

INFORMATION MEMORANDUM

PROPOSED ISSUE SIZE: BDT 800,000,000 (Discounted Value)

Private placement of 8,000 (Eight Thousand) Non-Convertible Zero-coupon Bonds of BDT 100,000 (Taka One Lac) each, totaling discounted issue price of BDT 800,000,000 (Taka Eighty Crore) with Total Face Value of BDT 1,262,885,878 (Taka One Twenty Six Crore Twenty Eight Lac Eighty Five Thousand and Eight Hundred Seventy Eight) at Maturity

KEY FEATURES

Type of Security	:	Non-Convertible Zero-coupon Bond
Total Face Value	:	BDT 1,262,885,878
Total Issue Amount (Discounted Value)	:	BDT 800,000,000
Number of Bonds being offered	:	8,000
Issue Price Per Bond	:	BDT 100,000
Average Face Value Per Bond	:	BDT 157,860.73475
Minimum Investment	:	BDT 500,000 or its multiple
Coupon rate/discount rate/YTM	:	9.00%-9.60%
Tenure in Year	:	3-7 Year

ISSUER



H.R.TEXTILE MILLS LIMITED

An enterprise of PRIDE GROUP with public Participation

Business Office & Factory: 4 Karnapara, Savar, Dhaka

Dhaka Office: Pride Hamza (5th Floor), House # 54, Road # 1, Sector # 6, Uttara, Dhaka-1230

ISSUE MANAGER & LEAD ARRANGER



AAA FINANCE & INVESTMENT LTD.

PARTNERSHIP OF TRUST

Amin Court, 4th Floor Suite # 403-405, 31 Bir Uttam Shahid Ashfaqus Samad Road, Dhaka-1000

TRUSTEE



Sandhani Life Insurance Company Limited

Head Office: Sandhani Life Tower, Rajuk Plot No-34, Bangla Motor, Dhaka- 1000

CREDIT RATING OF THE ISSUE

A (single A); Date of Declaration: 18.03.2021; Validity: 17.03.2022



National Credit Ratings Ltd.

ISSUE DATE OF IM: July 15, 2021

"If you have any query about this document, you may consult the issuer or originator, issue manager and the trustee"

CONTACT INFORMATION

ISSUER		
Name and Address	Contact Person	Contact Address
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TRUSTEE		
Name and Address	Contact Person	Contact Address
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ISSUE MANAGER & LEAD ARRANGER		
Name and Address	Contact Person	Contact Address
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ACRONYMS/ELABORATION

A	
AAA	AAA Finance and Investment Ltd.
AGM	Annual General Meeting
Allotment	Allotment of Bond to respective investor
ATB	Alternative Trading Board
B	
BAS	Bangladesh Accounting Standards
BB	Bangladesh Bank
BDT	Bangladeshi Taka
BMRE	Balancing, Modernization, Rehabilitation & Expansion
BOD	Board of Directors
BO Account	Beneficial Owners Account
BSEC	Bangladesh Securities and Exchange Commission
BSA	Bangladesh Standards on Auditing
C	
CDBL	Central Depository Bangladesh Limited
CDR	Cumulative Default Rate
CIB	Credit Information Bureau
CFO	Chief Financial Officer
Commission	Bangladesh Securities and Exchange Commission
Company	H.R. Textile Mills Limited
Companies Act	Companies Act, 1994 (Act. No. XVIII of 1994)
COGS	Costs of Goods Sold
Corporate Office	Head Office of the Company
CSE	Chittagong Stock Exchange Ltd.
D	
DSE	Dhaka Stock Exchange Ltd.
E	
EPS	Earnings Per Share
EIs	Eligible Investors
EGM	Extraordinary General Meeting
F	
FC Account	Foreign Currency Account
FV	Face Value
FY	Financial Year
G	
GDP	Gross Domestic Product
H	
HRTML	H.R. Textile Mills Limited
I	
Issuer	H.R. Textile Mills Limited
Issue Manager	AAA Finance & Investment Ltd.
IM	Information Memorandum
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
M	
MT	Metric Tons
N	
NAV	Net Asset Value
NBR	National Board of Revenue

NRB	Non-Resident Bangladeshi
NOC	No Objection Certificate
P	
P/E	Price Earnings Ratio
R	
RJSC	Registrar of Joint Stock Companies and Firms
Rules	Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021
S	
Sft.	Square Feet
SLIC	Sandhani Life Insurance Company Limited
Y	
YTM	Yield to Maturity
Z	
ZCB	Zero-coupon Bond

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H.R. Textile Mills Limited (hereinafter referred as 'HRTML' or 'The Company') is a 100% export-oriented, public limited Company incorporated in Bangladesh under the Companies Act, 1994 on December 03, 1984 and listed with the Dhaka and Chittagong Stock Exchange. The Company is engaged in manufacturing of knitwear products. The Company started its formal operations on October 01, 1989. The Company is operating its business activities under the umbrella of Pride Group, a renowned group in terms of its visible presence in the textile sector.

H.R. Textile Mills Limited has planned to issue the Bond mainly to meet the capital investment requirements (i.e., purchase of capital machineries, factory Expansion and retrofitting) and to repay a portion the high cost borrowing from Banks through private placement in cash consideration basis to potential investors like Banks, Insurance Companies, Financial Institutions, Corporate Houses, NRBs (Non-Resident Bangladeshi) and General Public. The bond is unsecured, redeemable on maturity and non-convertible in nature.

A self-explanatory Information Memorandum (IM) prepared in the light of the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021 enclosed herewith for your kind information and evaluation. The distribution of this Information Memorandum and the Offering is restricted only in Bangladesh. It is not intended or made to offer or sale of the Bonds in any other jurisdiction. The offerings will not be offered to the public at large in Bangladesh. However, after closing of subscription, we intend to list the Zero-coupon Bonds (ZCB) in the Alternative Trading Board (ATB) for increased liquidity. We may withdraw this offering at any time, and we reserve the right to reject any offer to purchase the Bonds in whole or in part and to sell to any prospective investor less than the full amount of the Bonds sought by such investor.

We have obtained approval of the Bangladesh Securities and Exchange Commission for issuance of the Bonds and the distribution of this Information Memorandum through letter No. BSEC/CI/DS-146/2021/454 dated July 15, 2021.

By investing in the Bonds, you are hereby deemed to have acknowledged, represented, and warranted to, and agree (as the case may be) for the benefit of the Arrangers, as set out below:

- a) **High risk:** You are fully aware that investment in the Bonds involves a high degree of risk.
- b) **Consultation with advisers:** You have (i) consulted with your own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent you have deemed necessary, (ii) collected and reviewed all information that you or your advisers believe is necessary or appropriate in connection with the purchase of the Bonds, and (iii) made your own investment decisions based upon your own judgment, due diligence and advice from such advisers as you have deemed necessary and not upon any view expressed by or on behalf of the Arrangers.
- c) **No reliance:** You acknowledge and agree that you may not rely on any investigation that the Arrangers or any of its affiliates or any person acting on their behalf may have conducted with respect to the Issuer or any of their affiliates, and neither the Arrangers nor its affiliates, employees, officers, directors, legal advisers, or representatives have

made any representation to you, express or implied, with respect to your investment in the Bonds.

- d) **Informed decision:** You are in possession of all the information that you believe is necessary or appropriate to make an informed decision regarding your purchase of the Bonds, including without limitation, adequate information concerning the Issuer's business, financial condition, results of operations and prospects.
- e) **Knowledge and experience:** You have such knowledge and experience in financial, business, and international investment matters that you can evaluate the merits and risks of purchasing the Bonds and are aware that you may be required to bear, and are able to bear, all risks including economic risk of an investment in the Bonds.
- f) **Information of the Company:** You acknowledge that the information provided to you about the Issuer and the Bonds in this Information Memorandum has been supplied to you by the Arrangers only on behalf of the Issuer and that neither the Arrangers nor any of its affiliates, employees, officers, directors, legal advisers, or representatives has verified such information or makes any representation or warranty as to its accuracy or completeness.
- g) **Review of Information Memorandum:** You have reviewed this Information Memorandum in its entirety, including the risks associated with investment in the Bonds, and you understand and acknowledge all the risks described herein. By investing in the Bonds, you have determined that:
 - i) the Bonds are a suitable investment for you and your investment in the Bonds does not and will not, when consummated, violate any investment or other guidelines, policies, or restrictions (corporate or otherwise), or any law, rule, regulation or order applicable to you; and
 - ii) you have obtained all approvals and consents (whether internal or external) and have made all notifications necessary for you to invest in the Bonds as contemplated; and you can bear the economic risk of the investment and are able to sustain a complete loss in connection with your investment.
- h) **Own account:** You are purchasing the Bonds for your own account. You may decide to transfer or sell to others as per Subscription Agreement.
- i) **No representation or warranty:** The Arrangers has not made, and you have not relied upon any representation, warranty, or condition (express and/or implied), and the Arrangers shall not owe any duty whatsoever to you in connection with the Bonds.
- j) **No obligation to purchase:** The Arrangers shall have no obligation to purchase or acquire all or any part of the Bonds purchased by you or to support losses, if any, directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Bonds, including the non-performance of the issuer.

An investment in capital market involves a high degree of risk. The Company is operating in an industry involving both external and internal risk factors having direct as well as indirect effects on the investments made by the investors. All investors should carefully consider all the information in this Information Memorandum, including the risk factors, both external and internal, and management perception there about enumerated hereunder before making an investment decision. If any of the following risks occur, their business, results of operations and financial condition could suffer, the trading price of their share could decline, and investors may lose all or part of their investment

A. Interest Rate Risk

Interest rate risk is the risk that the 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. 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.

B. Foreign Exchange 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 local 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.

C. Non-Repayment Risk

Non-repayment risk can arise if the Company becomes unable to repay the principal amount and the interest to the bond holder. Due to pandemic situation, the Company may not be able to

repay their bond holder. Change of interest rate, inflation, recession may have a negative impact on cash flow and profitability of the Company which results in non-repayment in bond amount to bond holders.

