revaluation Surplus

Revaluation reserve realised

Closing Balance

651,867,794	652,764,006
(448,106)	(896,212)
<b>651,419,688</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.

**15. Retained earnings**

Balance as on June 30,2021  
Total Comprehensive income for the period:  
    Profit for the period  
Revaluation reserve realised

Dividend during the year:

    Final dividend for previous year

**Balance as on December 31,2021**

Amount in Taka	
December 31,2021	June 30,2021
198,914,119	137,216,290
27,589,510	73,031,606
527,184	1,054,368
<b>227,030,813</b>	<b>211,302,264</b>
-	(12,388,145)
<b>227,030,813</b>	<b>198,914,119</b>

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

9% Loan - Note 16.1  
5% Loan - Note 16.2  
15% Loan - Note 16.3  
Deferred L/C Liabilities -Note 16.4

1,069,590,322	987,768,518
-	-
131,192,038	143,787,678
5,307,995	55,073,745
<b>1,206,090,355</b>	<b>1,186,629,941</b>

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

Opening Balance  
Loan received this period  
Add: Interest  
Less: Current Maturity this period  
**Closing Balance**

987,768,518	957,660,813
49,765,750	188,313,701
71,607,553	-
(39,551,499)	(158,205,996)
<b>1,069,590,322</b>	<b>987,768,518</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 June, 2021.The loan is secured by hypothecation of stock, machinery, equipment and book debts.

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

Opening Balance  
Current Maturity this period  
Unrealised loss  
**Closing Balance**

-	8,577,655
-	(8,577,655)
-	-
<b>-</b>	<b>-</b>

The offshore has been taken from The Honkong 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 quartly installments,starting from 1 January 2014..

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

Opening Balance  
Add : Interest during this period  
Less: Current Maturity this period  
**Closing Balance**

143,787,678	147,357,795
9,591,250	21,232,503
(22,186,890)	(24,802,620)
<b>131,192,038</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.

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

Opening Balance  
Addition thisperiod  
Paid this period  
**Closing Balance**

55,073,745	61,916,455
-	55,073,745
(49,765,750)	(61,916,455)
<b>5,307,995</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.

**17. Non-Convertible Callable Zero-coupon Bond**

Received this period  
**Closing Balance**

20,000,000	-
<b>20,000,000</b>	

The Bond amount was received pursuant to BSEC Sanction No.BSEC/CI/DS-146/2021/454 Date15 July 2021.

**18. Provision for Gratuity**

Opening Balance  
Contribution during this Period

Paid during this period

**Closing Balance**

Amount in Taka	
December 31, 2021	June 30, 2021
26,096,182	27,218,882
2,573,066	4,002,800
<b>28,669,248</b>	<b>31,221,682</b>
(2,456,854)	(5,125,500)
<b>26,212,394</b>	<b>26,096,182</b>

**19. Provision for Deferred Taxation**

Opening Balance  
Provision during the period  
Adjustment for depreciation of revalued assets  
**Closing balance**

85,348,514	78,583,298
2,323,959	6,923,371
(79,078)	(158,155)
<b>87,593,395</b>	<b>85,348,514</b>

**A. Property, Plant and Equipment**

WDV of Accounting Base  
WDV of Tax Base  
**Texable temporary difference**

1,504,245,153	1,518,401,168
1,104,827,252	1,134,592,541
<b>399,417,901</b>	<b>383,808,627</b>

**Tax Rate**

15% 15%

**Deferred tax liability / (asset)**

<b>59,912,685</b>	<b>57,571,294</b>
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**B. Deferred Tax on Gratuity Provision**

Opening Balance of deferred tax liability for gratuity provision  
Add: Addition during the period

(3,914,427)	(4,082,832)
(17,432)	168,405
<b>(3,931,859)</b>	<b>(3,914,427)</b>

**C. Calculation of deferred Tax**

Revalued value of Land  
Revalued value of other than land

644,020,625	644,020,625
39,011,631	39,538,815

**Tax Rate**

On land 4% 4%  
On other than land 15% 15%

**Deferred tax liabilities**

On land  
On other than land  
**Deferred tax liability / (asset)**

25,760,825	25,760,825
5,851,744	5,930,822
<b>31,612,569</b>	<b>31,691,647</b>

**Total (A+B+C)**

<b>87,593,395</b>	<b>85,348,514</b>
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**Calculation of deferred tax charges on Profit or Loss Account**