Management Perception

The management of HRTML is always concerned about the prevailing and upcoming future changes in the domestic and global financial policies and/or conditions, and is always ready to response appropriately and timely to safeguard its shareholders' and bondholders' interest.

The strength of the financial health of Export Oriented Company like HRTML lies with the export performance. The Company has forecasted a turnover of BDT 318.54 crore within the second year (i.e., 2023) of the issuance of Zero-coupon Bonds (ZCBs). According to un-audited Third-Quarter Financial Statement as on March 31, 2021, its export has already reached BDT 204.86 crore as against BDT 176.60 crore in the same period of the previous year. As per the Projected Financial Statement of the Company, its total revenue is expected to grow at an average of 6.56% during the forecast period (2021-2029). Moreover, debt to equity ratio will fall from 2.27 times as per Half-Yearly Financial Statement of 2020 to 1.74 times by the end of 2026 (fifth year of the bond issuance).

Through paying off high-cost borrowing of the Company with the proceeds from bond issuance, improving the operating cash flow position of the Company over time and minimizing the amount of long-term borrowing in future, the Company has effectively managed the non-repayment risk. Moreover, the trustee is authorized to monitor the timing of debt repayment and empowered to take remedial actions when necessary. In addition, by issuing bonds at different maturities (i.e., 3-7 year) instead of issuing bonds with single maturity, non-repayment risk is managed to some extent.

The flowing table depicts the Year-Over-Year (YOY) revenue growth rate and Debt to Equity Ratio of the Company during 2021-2029:

Particulars	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue Growth	25.42%	7.53%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%
Debt to Equity Ratio	2.86	2.82	2.73	2.54	2.14	1.74	1.40	1.10	0.87

D. Prepayment, Call or Refunding Risks

The risk of Call or Refunding may arise if the bond holder wishes to get return the bond amount before the bond's maturity.

Management Perception

HRTML is issuing Non-Convertible Zero-coupon Bond (ZCB). These ZCB are payable on due dates agreed. However, in case of unavoidable circumstance, if payment to ZCB holders is delayed then they shall be compensated by an additional 2% per annum on the amount due for payment and shall be paid along with the redemption amount.

The issuer has the right to redeem (call) the ZCB earlier than maturity @ 0.25% premium. However, there is no put option (sold it back to the issuer) to this issue for investors. The bond is easily transferable. So, if a bond holder wishes to transfer the ownership, he/she can do it.

E. Security Risks

HRTML is issuing Non-Convertible Zero-coupon Bond which is unsecured meaning that it is not backed by any pledged asset. There arises a question regarding the security of the bond.

Management Perception

The issuer is held liable for the payment of actual investment and accrued profit at maturity. The issuing bond has been rated as A (single A) by National Credit Ratings Ltd. In addition to providing personal guarantee by its shareholder directors in favor of the Trustee of the Issue (Sandhani Life Insurance Company Limited), Fashion Knit Garments Limited has provided corporate guarantee in favor of H.R. Textile Mills Limited. The guarantors hereby guarantee to pay to the Trustee of the Issue on demand at times of default. The Trustee is responsible for several key functions that benefits both the Issuer and the bond holder.

F. Liquidity Risk

The Company needs to ensure the payment of suppliers on time while selling items on L/C or credit. In this manner, it may face shortage of funds to meet its current obligations in a timely manner. Therefore, the end objective of liquidity management is to ensure striking of balance between liquidity and profitability.

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.

G. Management Risks

The risk associated with ineffective, unprofessional, non-discreet or underperforming management, that impedes the growth of the organization as well as hurts the shareholders and the Company, fund of which being managed.

Management Perception

HRTML is one of the leading textile mill Company in Bangladesh with a track record of consistent performance achieved through effective leadership and corporate governance. HRTML has a sound management system that is not only efficient but also dynamic in taking appropriate decision to make the organization more effective, vibrant and result oriented. Therefore, with the strong leaderships and structured corporate set-up the management risk is not a matter of concern at all for the steady and sustainable growth of HRTML.

H. Operational Risks

Operational risk is the risk of potential losses from a breakdown in internal processes and systems, deficiencies in people and management or operational failure arising from external events. This risk involves with labor unrest, market competition, raw material price, policy, and political instability.

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, over a period, has developed human resources, systems, and procedures, equipped with production facilities with modern technology. With the above facilities, the Company is now operating as a quality producer with high franchise value. It has developed a pool of quality human resources who are capable to undertake any type of export orders relating to knit garments. Also, there has been no serious labor unrest in the Company under current management. Therefore, the management does not foresee any significant operational risk.

I. Business Risks

The Company may face business risk while doing their business in RMG sector. Business risk implies uncertainty in profit or danger of loss and the events that could pose a risk due to some unforeseen events in future, which may cause business of HRTML to fail.

Management Perception

HRTML has a very good profitability record through its business life. The management is aware about this risk. The Company, over the last three decades has gained significant franchise value in the market. The buyers, suppliers and the financial institutions have been showing substantial interest and offering comparatively low interest rate and interested to offer financial assistance if required. Although HRTML is established long before, it has been updating its system equipment and procedures every year. Technologically, the Company is one of the most advanced composite knit manufacturing Company and maintaining close liaison with the buyers. Therefore, there is no significant business risk in running the Company.

J. Industry Risks

Textile has been an extremely important for the economy of Bangladesh. The RMG industry has been contributed around 15% share of GDP and almost 80% export earnings of the country. However, although the textile industry is one of the largest of the country's economy, it faces a lot of challenges as the sector is dependent largely on imported raw materials and unfavorable trade policies and lack of adequate incentives for expansion.

Management Perception

HRTML constantly keeps a watch on ever changing economic and business environment which sometimes leads some industry risk as well as opportunity and the Company has taken prompt and proactive action for avoiding probable risk and grabbing the opportunity. HRTML has always been careful in offering innovative, convenient, and cost-effective products by the way it minimizes its industry risk exposure. The Company actively encourages feedback from the customers and regard complaints as constructive comments that helps to build customer relationships and improve business situation.

K. Market & Technology Related Risks:

Market Risk

RMG export market of Bangladesh is currently very competitive and volatile. The entrance of new entities into the market is increasing the competitiveness of the market. Strong marketing and brand management would help the Company to increase its customer base.

Management Perception

Since the export market of the Company is mainly in Europe, HRTML exports low-cost essential products. And with the increasing trend of labor cost in the Chinese market, Bangladesh is likely to be a beneficiary. However, the wage cost in Bangladesh is also increasing. To keep the cost at minimum, the Company has been trying to increase the efficiency of the workers. Therefore, although there are market risks, to some extent, the management does not consider it to be very significant.

Technology Related Risks

Technology plays vital role for ensuring better service to the customers and minimizing the cost in various aspects. The RMG companies must embrace new technology to be efficient enough to cope up with the future changing demand.

Management Perception

Technology is the nerve center of HRTML's rapid growth. HRTML utilizes a 'Kandaree ERP Solution' application to provide a seamless integration of information flowing through the various functions of the business. The Company keeps inducting latest technology in all its manufacturing processes to ensure quality and cost effectiveness. In addition, real time, efficient and accurate control and monitoring system are present.

L. Risks Related to Potential or Existing Government Regulations

Any unexpected and negative changes in the policies and business framework formed by authorized bodies will have adverse effect on the business of the Company. The Government monitors the work environment and often fixes the minimum wages. Non-compliance of these can breed worker unrest.

Management Perception

HRTML operates under export/import policy, taxation policy adopted by NBR and rules adopted by other regulatory organizations. Unless any policy change negatively and materially

affects the industry, the business of the Company is expected not to be affected significantly. The management of is always concerned about the prevailing and upcoming future changes in the global or national policy and responds appropriately and timely to safeguard its interest.

(M) Risks Related to Potential Changes in Global or National Policies

Changing economic conditions may affect the demand for the type of products offered by the Company, Downturn of economic activity or uncertainty may result in a downturn in demand for products in the industry.

Management Perception

Generally, this risk applies to every textile Company in the Country, but they are normally mitigated by being aware of the circumstances and taking appropriate action in time. HRTML has always kept abreast of changing business environments and this is evidenced by its good financial performance in the past. HRTML's performance has been steady during periods of political turmoil and natural calamities. On the other hand, political turmoil and the disturbance are bad for the economy as a whole and so also for the Company.

**Purpose of the Issuance of Non-Convertible Callable Zero-Coupon Bonds (ZCBs)
and Plan to Use of Proceeds thereof**

H.R. Textile Mills Limited (HRTML) has decided to issue Non-Convertible Callable Zero-coupon Bonds (ZCBs) of BDT 100,000 each, totaling discounted issue price of BDT 800,000,000 with Total Face Value of BDT 1,262,885,878 through private placement. The bonds will be offered to the potential investors including Banks, Insurance Companies, Financial Institutions, Corporate Houses, Non-resident Bangladeshi (NRB) and General Public. The proceeds from bond issuance will be used for purchase of capital machinery, loan repayment, factory expansion and retrofitting.

Detailed breakdown of utilization with implementation period are as follows:

Particulars	Amount in BDT	Implementation Period
Purchase of Capital Machineries	255,000,000	Within 18 (Eighteen) months after the completion of the subscription of ZCBs
Loan Repayment	265,000,000	Within 3 (Three) months after the completion of the subscription of ZCBs
Factory Expansion and Retrofitting	280,000,000	Within 18 (Eighteen) months after the completion of the subscription of ZCBs
Total	800,000,000	

Sd/-

Sd/-

Sd/-

Place: Dhaka

Md. Abu Amur Naheel

Md. Wali Ullah

Mohammad Abdul Moyeed

Date: April 19, 2021

CFO/HF & A

Company Secretary

Managing Director

Details of Utilization of Proceeds from Bond Issuance

(i) Purchase of Capital Machineries

Type of Machine	Manufacturer	Manufacturing Year	Quantity	Country of Origin	Value (USD)	BDT
Sewing Machine	Pegasus/Yamato	2020	275 set	China/Japan	600,000	51,000,000
Knitting Machine	Various	2020	21 set	China	500,000	42,500,000
Dyeing Machine	Yeldiz	2020	7 set	Turkey	1,000,000	85,000,000
Generator	Caterpillar	2020	1 Set	USA	550,000	46,750,000
Boiler	Thermax	2020	1 Set	India	350,000	29,750,000
Total					3,000,000	255,000,000

NB: Machine model may be changed based on availability and technological advancement

(ii) Loan Repayment

Lender	Facility	A/C No.	Amount to be Repaid
IPDC Finance Limited	Term Loan	1001-602-6548	167,081,484
Trust Bank Limited	Overdraft	00030136000073	50,000,000
Hongkong and Shanghai Banking Corporation Plc (HSBC)	Overdraft	001029131011	50,000,000
Total			267,081,484

NB: Particular of loan repayment may vary subject to the timing of bond subscription and the presence of the sated borrowing. Any amount of loan-repayment in excess of BDT 265,000,000 will be funded by the Company.

(iii) Factory Expansion and Retrofitting

SL#	Component	Cost (a)	Cost (b)
1	Remuneration of Site Engineers	360,000	360,000
2	Deformed Bar of Grade 400 (RB 400/RB 400W)	17,659,783	22,580,957
3	Reinforced cement concrete works (Column)	2,519,355	2,474,124
4	Reinforced cement concrete works (Beam & Slab)	9,015,907	11,247,134
5	Supply & Use of water-reducing high range chemical admixture in concrete	541,575	541,580
6	Supply of Polymer based curing compound	1,528,291	1,528,301
7	Centering & Shuttering	6,046,206	8,826,384
8	Brick works with first class brick	1,955,371	2,985,780
9	Providing minimum 12 mm thick cement sand (F.M. 1.2) plaster	2,711,546	4,825,564
10	Interior Design	2,571,252	5,047,194
11	Exterior premium acrylic emulsion paint	951,345	1,865,367
12	Supplying, fitting and fixing of aluminum sliding composite window with mosquito mesh	1,649,204	22,100,408
13	Supplying, fitting and fixing steel grill Fencing of any design and shape made with 19 mm X 6 mm box tube	1,438,295	1,355,558
14	Manufacturing supplying, fitting and fixing of single leaf louver door shutter made with 16 gauge thick 50 mm X 50 mm SS hollow box	12,805,560	10,566,842
15	Concrete Cylinder Test	66,000	88,000
16	Tension test of M.S deformed bar	44,400	66,600
17	External safety protection net	202,255	239,719
18	4-6 mm Heavy duty polyurethane floor topping	10,905,906	16,032,400
19	Supply and application of non-toxic two components acrylic polymer modified cementitious coating (minimum 1.5 mm thickness) for water proofing	2,451,372	3,202,550
20	Marble Stone Flooring with 18mm thick or equivalent	34,586,381	55,337,465
Subtotal		110,010,005	171,271,926
Total		281,281,931	

NB: Actual costing may vary due to changes in raw material price and wages. However, any amount in excess of BDT 280,000,000 will be funded by the Company.

a) Factory Expansion & Retrofitting of Existing 4-Storey Building to 7-Storey Building (Factory Building-1) for around 32,760 square feet floor space

b) Factory Expansion & Retrofitting of Existing 5-Storey Building to 7-Storey Building (Factory Building-2) for around 46,650 square feet floor space

Particulars	Details						
Issuer	H.R. Textile Mills Limited						
Manager to the Issue	AAA Finance & Investment Ltd.						
Lead Arranger	AAA Finance & Investment Ltd.						
Trustee	Sandhani Life Insurance Company Limited						
The Issue	Non-Convertible Zero-coupon Bond						
Arrangement Basis	Best Efforts Basis						
Purpose			Particulars		BDT		
			Purchase of Capital Machineries		255,000,000		
			Loan repayment		265,000,000		
			Factory Expansion and retrofitting		280,000,000		
			Total		800,000,000		
Investor	Banks, Insurance Companies, Financial Institutions, Corporate Houses, NRBs (Non-Resident Bangladeshi) and General Public.						
Currency	Bangladeshi Taka (BDT)						
Total Fund to be Raised (Issue Size)	Face Value of BDT 1,262,885,878 only at a discounted issue price of BDT 800,000,000 only						
Issue Detail		Series	Investment	Maturity in Year	Yield (%) per annum	Accumulated Yield/Profit	Face Value (Investment + Profit)
		1	160,000,000	3	9.00%	47,204,640	207,204,640
		2	160,000,000	4	9.15%	67,098,854	227,098,854
		3	160,000,000	5	9.30%	89,586,328	249,586,328
		4	160,000,000	6	9.45%	115,051,855	275,051,855
		5	160,000,000	7	9.60%	143,944,201	303,944,201
			800,000,000			462,885,878	1,262,885,878
Denomination	Denomination of each Zero-coupon Bond is BDT 100,000 (Discounted Value)						
Face Value of Each Bond	BDT 157,860.73475 subject to following the terms of investment						
Discount Rate/Yield	9.00%-9.60%						
Maturity	3-7 Year						
Minimum Investment (Subscription)	BDT 500,000 or its multiple						
Terms of Investment	Investors must make equal investment in each series (from series 1 to series 5) with 3, 4, 5, 6 and 7-year maturity respectively. In case of investment of BDT 500,000, investor needs to purchase 1 (One) bond in each maturity segment. This issue is covered in detail in the “Hypothetical Issue Date and Maturity of Zero-Coupon Bonds” segment.						
Offering Style	Private Placement						
Governing Law	The laws of The People’s Republic of Bangladesh						
Security	Unsecured						

Credit Enhancement/ Guarantee	Personal guarantee by the shareholder directors of the company in favour of the Trustee of the Issue and corporate guarantee by Fashion Knit Garments Limited in favour of H.R. Textile Mills Limited.
Listing	Non-listed; however, the Company is intended to list the ZCB in the Alternative Trading Board of DSE and CSE after subscription.
Issuer Rating Agency	National Credit Ratings Limited
Credit Rating of the Issuer	Long Term Entity Rating: A+ (Single A Plus); Short Term Entity Rating: ST-2; Outlook: Developing; Date of Declaration: 30.12.2020; Validity: 29.12.2021
Credit Rating of the Issue	Instrument Rating: A (Single A); Date of Declaration: 18.03.2021; Validity: 17.03.2022
Over Subscription	In the event of this issue of bond being oversubscribed, the allotment will be on a first come first serve basis.
Under Subscription	Any under-subscribed portion will be re-offered for fresh subscription depending on prevailing market conditions. The Company will borrow from traditional sources if it cannot mobilize fund from bond issue.
Underwriting	These ZCBs are not partially or fully underwritten.
Redeemable Option	Redeemable on maturity at Face Value.
Late Redemption	These ZCB are payable on due dates agreed. However, in case of unavoidable circumstance, if payment to ZCB holders is delayed then they shall be compensated by an additional 2% per annum on the amount due for payment and shall be paid along with the redemption amount.
Documentation	Documentation includes but not limited to the flowing: <ul style="list-style-type: none"> ▪ Bond Subscription Agreement ▪ Trust Deed ▪ Any other instrument(s) relating to this sort of transaction.
Transferability/ Liquidity	<ul style="list-style-type: none"> ▪ The ZCBs will be easily transferable. ▪ Investors need Bond Transfer Form to transfer it. ▪ The new buyer should register the bond in his/her name with the issuer. ▪ The interested buyers/sellers can buy/sell the bond at above or below its redemption value (face value) or its market determined price ▪ These ZCBs can be pledged as security like any other financial instruments to banks/FIs for obtaining bank loans or any other credit facilities. However, investors have to comply individual bank/FIs credit policy.
Convertibility	Non-convertible
Prepayment, Call, Refunding, Conversion Features	The issuer has the right to redeem (call) the ZCB earlier than maturity @ 0.25% premium. However, there is no put option (sold it back to the issuer) to this issue for investors.
Availability Period	06 (six) months from the date of consent or for such a period as determined by the Commission in the consent letter
Agreement with The Investors	Each investor separately or jointly, as the case may be, will be entered into a "Subscription Agreement" with the Company to establish legal relationship between them.
Restriction to the Issuer	<ul style="list-style-type: none"> ▪ Further bond issuance needs Trustee consent (NOC) in writing. ▪ ZCB holders should be adequately secured before going for any further debt capital funding or bond issuance. ▪ No payment of dividend to common stockholders before payment of all required ZCB holders' obligations of respective year. ▪ Any additional Pari Passu charge shall require the consent of the Trustee.
Letter of Allotment and	The ZCB holders will be provided with a letter of allotment within 7 days and ZCB Certificate within 30 days for their respective subscribed amount.