Deferred tax liability other than revalued asset as on June 30, 2021  
Deferred tax liability other than revalued asset as on December 31, 2021

53,656,867	46,733,495
55,980,826	53,656,867
<b>2,323,959</b>	<b>6,923,372</b>

**20. Bank Overdrafts**

Trust Bank Ltd, SKB Branch  
HSBC Bank, Plc, Anchor Tower Branch, Kawranbazar

50,960,408	50,933,128
417,074	22,999,327
<b>51,377,482</b>	<b>73,932,455</b>

These are secured.

**21. Time Loan Bank**

9% Loan - Note 21.1  
5% Loan - Note 21.2

386,580,535	359,397,739
28,678,875	29,148,696
<b>415,259,410</b>	<b>388,546,435</b>

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

	Amount in Taka	
	December 31, 2021	June 30, 2021
Opening Balance	359,397,739	367,249,038
Add: Interest	27,182,796	28,226,076
Paid this period		(36,077,375)
<b>Closing Balance</b>	<b>386,580,535</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.

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

Opening Balance	29,148,696	28,500,000
Paid this period	(574,092)	(320,671)
Add: Interest	104,271	969,367
<b>Closing Balance</b>	<b>28,678,875</b>	<b>29,148,696</b>

The loan has been taken 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 4.50% and is repayable in 24 months.

**22. Loan against Trust receipts**

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

**23. Creditors**

	As at December 31, 2021		As at June 30, 2021	
	US\$	Taka	US\$	Taka
For Import Purchases	5,797,353	492,485,115	6,243,975	525,430,493
For Local Purchases		8,235,452		9,158,254
For Staff Income Tax		625,420		617,330
For Refund Warrant		-		371,469
		<b>501,345,987</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 this period	-	12,388,145
	9,879,026	19,785,820
Less: Transfer to Capital Market Stabilization Fund (CMSF)	(5,126,493)	-
Payment during this period	(16,155)	(10,278,263)
	<b>4,736,378</b>	<b>9,507,557</b>

As per direction of BSEC the Company subsequently deposit the mentioned amount on September 28, 2021 for the purpose of transferring the amounts held against unclaimed or undistributed or unsettled dividend in cash to the Capital Market Stabilization Fund (CMSF).

**25. Accrued Expenses**

Gas Expenses (Factory)	14,708,421	15,192,692
Electricity Bill	69,098	76,102
Telephone	122,500	135,450
Salaries, Wages and Allowances	15,246,540	14,879,016
Security Bill	96,000	75,275
Legal Fee	30,000	60,000
Auditors' Fee (including Vat)	86,250	172,500
AGM Expenses	115,240	250,000
Accrued Interest (Non-Convertible Callable Zero-coupon Bond)	374,795	-
	<b>30,848,844</b>	<b>30,841,035</b>

**26. Provision for Current Taxation**

Opening balance  
Addition during the period

Paid during the period

**Closing Balance**

**Amount in Taka**

<b>December 31,2021</b>	<b>June 30,2021</b>
49,803,043	44,069,406
10,655,100	21,924,237
<b>60,458,143</b>	<b>65,993,643</b>
-	(16,190,600)
<b>60,458,143</b>	<b>49,803,043</b>

**27. Bills Receivable Discounted**

Opening Balance  
Discounted during the period

Collected during the period

**Closing Balance**

16,945,349	25,558,605
42,854,241	169,845,684
59,799,590	195,404,289
(42,548,452)	(178,458,940)
<b>17,251,138</b>	<b>16,945,349</b>

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

Opening Balance  
Payment during this period

Contributions for the period

Interest during the period

**Closing Balance**

13,303,076	14,491,236
(3,354,254)	(6,854,850)
9,948,822	7,636,386
2,028,428	5,093,961
373,081	572,729
<b>12,350,331</b>	<b>13,303,076</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 Ltd. Gulshan Branch, Dhaka  
29.2 The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower, Dhaka  
29.3 IPDC Finance Limited, Hosna Centre (4th Floor), 106, Gulshan Avenue, Dhaka

104,140,474	158,205,996
-	8,577,655
35,401,664	24,602,620
<b>139,542,138</b>	<b>191,386,271</b>

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

Opening Balance  
Current Maturity this period

Paid during this period

**Closing Balance**

158,205,996	23,357,662
39,551,499	158,205,996
<b>197,757,495</b>	<b>181,563,658</b>
(93,617,021)	(23,357,662)
<b>104,140,474</b>	<b>158,205,996</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 June, 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  
Current Maturity this period

Paid during this period

**Closing Balance**

8,577,655	31,021,832
-	8,577,655
8,577,655	<b>39,599,487</b>
(8,577,655)	(31,021,832)
<b>-</b>	<b>8,577,655</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..