ZCB Certificates																																																																							
Investment Risk	Any investment in private debt instruments poses some degree of risk. Investors are requested to analyse the Company/Issuer fundamentals, seek professional consultant’s opinion on legal and tax issues of the offered instrument, rigorous study of the credit rating report of the Company and the instrument, talking to regulators and personal investigate the affairs of the Company/Issuer before any such investment																																																																						
Tax Features	As applicable by the Govt. All payments made by the Issuer or under or in respect of the Trust Deed or the Bonds will be subject to any present or future taxes, duties, assessments, or governmental charges of whatever nature imposed, levied, collected, withheld, or assessed by or on behalf of Bangladesh or any political subdivision thereof or any authority thereof or therein having power to tax. The Issuer will not be obligated to pay any additional amounts in respect of such taxes, duties, assessments, or governmental charges that may from time to time be deducted or withheld from such payments but will provide or procure the provision of original or authenticated tax receipts relating to any such deductions or withholdings to Bondholders.																																																																						
Cost Related to The Issue	<table><tr><th>Particulars</th><th>Basis of Calculation</th><th>Amount in BDT</th></tr><tr><td colspan="3">BSEC Fees</td></tr><tr><td>Application Fee</td><td></td><td>10,000</td></tr><tr><td>Consent fee</td><td>0.10% of Total Face Value of BDT 1,262,885,878</td><td>1,262,886</td></tr><tr><td colspan="3">Commission & Expenses</td></tr><tr><td>Trustee Fee</td><td>BDT 250,000 every year excluding VAT</td><td>1,750,000</td></tr><tr><td>Issue Management Fee</td><td>0.75% on the Issue Amount (BDT 800,000,000) excluding Tax and VAT</td><td>6,000,000</td></tr><tr><td colspan="3">Other/Legal/Regulatory Cost (if any): At actual</td></tr></table>	Particulars	Basis of Calculation	Amount in BDT	BSEC Fees			Application Fee		10,000	Consent fee	0.10% of Total Face Value of BDT 1,262,885,878	1,262,886	Commission & Expenses			Trustee Fee	BDT 250,000 every year excluding VAT	1,750,000	Issue Management Fee	0.75% on the Issue Amount (BDT 800,000,000) excluding Tax and VAT	6,000,000	Other/Legal/Regulatory Cost (if any): At actual																																																
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Repayment Schedule	<p>BDT 160,000,000 (20%) of the of the total discounted price of BDT 800,000,000 to be redeemed at the end of each year starting from 3rd year at face value. Repayment schedule of the Zero-coupon Bond is as under:</p> <table><tr><th>Year</th><th>Redemption (%)</th><th>Principal Redemption</th><th>Profit Redemption</th><th>Total Redemption</th><th>Outstanding Amount</th><th>Remaining Principal</th></tr><tr><td>0</td><td>0.0%</td><td>-</td><td>-</td><td>-</td><td>800,000,000</td><td>800,000,000</td></tr><tr><td>1</td><td>0.0%</td><td>-</td><td>-</td><td>-</td><td>874,400,000</td><td>800,000,000</td></tr><tr><td>2</td><td>0.0%</td><td>-</td><td>-</td><td>-</td><td>955,722,800</td><td>800,000,000</td></tr><tr><td>3</td><td>20.0%</td><td>160,000,000</td><td>47,204,640</td><td>207,204,640</td><td>837,408,250</td><td>640,000,000</td></tr><tr><td>4</td><td>20.0%</td><td>160,000,000</td><td>67,098,854</td><td>227,098,854</td><td>688,822,879</td><td>480,000,000</td></tr><tr><td>5</td><td>20.0%</td><td>160,000,000</td><td>89,586,328</td><td>249,586,328</td><td>504,334,089</td><td>320,000,000</td></tr><tr><td>6</td><td>20.0%</td><td>160,000,000</td><td>115,051,855</td><td>275,051,855</td><td>277,321,351</td><td>160,000,000</td></tr><tr><td>7</td><td>20.0%</td><td>160,000,000</td><td>143,944,201</td><td>303,944,201</td><td>-</td><td>-</td></tr><tr><td></td><td>Total</td><td>800,000,000</td><td>462,885,878</td><td>1,262,885,878</td><td></td><td></td></tr></table>	Year	Redemption (%)	Principal Redemption	Profit Redemption	Total Redemption	Outstanding Amount	Remaining Principal	0	0.0%	-	-	-	800,000,000	800,000,000	1	0.0%	-	-	-	874,400,000	800,000,000	2	0.0%	-	-	-	955,722,800	800,000,000	3	20.0%	160,000,000	47,204,640	207,204,640	837,408,250	640,000,000	4	20.0%	160,000,000	67,098,854	227,098,854	688,822,879	480,000,000	5	20.0%	160,000,000	89,586,328	249,586,328	504,334,089	320,000,000	6	20.0%	160,000,000	115,051,855	275,051,855	277,321,351	160,000,000	7	20.0%	160,000,000	143,944,201	303,944,201	-	-		Total	800,000,000	462,885,878	1,262,885,878		
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Enforcement of Charges Over Securities	At any time after the Bonds have become due and repayable, the Trustee may, without further notice to Issuer, take any action, remedy or method of proceedings for the enforcement of rights of Bondholders as may be available under the Governing Law in accordance with Trust Deed from time to time (Enforcement Proceedings) against the Issuer including instructing the Security Agent to enforce the Security which shall be held by the Security Agent. Any such instruction shall be binding upon the Security Agent, and the Security Agent shall, upon such instructions, forthwith take all available steps under the relevant Security document.																																																																						
Regulatory Approval	Upon approval from the Bangladesh Securities and Exchange Commission (BSEC), the Company will issue the bonds as per the information memorandum. In no way, the Company shall issue any such bonds without taking approval from the BSEC.																																																																						

Lot No.	Investment (BDT 500,000 or its multiple)	Investment in Each Maturity	Tenure in Year	No. of Bond	Investment Date	Maturity Date	Redemption Value	Yield	Yield (%)
1	500,000	100,000	3	1	30-Oct-21	30-Oct-24	129,503	29,503	9.00%
		100,000	4	1	30-Oct-21	30-Oct-25	141,937	41,937	9.15%
		100,000	5	1	30-Oct-21	30-Oct-26	155,991	55,991	9.30%
		100,000	6	1	30-Oct-21	30-Oct-27	171,907	71,907	9.45%
		100,000	7	1	30-Oct-21	30-Oct-28	189,965	89,965	9.60%
2	1,000,000	200,000	3	2	30-Oct-21	30-Oct-24	259,006	59,006	9.00%
		200,000	4	2	30-Oct-21	30-Oct-25	283,874	83,874	9.15%
		200,000	5	2	30-Oct-21	30-Oct-26	311,983	111,983	9.30%
		200,000	6	2	30-Oct-21	30-Oct-27	343,815	143,815	9.45%
		200,000	7	2	30-Oct-21	30-Oct-28	379,930	179,930	9.60%
3	1,500,000	300,000	3	3	30-Oct-21	30-Oct-24	388,509	88,509	9.00%
		300,000	4	3	30-Oct-21	30-Oct-25	425,810	125,810	9.15%
		300,000	5	3	30-Oct-21	30-Oct-26	467,974	167,974	9.30%
		300,000	6	3	30-Oct-21	30-Oct-27	515,722	215,722	9.45%
		300,000	7	3	30-Oct-21	30-Oct-28	569,895	269,895	9.60%
4	2,000,000	400,000	3	4	30-Oct-21	30-Oct-24	518,012	118,012	9.00%
		400,000	4	4	30-Oct-21	30-Oct-25	567,747	167,747	9.15%
		400,000	5	4	30-Oct-21	30-Oct-26	623,966	223,966	9.30%
		400,000	6	4	30-Oct-21	30-Oct-27	687,630	287,630	9.45%
		400,000	7	4	30-Oct-21	30-Oct-28	759,861	359,861	9.60%
5	2,000,000	400,000	3	4	30-Oct-21	30-Oct-24	518,012	118,012	9.00%
		400,000	4	4	30-Oct-21	30-Oct-25	567,747	167,747	9.15%
		400,000	5	4	30-Oct-21	30-Oct-26	623,966	223,966	9.30%
		400,000	6	4	30-Oct-21	30-Oct-27	687,630	287,630	9.45%
		400,000	7	4	30-Oct-21	30-Oct-28	759,861	359,861	9.60%
6	2,500,000	500,000	3	5	30-Oct-21	30-Oct-24	647,515	147,515	9.00%
		500,000	4	5	30-Oct-21	30-Oct-25	709,684	209,684	9.15%
		500,000	5	5	30-Oct-21	30-Oct-26	779,957	279,957	9.30%
		500,000	6	5	30-Oct-21	30-Oct-27	859,537	359,537	9.45%
		500,000	7	5	30-Oct-21	30-Oct-28	949,826	449,826	9.60%
7	3,000,000	600,000	3	6	30-Oct-21	30-Oct-24	777,017	177,017	9.00%
		600,000	4	6	30-Oct-21	30-Oct-25	851,621	251,621	9.15%
		600,000	5	6	30-Oct-21	30-Oct-26	935,949	335,949	9.30%
		600,000	6	6	30-Oct-21	30-Oct-27	1,031,444	431,444	9.45%
		600,000	7	6	30-Oct-21	30-Oct-28	1,139,791	539,791	9.60%
8	3,500,000	700,000	3	7	30-Oct-21	30-Oct-24	906,520	206,520	9.00%
		700,000	4	7	30-Oct-21	30-Oct-25	993,557	293,557	9.15%
		700,000	5	7	30-Oct-21	30-Oct-26	1,091,940	391,940	9.30%
		700,000	6	7	30-Oct-21	30-Oct-27	1,203,352	503,352	9.45%
		700,000	7	7	30-Oct-21	30-Oct-28	1,329,756	629,756	9.60%
9	4,000,000	800,000	3	8	30-Oct-21	30-Oct-24	1,036,023	236,023	9.00%
		800,000	4	8	30-Oct-21	30-Oct-25	1,135,494	335,494	9.15%
		800,000	5	8	30-Oct-21	30-Oct-26	1,247,932	447,932	9.30%
		800,000	6	8	30-Oct-21	30-Oct-27	1,375,259	575,259	9.45%
		800,000	7	8	30-Oct-21	30-Oct-28	1,519,721	719,721	9.60%
10	4,500,000	900,000	3	9	30-Oct-21	30-Oct-24	1,165,526	265,526	9.00%
		900,000	4	9	30-Oct-21	30-Oct-25	1,277,431	377,431	9.15%
		900,000	5	9	30-Oct-21	30-Oct-26	1,403,923	503,923	9.30%
		900,000	6	9	30-Oct-21	30-Oct-27	1,547,167	647,167	9.45%
		900,000	7	9	30-Oct-21	30-Oct-28	1,709,686	809,686	9.60%
11	5,000,000	1,000,000	3	10	30-Oct-21	30-Oct-24	1,295,029	295,029	9.00%
		1,000,000	4	10	30-Oct-21	30-Oct-25	1,419,368	419,368	9.15%
		1,000,000	5	10	30-Oct-21	30-Oct-26	1,559,915	559,915	9.30%
		1,000,000	6	10	30-Oct-21	30-Oct-27	1,719,074	719,074	9.45%
		1,000,000	7	10	30-Oct-21	30-Oct-28	1,899,651	899,651	9.60%
12	5,500,000	1,100,000	3	11	30-Oct-21	30-Oct-24	1,424,532	324,532	9.00%
		1,100,000	4	11	30-Oct-21	30-Oct-25	1,561,305	461,305	9.15%
		1,100,000	5	11	30-Oct-21	30-Oct-26	1,715,906	615,906	9.30%
		1,100,000	6	11	30-Oct-21	30-Oct-27	1,890,982	790,982	9.45%
		1,100,000	7	11	30-Oct-21	30-Oct-28	2,089,616	989,616	9.60%

13	6,000,000	1,200,000	3	12	30-Oct-21	30-Oct-24	1,554,035	354,035	9.00%
		1,200,000	4	12	30-Oct-21	30-Oct-25	1,703,241	503,241	9.15%
		1,200,000	5	12	30-Oct-21	30-Oct-26	1,871,897	671,897	9.30%
		1,200,000	6	12	30-Oct-21	30-Oct-27	2,062,889	862,889	9.45%
		1,200,000	7	12	30-Oct-21	30-Oct-28	2,279,582	1,079,582	9.60%
14	6,500,000	1,300,000	3	13	30-Oct-21	30-Oct-24	1,683,538	383,538	9.00%
		1,300,000	4	13	30-Oct-21	30-Oct-25	1,845,178	545,178	9.15%
		1,300,000	5	13	30-Oct-21	30-Oct-26	2,027,889	727,889	9.30%
		1,300,000	6	13	30-Oct-21	30-Oct-27	2,234,796	934,796	9.45%
		1,300,000	7	13	30-Oct-21	30-Oct-28	2,469,547	1,169,547	9.60%
15	7,000,000	1,400,000	3	14	30-Oct-21	30-Oct-24	1,813,041	413,041	9.00%
		1,400,000	4	14	30-Oct-21	30-Oct-25	1,987,115	587,115	9.15%
		1,400,000	5	14	30-Oct-21	30-Oct-26	2,183,880	783,880	9.30%
		1,400,000	6	14	30-Oct-21	30-Oct-27	2,406,704	1,006,704	9.45%
		1,400,000	7	14	30-Oct-21	30-Oct-28	2,659,512	1,259,512	9.60%
16	7,500,000	1,500,000	3	15	30-Oct-21	30-Oct-24	1,942,544	442,544	9.00%
		1,500,000	4	15	30-Oct-21	30-Oct-25	2,129,052	629,052	9.15%
		1,500,000	5	15	30-Oct-21	30-Oct-26	2,339,872	839,872	9.30%
		1,500,000	6	15	30-Oct-21	30-Oct-27	2,578,611	1,078,611	9.45%
		1,500,000	7	15	30-Oct-21	30-Oct-28	2,849,477	1,349,477	9.60%
17	8,000,000	1,600,000	3	16	30-Oct-21	30-Oct-24	2,072,046	472,046	9.00%
		1,600,000	4	16	30-Oct-21	30-Oct-25	2,270,989	670,989	9.15%
		1,600,000	5	16	30-Oct-21	30-Oct-26	2,495,863	895,863	9.30%
		1,600,000	6	16	30-Oct-21	30-Oct-27	2,750,519	1,150,519	9.45%
		1,600,000	7	16	30-Oct-21	30-Oct-28	3,039,442	1,439,442	9.60%
18	8,500,000	1,700,000	3	17	30-Oct-21	30-Oct-24	2,201,549	501,549	9.00%
		1,700,000	4	17	30-Oct-21	30-Oct-25	2,412,925	712,925	9.15%
		1,700,000	5	17	30-Oct-21	30-Oct-26	2,651,855	951,855	9.30%
		1,700,000	6	17	30-Oct-21	30-Oct-27	2,922,426	1,222,426	9.45%
		1,700,000	7	17	30-Oct-21	30-Oct-28	3,229,407	1,529,407	9.60%
19	9,000,000	1,800,000	3	18	30-Oct-21	30-Oct-24	2,331,052	531,052	9.00%
		1,800,000	4	18	30-Oct-21	30-Oct-25	2,554,862	754,862	9.15%
		1,800,000	5	18	30-Oct-21	30-Oct-26	2,807,846	1,007,846	9.30%
		1,800,000	6	18	30-Oct-21	30-Oct-27	3,094,333	1,294,333	9.45%
		1,800,000	7	18	30-Oct-21	30-Oct-28	3,419,372	1,619,372	9.60%
20	9,500,000	1,900,000	3	19	30-Oct-21	30-Oct-24	2,460,555	560,555	9.00%
		1,900,000	4	19	30-Oct-21	30-Oct-25	2,696,799	796,799	9.15%
		1,900,000	5	19	30-Oct-21	30-Oct-26	2,963,838	1,063,838	9.30%
		1,900,000	6	19	30-Oct-21	30-Oct-27	3,266,241	1,366,241	9.45%
		1,900,000	7	19	30-Oct-21	30-Oct-28	3,609,337	1,709,337	9.60%
21	10,000,000	2,000,000	3	20	30-Oct-21	30-Oct-24	2,590,058	590,058	9.00%
		2,000,000	4	20	30-Oct-21	30-Oct-25	2,838,736	838,736	9.15%
		2,000,000	5	20	30-Oct-21	30-Oct-26	3,119,829	1,119,829	9.30%
		2,000,000	6	20	30-Oct-21	30-Oct-27	3,438,148	1,438,148	9.45%
		2,000,000	7	20	30-Oct-21	30-Oct-28	3,799,303	1,799,303	9.60%
22	10,500,000	2,100,000	3	21	30-Oct-21	30-Oct-24	2,719,561	619,561	9.00%
		2,100,000	4	21	30-Oct-21	30-Oct-25	2,980,672	880,672	9.15%
		2,100,000	5	21	30-Oct-21	30-Oct-26	3,275,821	1,175,821	9.30%
		2,100,000	6	21	30-Oct-21	30-Oct-27	3,610,056	1,510,056	9.45%
		2,100,000	7	21	30-Oct-21	30-Oct-28	3,989,268	1,889,268	9.60%
23	11,000,000	2,200,000	3	22	30-Oct-21	30-Oct-24	2,849,064	649,064	9.00%
		2,200,000	4	22	30-Oct-21	30-Oct-25	3,122,609	922,609	9.15%
		2,200,000	5	22	30-Oct-21	30-Oct-26	3,431,812	1,231,812	9.30%
		2,200,000	6	22	30-Oct-21	30-Oct-27	3,781,963	1,581,963	9.45%
		2,200,000	7	22	30-Oct-21	30-Oct-28	4,179,233	1,979,233	9.60%
24	11,500,000	2,300,000	3	23	30-Oct-21	30-Oct-24	2,978,567	678,567	9.00%
		2,300,000	4	23	30-Oct-21	30-Oct-25	3,264,546	964,546	9.15%
		2,300,000	5	23	30-Oct-21	30-Oct-26	3,587,803	1,287,803	9.30%
		2,300,000	6	23	30-Oct-21	30-Oct-27	3,953,870	1,653,870	9.45%
		2,300,000	7	23	30-Oct-21	30-Oct-28	4,369,198	2,069,198	9.60%
25	12,000,000	2,400,000	3	24	30-Oct-21	30-Oct-24	3,108,070	708,070	9.00%
		2,400,000	4	24	30-Oct-21	30-Oct-25	3,406,483	1,006,483	9.15%
		2,400,000	5	24	30-Oct-21	30-Oct-26	3,743,795	1,343,795	9.30%
		2,400,000	6	24	30-Oct-21	30-Oct-27	4,125,778	1,725,778	9.45%
		2,400,000	7	24	30-Oct-21	30-Oct-28	4,559,163	2,159,163	9.60%
26	12,500,000	2,500,000	3	25	30-Oct-21	30-Oct-24	3,237,573	737,573	9.00%