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

	Amount in Taka	
	December 31,2021	June 30,2021
Opening Balance	24,802,620	9,191,204
Current Maturity this year	22,186,890	24,802,620
	46,989,510	33,993,824
	(11,587,846)	(9,191,204)
Paid during this year	35,401,664	24,802,620
<b>Closing Balance</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	3,743,852,236	3,760,592,946
Total Liabilities	(2,573,065,995)	(2,617,475,293)
<b>A. Net Assets</b>	<b>1,170,786,241</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>46.28</b>	<b>45.18</b>

The NAV per share increased mainly due to revaluation surplus detailed in note 14.



**31. Sales**

	July 1,2021 to December 31,2021			July 1,2020 to December 31,2020		
	Quantity	USD	Taka	Quantity	USD	Taka
<b>Export sales:</b>						
Knit Fabrics (Kgs)	754,795	5,049,576	427,699,111	521,484	2,716,933	227,678,968
Garments (pcs)	5,529,130	13,656,951	1,156,743,750	5,622,478	13,550,173	1,135,504,497
<b>Total</b>		<b>18,706,527</b>	<b>1,584,442,861</b>		<b>16,267,106</b>	<b>1,363,183,465</b>

**32. Export Incentives**

	Amount in Taka	
	July ,2021 to December 31 2021	July ,2020 to December 31 2020
Cash Incentive	18,794,174	16,858,478
	<b>18,794,174</b>	<b>16,858,478</b>

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

Materials Consumed - Note 33.2	1,120,079,104	941,713,306
Salary, Wages and Allowances	127,925,146	119,410,396
Tiffin & Entertainment Expenses	492,542	489,658
Depreciation - Note 4.1	44,834,788	36,034,800
Stores and Spares Consumed	912,540	955,514
Factory Conveyance	525,481	635,688
Power and Gas	49,728,815	51,540,078
Gratuity	1,584,524	1,525,698
Vehicle expenses	975,845	969,587
Repairs and Maintenance	855,420	863,598
Packing & Loading Expenses	954,202	956,521
Import Landing, Clearing and Insurance	920,150	916,547
Factory Stationery Expenses	732,560	723,652
Carriage Inward and Outward	1,684,582	1,465,871
Knitting, Sewing & Processing Charge	2,536,420	2,096,843
Factory Insurance	1,590,188	1,581,912
Sewing Machine Rental	426,520	425,620
Miscellaneous	158,010	275,620
Total Manufacturing Costs for the year	<b>1,356,916,837</b>	<b>1,162,580,909</b>
Add Opening Work in Process	170,047,725	93,354,996
Total Manufacturing Costs	<b>1,526,964,562</b>	<b>1,255,935,905</b>
Less Closing Work in Process	162,185,089	81,598,757
Cost of Goods Manufactured	<b>1,364,779,473</b>	<b>1,174,337,148</b>
Add Opening Finished Goods	105,640,861	84,784,030
Cost of Goods available for use	<b>1,470,420,334</b>	<b>1,259,121,178</b>
Less Closing Finished Goods	96,125,020	76,085,631
<b>Cost of Goods Sold</b>	<b>1,374,295,314</b>	<b>1,183,035,547</b>

**33.2 Materials Consumed**

	July 1,2021 to December 31,2021		July 1,2020 to December 31,2020	
	Quantity (Kg.)	Taka	Quantity (Kg)	Taka
Yarn	2,005,653	776,187,548	2,358,858	665,952,742
Dyes	165,433	120,765,845	159,651	103,568,524
Chemicals	1,141,597	118,726,064	863,769	102,339,367
Accessories		104,399,647		69,852,673
Total Materials Consumption		<b>1,120,079,104</b>		<b>941,713,306</b>