		2,500,000	4	25	30-Oct-21	30-Oct-25	3,548,420	1,048,420	9.15%
		2,500,000	5	25	30-Oct-21	30-Oct-26	3,899,786	1,399,786	9.30%
		2,500,000	6	25	30-Oct-21	30-Oct-27	4,297,685	1,797,685	9.45%
		2,500,000	7	25	30-Oct-21	30-Oct-28	4,749,128	2,249,128	9.60%
27	13,000,000	2,600,000	3	26	30-Oct-21	30-Oct-24	3,367,075	767,075	9.00%
		2,600,000	4	26	30-Oct-21	30-Oct-25	3,690,356	1,090,356	9.15%
		2,600,000	5	26	30-Oct-21	30-Oct-26	4,055,778	1,455,778	9.30%
		2,600,000	6	26	30-Oct-21	30-Oct-27	4,469,593	1,869,593	9.45%
28	13,500,000	2,600,000	7	26	30-Oct-21	30-Oct-28	4,939,093	2,339,093	9.60%
		2,700,000	3	27	30-Oct-21	30-Oct-24	3,496,578	796,578	9.00%
		2,700,000	4	27	30-Oct-21	30-Oct-25	3,832,293	1,132,293	9.15%
		2,700,000	5	27	30-Oct-21	30-Oct-26	4,211,769	1,511,769	9.30%
29	14,000,000	2,700,000	6	27	30-Oct-21	30-Oct-27	4,641,500	1,941,500	9.45%
		2,700,000	7	27	30-Oct-21	30-Oct-28	5,129,058	2,429,058	9.60%
		2,800,000	3	28	30-Oct-21	30-Oct-24	3,626,081	826,081	9.00%
		2,800,000	4	28	30-Oct-21	30-Oct-25	3,974,230	1,174,230	9.15%
30	14,500,000	2,800,000	5	28	30-Oct-21	30-Oct-26	4,367,761	1,567,761	9.30%
		2,800,000	6	28	30-Oct-21	30-Oct-27	4,813,407	2,013,407	9.45%
		2,800,000	7	28	30-Oct-21	30-Oct-28	5,319,024	2,519,024	9.60%
		2,900,000	3	29	30-Oct-21	30-Oct-24	3,755,584	855,584	9.00%
31	15,000,000	2,900,000	4	29	30-Oct-21	30-Oct-25	4,116,167	1,216,167	9.15%
		2,900,000	5	29	30-Oct-21	30-Oct-26	4,523,752	1,623,752	9.30%
		2,900,000	6	29	30-Oct-21	30-Oct-27	4,985,315	2,085,315	9.45%
		2,900,000	7	29	30-Oct-21	30-Oct-28	5,508,989	2,608,989	9.60%
32	15,500,000	3,000,000	3	30	30-Oct-21	30-Oct-24	3,885,087	885,087	9.00%
		3,000,000	4	30	30-Oct-21	30-Oct-25	4,258,104	1,258,104	9.15%
		3,000,000	5	30	30-Oct-21	30-Oct-26	4,679,744	1,679,744	9.30%
		3,000,000	6	30	30-Oct-21	30-Oct-27	5,157,222	2,157,222	9.45%
33	16,000,000	3,000,000	7	30	30-Oct-21	30-Oct-28	5,698,954	2,698,954	9.60%
		3,100,000	3	31	30-Oct-21	30-Oct-24	4,014,590	914,590	9.00%
		3,100,000	4	31	30-Oct-21	30-Oct-25	4,400,040	1,300,040	9.15%
		3,100,000	5	31	30-Oct-21	30-Oct-26	4,835,735	1,735,735	9.30%
34	16,500,000	3,100,000	6	31	30-Oct-21	30-Oct-27	5,329,130	2,229,130	9.45%
		3,100,000	7	31	30-Oct-21	30-Oct-28	5,888,919	2,788,919	9.60%
		3,200,000	3	32	30-Oct-21	30-Oct-24	4,144,093	944,093	9.00%
		3,200,000	4	32	30-Oct-21	30-Oct-25	4,541,977	1,341,977	9.15%
35	17,000,000	3,200,000	5	32	30-Oct-21	30-Oct-26	4,991,727	1,791,727	9.30%
		3,200,000	6	32	30-Oct-21	30-Oct-27	5,501,037	2,301,037	9.45%
		3,200,000	7	32	30-Oct-21	30-Oct-28	6,078,884	2,878,884	9.60%
		3,300,000	3	33	30-Oct-21	30-Oct-24	4,273,596	973,596	9.00%
36	17,500,000	3,300,000	4	33	30-Oct-21	30-Oct-25	4,683,914	1,383,914	9.15%
		3,300,000	5	33	30-Oct-21	30-Oct-26	5,147,718	1,847,718	9.30%
		3,300,000	6	33	30-Oct-21	30-Oct-27	5,672,945	2,372,945	9.45%
		3,300,000	7	33	30-Oct-21	30-Oct-28	6,268,849	2,968,849	9.60%
37	18,000,000	3,400,000	3	34	30-Oct-21	30-Oct-24	4,403,099	1,003,099	9.00%
		3,400,000	4	34	30-Oct-21	30-Oct-25	4,825,851	1,425,851	9.15%
		3,400,000	5	34	30-Oct-21	30-Oct-26	5,303,709	1,903,709	9.30%
		3,400,000	6	34	30-Oct-21	30-Oct-27	5,844,852	2,444,852	9.45%
38	18,500,000	3,400,000	7	34	30-Oct-21	30-Oct-28	6,458,814	3,058,814	9.60%
		3,500,000	3	35	30-Oct-21	30-Oct-24	4,532,602	1,032,602	9.00%
		3,500,000	4	35	30-Oct-21	30-Oct-25	4,967,787	1,467,787	9.15%
		3,500,000	5	35	30-Oct-21	30-Oct-26	5,459,701	1,959,701	9.30%
39	19,000,000	3,500,000	6	35	30-Oct-21	30-Oct-27	6,016,759	2,516,759	9.45%
		3,500,000	7	35	30-Oct-21	30-Oct-28	6,648,779	3,148,779	9.60%
		3,600,000	3	36	30-Oct-21	30-Oct-24	4,662,104	1,062,104	9.00%
		3,600,000	4	36	30-Oct-21	30-Oct-25	5,109,724	1,509,724	9.15%
		3,600,000	5	36	30-Oct-21	30-Oct-26	5,615,692	2,015,692	9.30%
		3,600,000	6	36	30-Oct-21	30-Oct-27	6,188,667	2,588,667	9.45%
		3,600,000	7	36	30-Oct-21	30-Oct-28	6,838,745	3,238,745	9.60%
		3,700,000	3	37	30-Oct-21	30-Oct-24	4,791,607	1,091,607	9.00%
		3,700,000	4	37	30-Oct-21	30-Oct-25	5,251,661	1,551,661	9.15%
		3,700,000	5	37	30-Oct-21	30-Oct-26	5,771,684	2,071,684	9.30%
		3,700,000	6	37	30-Oct-21	30-Oct-27	6,360,574	2,660,574	9.45%
		3,700,000	7	37	30-Oct-21	30-Oct-28	7,028,710	3,328,710	9.60%
		3,800,000	3	38	30-Oct-21	30-Oct-24	4,921,110	1,121,110	9.00%
		3,800,000	4	38	30-Oct-21	30-Oct-25	5,393,598	1,593,598	9.15%

		3,800,000	5	38	30-Oct-21	30-Oct-26	5,927,675	2,127,675	9.30%
		3,800,000	6	38	30-Oct-21	30-Oct-27	6,532,482	2,732,482	9.45%
		3,800,000	7	38	30-Oct-21	30-Oct-28	7,218,675	3,418,675	9.60%
40	19,500,000	3,900,000	3	39	30-Oct-21	30-Oct-24	5,050,613	1,150,613	9.00%
		3,900,000	4	39	30-Oct-21	30-Oct-25	5,535,535	1,635,535	9.15%
		3,900,000	5	39	30-Oct-21	30-Oct-26	6,083,667	2,183,667	9.30%
		3,900,000	6	39	30-Oct-21	30-Oct-27	6,704,389	2,804,389	9.45%
		3,900,000	7	39	30-Oct-21	30-Oct-28	7,408,640	3,508,640	9.60%
		4,000,000	3	40	30-Oct-21	30-Oct-24	5,180,116	1,180,116	9.00%
41	20,000,000	4,000,000	4	40	30-Oct-21	30-Oct-25	5,677,471	1,677,471	9.15%
		4,000,000	5	40	30-Oct-21	30-Oct-26	6,239,658	2,239,658	9.30%
		4,000,000	6	40	30-Oct-21	30-Oct-27	6,876,296	2,876,296	9.45%
		4,000,000	7	40	30-Oct-21	30-Oct-28	7,598,605	3,598,605	9.60%
		4,100,000	3	41	30-Oct-21	30-Oct-24	5,309,619	1,209,619	9.00%
42	20,500,000	4,100,000	4	41	30-Oct-21	30-Oct-25	5,819,408	1,719,408	9.15%
		4,100,000	5	41	30-Oct-21	30-Oct-26	6,395,650	2,295,650	9.30%
		4,100,000	6	41	30-Oct-21	30-Oct-27	7,048,204	2,948,204	9.45%
		4,100,000	7	41	30-Oct-21	30-Oct-28	7,788,570	3,688,570	9.60%
		4,200,000	3	42	30-Oct-21	30-Oct-24	5,439,122	1,239,122	9.00%
43	21,000,000	4,200,000	4	42	30-Oct-21	30-Oct-25	5,961,345	1,761,345	9.15%
		4,200,000	5	42	30-Oct-21	30-Oct-26	6,551,641	2,351,641	9.30%
		4,200,000	6	42	30-Oct-21	30-Oct-27	7,220,111	3,020,111	9.45%
		4,200,000	7	42	30-Oct-21	30-Oct-28	7,978,535	3,778,535	9.60%
44	21,500,000	4,300,000	3	43	30-Oct-21	30-Oct-24	5,568,625	1,268,625	9.00%
		4,300,000	4	43	30-Oct-21	30-Oct-25	6,103,282	1,803,282	9.15%
		4,300,000	5	43	30-Oct-21	30-Oct-26	6,707,633	2,407,633	9.30%
		4,300,000	6	43	30-Oct-21	30-Oct-27	7,392,019	3,092,019	9.45%
		4,300,000	7	43	30-Oct-21	30-Oct-28	8,168,500	3,868,500	9.60%
45	22,000,000	4,400,000	3	44	30-Oct-21	30-Oct-24	5,698,128	1,298,128	9.00%
		4,400,000	4	44	30-Oct-21	30-Oct-25	6,245,218	1,845,218	9.15%
		4,400,000	5	44	30-Oct-21	30-Oct-26	6,863,624	2,463,624	9.30%
		4,400,000	6	44	30-Oct-21	30-Oct-27	7,563,926	3,163,926	9.45%
		4,400,000	7	44	30-Oct-21	30-Oct-28	8,358,466	3,958,466	9.60%
46	22,500,000	4,500,000	3	45	30-Oct-21	30-Oct-24	5,827,631	1,327,631	9.00%
		4,500,000	4	45	30-Oct-21	30-Oct-25	6,387,155	1,887,155	9.15%
		4,500,000	5	45	30-Oct-21	30-Oct-26	7,019,615	2,519,615	9.30%
		4,500,000	6	45	30-Oct-21	30-Oct-27	7,735,833	3,235,833	9.45%
		4,500,000	7	45	30-Oct-21	30-Oct-28	8,548,431	4,048,431	9.60%
47	23,000,000	4,600,000	3	46	30-Oct-21	30-Oct-24	5,957,133	1,357,133	9.00%
		4,600,000	4	46	30-Oct-21	30-Oct-25	6,529,092	1,929,092	9.15%
		4,600,000	5	46	30-Oct-21	30-Oct-26	7,175,607	2,575,607	9.30%
		4,600,000	6	46	30-Oct-21	30-Oct-27	7,907,741	3,307,741	9.45%
		4,600,000	7	46	30-Oct-21	30-Oct-28	8,738,396	4,138,396	9.60%
48	23,500,000	4,700,000	3	47	30-Oct-21	30-Oct-24	6,086,636	1,386,636	9.00%
		4,700,000	4	47	30-Oct-21	30-Oct-25	6,671,029	1,971,029	9.15%
		4,700,000	5	47	30-Oct-21	30-Oct-26	7,331,598	2,631,598	9.30%
		4,700,000	6	47	30-Oct-21	30-Oct-27	8,079,648	3,379,648	9.45%
		4,700,000	7	47	30-Oct-21	30-Oct-28	8,928,361	4,228,361	9.60%
49	24,000,000	4,800,000	3	48	30-Oct-21	30-Oct-24	6,216,139	1,416,139	9.00%
		4,800,000	4	48	30-Oct-21	30-Oct-25	6,812,966	2,012,966	9.15%
		4,800,000	5	48	30-Oct-21	30-Oct-26	7,487,590	2,687,590	9.30%
		4,800,000	6	48	30-Oct-21	30-Oct-27	8,251,556	3,451,556	9.45%
		4,800,000	7	48	30-Oct-21	30-Oct-28	9,118,326	4,318,326	9.60%
50	24,500,000	4,900,000	3	49	30-Oct-21	30-Oct-24	6,345,642	1,445,642	9.00%
		4,900,000	4	49	30-Oct-21	30-Oct-25	6,954,902	2,054,902	9.15%
		4,900,000	5	49	30-Oct-21	30-Oct-26	7,643,581	2,743,581	9.30%
		4,900,000	6	49	30-Oct-21	30-Oct-27	8,423,463	3,523,463	9.45%
		4,900,000	7	49	30-Oct-21	30-Oct-28	9,308,291	4,408,291	9.60%
51	25,000,000	5,000,000	3	50	30-Oct-21	30-Oct-24	6,475,145	1,475,145	9.00%
		5,000,000	4	50	30-Oct-21	30-Oct-25	7,096,839	2,096,839	9.15%
		5,000,000	5	50	30-Oct-21	30-Oct-26	7,799,573	2,799,573	9.30%
		5,000,000	6	50	30-Oct-21	30-Oct-27	8,595,370	3,595,370	9.45%
		5,000,000	7	50	30-Oct-21	30-Oct-28	9,498,256	4,498,256	9.60%
52	25,500,000	5,100,000	3	51	30-Oct-21	30-Oct-24	6,604,648	1,504,648	9.00%
		5,100,000	4	51	30-Oct-21	30-Oct-25	7,238,776	2,138,776	9.15%
		5,100,000	5	51	30-Oct-21	30-Oct-26	7,955,564	2,855,564	9.30%