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

	Amount in Taka	
	July ,2021 to December 31,2021	July ,2020 to December 31,2020
Directors' Remuneration	1,300,000	1,300,000
Salaries and Allowances	33,927,672	31,988,838
Security Service charges	576,000	576,000
Depreciation - Note 4.1	11,208,697	9,008,700
Electricity Expenses	1,329,985	1,360,562
Postage, Courier, Telephone and Fax	785,642	736,582
Form & Stamp	542,653	536,571
Gratuity	988,542	978,953
Travelling and Conveyance	458,642	456,985
Legal and Professional Expenses	30,000	30,000
Auditors' Fee-Note 34.2	86,250	86,250
A.G.M Expenses	182,354	189,657
Registration and Fees	565,840	563,524
Staff welfare	802,540	776,582
Stationery Expenses	578,535	556,358
Office Repairs and Maintenance	572,628	569,831
Vehicle Expenses	1,196,589	1,086,987
Entertainment Expenses	572,560	569,834
Central fund for RMG	384,922	175,960
Buying House Commission	200,000	1,456,320
Freight Charges & Freight out	1,852,427	1,256,940
Garments Testing & Inspection Charges	1,237,763	1,286,662
Miscellaneous	202,500	225,420
	<b>59,582,741</b>	<b>55,773,516</b>

**35. Financial Expenses**

Interest Expenses	115,639,210	90,646,809
Bank Charges	12,554,933	14,750,464
	<b>128,194,143</b>	<b>105,397,273</b>

**35.1 Interest expense is as follows:**

Interest on Workers' Participation/Welfare Funds	373,081	827,893
Interest on Long Term Loans	71,607,553	44,888,801
Interest on Bills Discounted	3,283,658	14,529,924
Interest on Bank Overdraft	3,121,806	3,264,067
Interest on Time Loan	27,287,067	16,603,639
Interest on Non-Convertible Callable Zero-coupon Bond	374,795	-
Interest on Lease Finance	9,591,250	10,532,485
	<b>115,639,210</b>	<b>90,646,809</b>

**36. Other Income**

Rental income	-	182,700
Interest on FDR	1,227,037	13,665
Exchange Fluctuation Gain/(Loss){ see below}	205,123	498,547
	<b>1,432,160</b>	<b>694,912</b>

**37. Current Tax**

	Amount in Taka	
	July, 2021 to December 31, 2021	July, 2020 to December 31, 2020
Profit before tax	40,568,569	34,790,970
Depreciation as per Accounting base	56,043,485	45,043,500
	<b>96,612,054</b>	<b>79,834,470</b>
Depreciation as per Tax base	(71,125,575)	(53,513,235)
	<b>25,486,479</b>	<b>26,321,235</b>
Provision for Gratuity for the Year	2,573,066	2,504,651
	<b>28,059,545</b>	<b>28,825,886</b>
Other income (Separate calculation)	-	(182,700)
	<b>28,059,545</b>	<b>28,643,186</b>
Payment for Grauity	(2,456,854)	(2,765,875)
	<b>25,602,691</b>	<b>25,877,311</b>
Tax Rate @ 15%	<b>3,840,404</b>	<b>3,881,597</b>
Minimum tax	<b>10,655,100</b>	<b>9,639,709</b>
<b>Add: Other income tax</b>		
Rental income	-	182,700
Maintenance @ 30%	-	(54,810)
	-	<b>127,890</b>
Tax Rate @ 25%	-	31,972
Current tax	<b>10,655,100</b>	<b>9,671,681</b>
Additional Tax for the Prior Years finally determined	-	687,096
	<b>10,655,100</b>	<b>10,358,777</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	1,300,000	-	1,300,000	-
Basic salary		20,256,410		19,093,303
House Rent Allowance		10,558,452		9,565,945
Other benefits and perquisites		3,112,810		3,329,590
	<b>1,300,000</b>	<b>33,927,672</b>	<b>1,300,000</b>	<b>31,988,838</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)	27,589,510	23,043,473
B. Number of ordinary of shares outstanding during the year	25,300,000	25,300,000
<b>Earning Per Share (A/B)</b>	<b>1.09</b>	<b>0.91</b>