		5,100,000	6	51	30-Oct-21	30-Oct-27	8,767,278	3,667,278	9.45%
		5,100,000	7	51	30-Oct-21	30-Oct-28	9,688,221	4,588,221	9.60%
53	26,000,000	5,200,000	3	52	30-Oct-21	30-Oct-24	6,734,151	1,534,151	9.00%
		5,200,000	4	52	30-Oct-21	30-Oct-25	7,380,713	2,180,713	9.15%
		5,200,000	5	52	30-Oct-21	30-Oct-26	8,111,556	2,911,556	9.30%
		5,200,000	6	52	30-Oct-21	30-Oct-27	8,939,185	3,739,185	9.45%
		5,200,000	7	52	30-Oct-21	30-Oct-28	9,878,187	4,678,187	9.60%
54	26,500,000	5,300,000	3	53	30-Oct-21	30-Oct-24	6,863,654	1,563,654	9.00%
		5,300,000	4	53	30-Oct-21	30-Oct-25	7,522,650	2,222,650	9.15%
		5,300,000	5	53	30-Oct-21	30-Oct-26	8,267,547	2,967,547	9.30%
		5,300,000	6	53	30-Oct-21	30-Oct-27	9,111,093	3,811,093	9.45%
		5,300,000	7	53	30-Oct-21	30-Oct-28	10,068,152	4,768,152	9.60%
55	27,000,000	5,400,000	3	54	30-Oct-21	30-Oct-24	6,993,157	1,593,157	9.00%
		5,400,000	4	54	30-Oct-21	30-Oct-25	7,664,586	2,264,586	9.15%
		5,400,000	5	54	30-Oct-21	30-Oct-26	8,423,539	3,023,539	9.30%
		5,400,000	6	54	30-Oct-21	30-Oct-27	9,283,000	3,883,000	9.45%
		5,400,000	7	54	30-Oct-21	30-Oct-28	10,258,117	4,858,117	9.60%
56	27,500,000	5,500,000	3	55	30-Oct-21	30-Oct-24	7,122,660	1,622,660	9.00%
		5,500,000	4	55	30-Oct-21	30-Oct-25	7,806,523	2,306,523	9.15%
		5,500,000	5	55	30-Oct-21	30-Oct-26	8,579,530	3,079,530	9.30%
		5,500,000	6	55	30-Oct-21	30-Oct-27	9,454,908	3,954,908	9.45%
		5,500,000	7	55	30-Oct-21	30-Oct-28	10,448,082	4,948,082	9.60%
57	28,000,000	5,600,000	3	56	30-Oct-21	30-Oct-24	7,252,162	1,652,162	9.00%
		5,600,000	4	56	30-Oct-21	30-Oct-25	7,948,460	2,348,460	9.15%
		5,600,000	5	56	30-Oct-21	30-Oct-26	8,735,521	3,135,521	9.30%
		5,600,000	6	56	30-Oct-21	30-Oct-27	9,626,815	4,026,815	9.45%
		5,600,000	7	56	30-Oct-21	30-Oct-28	10,638,047	5,038,047	9.60%
	Total	800,000,000		8,000			1,262,885,878	462,885,878	

Notice & Disclaimer

All the features of Zero-coupon Bond are draft only and finalization of these features are subject to the approvals of concerned regulator. These features may be modified as per the directions of Bangladesh Securities and Exchange Commission.

Relevant Assumption:

The Base case assumptions for underlying the earnings forecast are as follows:

- i. The Financial Model considers 300 days in a year.
- ii. Exchange rate is considered as USD 01= BDT 84.50
- iii. At present, the installed production capacity of sewing, knitting and dyeing are 84 lac Pcs, 5,400 MTs and 6,000 MTs (One Sift) respectively. After procurement of new machineries, expected capacity of sewing would increase to 225 lac Pcs, knitting to 7,350 MTs and Dyeing to 11,100 MTs. Capacity utilization will remain same at 67% for each year.
- iv. Year over year sales growth is as follows:

Particulars	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sales Growth	25.42%	7.53%	5.00%	5.00%	4.00%	4.00%	3.00%	3.00%	2.00%

- v. Sales price are assumed to grow by 2-7 % over the years considering the micro and macro-economic factories i.e., Inflation, LIBOR rate, Interest Rate, Foreign Currency Fluctuation etc.
- vi. The cost of raw materials will be escalated by 2-7%. Over the year.
- vii. Administrative, selling and General cost are assumed to be escalated by 4-5 % over the years.
- viii. Bank Charges and Fees are assumed to be escalated by 10% over the years.
- ix. Term Loan interest cost is assumed from the result of loan repayment schedule.
- x. VAT has not been considered, being exempted against export.
- xi. Tax rate is considered at .60% over the years.
- xii. Considering reasonable salvage value of the assets, depreciation has been charged on Straight line Methods as following rates:

- 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%
- xiii. Entire Power requirement for the project will be met up from REB power as well as from own Power Plant which has a capacity of 1950 EKW-2438 KVA, fueled by gas-based generators.
- xiv. Working Capital Loans in the form of Short-Term Loan (STL) have been assumed to meet up different sorts of operating expenditure at the rate of 6% per annum. The assumptions for working capital loans are given below:

Working Capital Assumption	Basis	2020	2021	2022	2023	2024	2025
Raw Materials days	vs. COGS	90-180	90-180	90-180	90-180	90-180	90-180
WIP Days	vs. COGS	45	45	45	45	45	45
Finished Goods days	vs. COGS	30	30	30	30	30	30
Inventory days	vs. COGS	180	180	180	180	180	180
Receivable days	vs. COGS	180	180	180	180	180	180
Payable days	vs. COGS	90-180	90-180	90-180	90-180	90-180	90-180

From 2025 onwards, same projections are carry-forwarded.