**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  
Exchange Fluctuation Gain/ (Loss)

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)**

July ,2021 to December 31,2021	July ,2020 to December 31,2020
1,628,915,691	1,430,777,027
205,123	498,547
1,227,037	182,700
(1,435,048,529)	(1,237,923,259)
<b>195,299,322</b>	<b>193,535,015</b>
(115,639,210)	(90,646,809)
(10,655,100)	(9,639,709)
<b>69,005,012</b>	<b>93,248,497</b>
25,300,000	25,300,000
<b>2.73</b>	<b>3.69</b>

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

Profit after tax

Depreciation

**Changes in:**

Stock and Stores

Trade and other Debtors

Export Incentive Receivable

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**

Amount in Taka	
July ,2021 to December 31,2021	July ,2020 to December 31,2020
27,589,510	23,043,473
56,043,485	45,043,500
(7,106,079)	(13,328,426)
25,678,656	40,852,262
-	9,882,822
(11,119,337)	4,397,967
(34,231,559)	852,461
7,809	(15,358,677)
10,655,100	(5,831,823)
116,212	(261,224)
(952,744)	2,567,442
2,244,881	1,309,642
79,078	79,078
<b>69,005,012</b>	<b>93,248,497</b>

#### 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, December 31,2020 is as under:

Name of the related party	Relationship	Nature of Transaction	Amount in Taka	
			December 31,2021	December 31,2020
Fashion Knit Garments Ltd	Common Director	Sale of Finished Fabrics	427,699,111	227,678,968
		Receivable	35,285,000	10,641,343
Pride Limited	Common Director	No Transaction	-	-
Dacca Textiles Limited	Common Director	No Transaction	-	-
Pride Spinning Limited	Common Director	No Transaction	-	-

Approval for receivable in Fashion Knit Garments Limited will be taken in next Annual General Meeting interns of BSEC Notification No. BSEC/CMRRCD/2009-193/2/Admin/103 dated 5 February 2020.

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

Name of Directors	Designation	Monthly Remuneration	Bonus during the period	December 31,2021	December 31,2020
Dr. Muhammad Abdul Moyeen	Chairman	-			
Mr. Mohammad Abdul Moyeed	Managing Director	200,000	100,000	1,300,000	1,300,000
Mr. Mohamamd Abdul Momen	Director	-	-	-	-
Ms. Ruhey Rawa	Director	-	-	-	-
Ms. Sumbal Azad Momen	Director	-	-	-	-
Ms. Sana Kainat Moyeen	Director	-	-	-	-
Dr. A.H.M Habibur Rahman	Independent Director	-	-	-	-
Mr. Mohammad Kabiruzzaman	Independent Directo	200,000	100,000	1,300,000	1,300,000

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Director

Sd/-  
CFO/HF&A

Sd/-  
Company Secretary

## Annexure-A

**H.R Textile Mills Limited**  
**Schedule of Property ,Plant and Equipment**  
**As at December 31,2021**

(Amount in Taka)

Particulars	Cost or valuation			Rate %	Depreciation			W.D.V.
	As on July 01, 2021	Addition/ (Deletion)	As on December 31, 2021		As on July 01, 2021	During the period	As on December 31, 2021	As on December 31, 2021
Factory Land and Development	8,479,375	-	8,479,375	-	-	-	-	8,479,375
Factory Building	903,026,172	36,606,786	939,632,958	2.50	94,597,037	11,745,412	106,342,449	833,290,509
Factory Shed	6,823,475	-	6,823,475	7.50	6,823,470	-	6,823,470	5
Plant and Machinery	1,631,218,464	4,278,500	1,635,496,964	7.00	950,198,116	37,019,105	987,217,221	648,279,743
Electric Installation	34,642,204	-	34,642,204	10.00	27,060,059	1,732,110	28,792,169	5,850,035
Gas Installation	7,826,035	-	7,826,035	10.00	6,746,025	391,302	7,137,327	688,708
Water Installation	9,380,520	-	9,380,520	10.00	8,588,147	469,026	9,057,173	323,347
Steam Installation	2,563,352	-	2,563,352	10.00	2,563,342	-	2,563,342	10
Furniture and Fixtures	11,036,777	475,000	11,511,777	10.00	11,026,159	23,750	11,049,909	461,868
Telephone Installation	1,027,861	-	1,027,861	10.00	1,027,851	-	1,027,851	10
Motor Vehicles	46,192,122	-	46,192,122	15.00	37,647,109	3,464,409	41,111,518	5,080,604
Office Equipment	39,795,147	-	39,795,147	10.00	39,406,079	-	39,406,079	389,068
Loose Tools	183,875	-	183,875	10.00	183,865	-	183,865	10
Factory Equipment	13,423,742	-	13,423,742	10.00	11,350,694	671,187	12,021,881	1,401,861
<b>A. Total</b>	<b>2,715,619,121</b>	<b>41,360,286</b>	<b>2,756,979,407</b>		<b>1,197,217,953</b>	<b>55,516,301</b>	<b>1,252,734,254</b>	<b>1,504,245,153</b>

**B.Revaluation**

Factory Land and Development	644,020,625	-	644,020,625		-	-	-	644,020,625
Factory Building	42,174,735	-	42,174,735	2.50	2,635,920	527,184	3,163,104	39,011,631
<b>Total</b>	<b>686,195,360</b>	<b>-</b>	<b>686,195,360</b>		<b>2,635,920</b>	<b>527,184</b>	<b>3,163,104</b>	<b>683,032,256</b>
<b>Total (A+B) as on December 31,2021</b>	<b>3,401,814,481</b>	<b>41,360,286</b>	<b>3,443,174,767</b>		<b>1,199,853,873</b>	<b>56,043,485</b>	<b>1,255,897,358</b>	<b>2,187,277,409</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 December 31,2020**

**Annexure-A**

**(Amount in Taka)**

Particulars	Cost or valuation			Rate %	Depreciation			W.D.V.
	As on July 01, 2020	Addition/ (Deletion)	As on December 31, 2020		As on July 01, 2020	During the period	As on December 31, 2020	As on December 31, 2020
Factory Land and Development	8,479,375	-	8,479,375	-	-	-	-	8,479,375
Factory Building	336,957,885		336,957,885	2.50	82,635,163	4,211,974	86,847,137	250,110,748
Factory Shed	6,823,475		6,823,475	7.50	6,823,470	-	6,823,470	5
Plant and Machinery	1,464,038,732	17,753,274	1,481,792,006	7.00	885,909,287	33,120,142	919,029,429	562,762,577
Electric Installation	34,280,804		34,280,804	10.00	23,621,048	1,714,040	25,335,088	8,945,716
Gas Installation	7,826,035		7,826,035	10.00	6,611,025	391,302	7,002,327	823,708
Water Installation	8,990,520		8,990,520	10.00	7,652,339	449,526	8,101,865	888,655
Steam Installation	2,563,352		2,563,352	10.00	2,563,342	-	2,563,342	10
Furniture and Fixtures	10,166,727	160,000	10,326,727	10.00	9,976,277	350,445	10,326,722	5
Telephone Installation	1,027,861		1,027,861	10.00	1,027,851	-	1,027,851	10
Motor Vehicles	46,192,122		46,192,122	15.00	34,356,669	1,645,220	36,001,889	10,190,233
Office Equipment	38,016,447	1,687,200	39,703,647	10.00	35,321,261	1,985,182	37,306,443	2,397,204
Loose Tools	183,875		183,875	10.00	183,865	-	183,865	10
Factory Equipment	12,618,502	351,200	12,969,702	10.00	10,054,694	648,485	10,703,179	2,266,523
<b>A. Total</b>	<b>1,978,165,712</b>	<b>19,951,674</b>	<b>1,998,117,386</b>		<b>1,106,736,291</b>	<b>44,516,316</b>	<b>1,151,252,607</b>	<b>846,864,779</b>

**B.Revaluation**

Factory Land and Development	644,020,625	-	644,020,625		-	-	-	644,020,625
Factory Building	42,174,735	-	42,174,735	2.50	1,581,552	527,184	2,108,736	40,065,999
<b>Total</b>	<b>686,195,360</b>	<b>-</b>	<b>686,195,360</b>		<b>1,581,552</b>	<b>527,184</b>	<b>2,108,736</b>	<b>684,086,624</b>
<b>Total (A+B) as on December 31,2020</b>	<b>2,664,361,072</b>	<b>19,951,674</b>	<b>2,684,312,746</b>		<b>1,108,317,843</b>	<b>45,043,500</b>	<b>1,153,361,343</b>	<b>1,530,951,403</b>