HR Textile Mills Limited										
Projected Income Statement										
Particulars	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sales	2,249,508,403	2,821,341,207	3,033,669,662	3,185,353,145	3,344,620,803	3,478,405,635	3,617,541,860	3,726,068,116	3,837,850,159	3,914,607,162
Sales Revenue	2,218,253,529	2,772,816,911	2,966,914,095	3,115,259,800	3,271,022,790	3,401,863,701	3,537,938,249	3,644,076,397	3,753,398,689	3,828,466,663
Export Incentive	31,254,874	48,524,296	66,755,567	70,093,345	73,598,013	76,541,933	79,603,611	81,991,719	84,451,470	86,140,500
Cost of Goods Sold	1,929,453,320	2,352,735,149	2,520,393,524	2,647,970,830	2,783,640,394	2,898,387,874	3,017,861,327	3,115,685,319	3,222,292,774	3,282,910,163
Gross Profit	320,055,083	468,606,058	513,276,138	537,382,315	560,980,408	580,017,761	599,680,533	610,382,796	615,557,385	631,696,999
Administrative, Selling and General Expenses	106,930,761	128,316,913	134,732,759	138,774,742	142,937,984	147,226,123	151,642,907	156,192,194	159,316,038	162,502,359
Operating Income	213,124,322	340,289,145	378,543,380	398,607,574	418,042,425	432,791,638	448,037,626	454,190,602	456,241,347	469,194,640
Financial Expenses	166,149,442	258,890,413	209,578,517	196,115,234	161,518,791	133,982,912	138,661,489	139,219,382	159,025,571	175,658,745
Zero-coupon Bond Profit	-	-	74,400,000	81,322,800	88,890,090	78,513,483	65,097,538	48,039,117	26,622,850	-
Net Income after Interest	46,974,880	81,398,731	94,564,863	121,169,540	167,633,544	220,295,243	244,278,599	266,932,103	270,592,926	293,535,895
Worker Participation Fund	2,236,899	3,876,130	4,503,089	5,769,978	7,982,550	10,490,250	11,632,314	12,711,053	12,885,377	13,977,900
Net Income Before Tax	44,737,981	77,522,601	90,061,774	115,399,562	159,650,994	209,804,993	232,646,285	254,221,051	257,707,548	279,557,996
Income Tax	16,581,467	18,716,514	21,510,127	22,585,634	23,714,915	24,663,512	25,650,052	26,419,554	27,212,140	27,756,383
Net Income After Tax	28,156,514	58,806,087	68,551,647	92,813,928	135,936,079	185,141,481	206,996,233	227,801,497	230,495,408	251,801,612
Appropriation										
Retained Earnings at beginning of the period	137,216,290	154,762,779	175,618,866	193,570,513	223,134,441	283,170,520	379,762,001	485,558,234	599,509,730	716,155,138
Net Income During the Period	28,156,514	58,806,087	68,551,647	92,813,928	135,936,079	185,141,481	206,996,233	227,801,497	230,495,408	251,801,612
Dividend Payment	10,610,025	37,950,000	50,600,000	63,250,000	75,900,000	88,550,000	101,200,000	113,850,000	113,850,000	113,850,000
Retained Earnings at End of the period	154,762,779	175,618,866	193,570,513	223,134,441	283,170,520	379,762,001	485,558,234	599,509,730	716,155,138	854,106,751

HR Textile Mills Limited										
Projected Balance Sheet										
Particulars	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fixed Assets										
Fixed Assets (net)	2,149,175,755	2,391,716,967	2,601,631,119	2,497,049,563	2,407,697,085	2,303,312,231	2,203,646,619	2,098,464,288	1,994,521,487	1,886,945,240
Total Fixed Assets	2,149,175,755	2,391,716,967	2,601,631,119	2,497,049,563	2,407,697,085	2,303,312,231	2,203,646,619	2,098,464,288	1,994,521,487	1,886,945,240
Current Assets										
Accounts Receivable	610,274,903	798,170,037	692,456,280	650,418,503	679,270,297	641,364,077	640,413,915	602,076,426	548,086,248	557,496,321
Stocks and Stores	606,834,155	604,837,871	618,153,690	629,090,778	681,980,639	668,654,843	604,101,578	607,880,220	555,896,564	555,896,564
Export Incentive Receivables	40,353,566	46,870,667	57,072,627	57,838,018	86,616,903	99,409,592	94,136,821	61,037,665	88,456,984	88,456,984
Cash & Bank Balance	30,511,100	356,041,752	265,692,615	389,371,047	376,241,356	285,398,628	250,163,085	208,749,705	191,564,919	162,154,845
Advance and Prepayments	88,020,582	122,235,906	112,950,730	126,158,268	97,857,199	144,586,240	111,346,085	113,137,449	92,365,484	92,365,484
Total Current Assets	1,375,994,306	1,928,156,233	1,746,325,942	1,852,876,614	1,921,966,394	1,839,413,380	1,700,161,484	1,592,881,465	1,476,370,198	1,456,370,198
Total Assets	3,525,170,061	4,319,873,200	4,347,957,061	4,349,926,177	4,329,663,479	4,142,725,611	3,903,808,103	3,691,345,753	3,470,891,685	3,343,315,438
Liability & Owner's Equity										
Current Liabilities										
Bank Overdrafts	103,070,844	126,560,148	108,326,607	140,181,682	112,069,462	93,990,698	145,946,163	147,936,649	147,936,649	147,936,649
Trade and Other Creditors	543,529,300	666,190,446	597,351,483	613,563,947	633,081,968	686,083,741	654,533,294	710,015,599	756,265,927	714,460,952
Provision for Taxation	44,069,406	18,716,514	21,510,127	22,585,634	23,714,915	24,663,512	25,650,052	26,419,554	27,212,140	27,756,383
Bills Receivable Discounted	25,558,605	25,814,191	33,337,720	34,521,167	34,759,664	34,339,098	24,688,215	64,616,717	84,711,955	64,711,955
Workers Profit Participation Fund	14,491,236	3,876,130	4,503,089	5,769,978	7,982,550	10,490,250	11,632,314	12,711,053	12,885,377	13,977,900
Long term Loan (Current Portion)	31,021,832	-	164,464,487	171,768,528	188,695,808	204,398,597	224,043,450	246,439,341	25,612,771	186,754,241
Zero Coupon Bond (Current Portion-Principal)	-	-	-	-	160,000,000	160,000,000	160,000,000	160,000,000	160,000,000	-
Zero Coupon Bond (Current Portion-Profit)	-	-	-	-	47,204,640	67,098,854	89,586,328	115,051,855	143,944,201	-

Total Current Liabilities	761,741,223	841,157,429	929,493,513	988,390,935	1,207,509,007	1,281,064,749	1,336,079,816	1,483,190,767	1,358,569,021	1,155,598,080
Long Term Liabilities										
Long Term Loan	1,575,310,622	1,451,550,000	1,291,147,473	1,122,773,290	939,783,669	730,013,286	507,157,892	246,127,710	296,584,511	214,365,840
Zero -Coupon Bond	-	800,000,000	874,400,000	955,722,800	837,408,250	688,822,879	504,334,089	277,321,351	-	-
Provision for Gratuity	27,218,882	27,491,071	33,474,830	33,923,756	34,380,595	34,845,532	35,318,751	35,800,446	75,968,451	86,526,420
Provision for deferred Taxation	78,583,298	79,852,300	82,563,410	83,569,845	85,896,540	87,598,478	95,636,847	110,569,487	85,684,514	95,684,510
Total Long-term Liabilities	1,681,112,802	2,358,893,371	2,281,585,713	2,195,989,691	1,897,469,054	1,541,280,175	1,142,447,579	669,818,994	458,237,476	396,576,770
Total Liabilities	2,442,854,025	3,200,050,800	3,211,079,226	3,184,380,626	3,104,978,061	2,822,344,924	2,478,527,395	2,153,009,761	1,816,806,497	1,552,174,850
Owners' Equity										
Equity/ Share money Deposit	253,000,000	253,000,000	253,000,000	253,000,000	253,000,000	253,000,000	253,000,000	253,000,000	253,000,000	253,000,000
General Reserve, Revaluation & Dividend equalization	692,099,746	691,203,534	690,307,322	689,411,110	688,514,898	687,618,686	686,722,474	685,826,262	684,930,050	684,033,838
Retained Earnings	137,216,290	175,618,866	193,570,513	223,134,441	283,170,520	379,762,001	485,558,234	599,509,730	716,155,138	854,106,751
Total Owner's Equity	1,082,316,036	1,119,822,400	1,136,877,835	1,165,545,551	1,224,685,418	1,320,380,687	1,425,280,708	1,538,335,992	1,654,085,188	1,791,140,589
Total Liability & Owner's Equity	3,525,170,061	4,319,873,200	4,347,957,061	4,349,926,177	4,329,663,479	4,142,725,611	3,903,808,103	3,691,345,753	3,470,891,685	3,343,315,438

HR Textile Mills Limited										
Projected Cash Flow Statement										
Particulars	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Flow from Operating Activities										
Cash received from Dales, Export Incentives and Others	2,229,471,181	2,626,928,972	3,129,181,459	3,226,625,531	3,286,990,124	3,503,519,166	3,623,764,793	3,797,504,760	3,864,421,019	3,905,197,089
Cash paid for goods and services	(2,256,601,300)	(2,489,803,829)	(2,576,193,900)	(2,642,964,611)	(2,825,050,046)	(2,907,393,905)	(2,985,483,981)	(3,093,127,574)	(3,156,191,708)	(3,334,820,632)
Cash from Operation	(27,130,119)	137,125,143	552,987,559	583,660,920	461,940,078	596,125,261	638,280,812	704,377,186	708,229,311	570,376,457
Interest on Financial Institute	(145,846,074)	(258,890,413)	(209,578,517)	(196,115,234)	(161,518,791)	(133,982,912)	(138,661,489)	(139,219,382)	(159,025,571)	(175,658,745)
Income tax paid/deducted at sources	(13,590,313)	(18,716,514)	(21,510,127)	(22,585,634)	(23,714,915)	(24,663,512)	(25,650,052)	(26,419,554)	(27,212,140)	(27,756,383)
Net Cash Inflows from Operating Activities	(186,566,506)	(140,481,784)	321,898,915	364,960,053	276,706,372	437,478,837	473,969,270	538,738,251	521,991,600	366,961,328
Cash Flow from Investing Activities										
Acquisition of property, plant and equipment	(582,232,264)	(165,000,000)	(355,000,000)	(50,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	-	(37,500,000)
Net Cash Outflows from Investing Activities	(582,232,264)	(165,000,000)	(355,000,000)	(50,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	-	(37,500,000)
Cash Flow from Financing Activities										
Bank overdraft received/(paid)	23,819,736	23,489,304	(18,233,541)	31,855,075	(28,112,220)	(18,078,764)	51,955,465	1,990,486	-	-
Long term loan received/(paid)	869,059,453	(123,760,622)	(160,402,527)	(168,374,183)	(182,989,621)	(209,770,383)	(222,855,394)	(261,030,182)	50,456,801	(82,218,671)
Bills discounted received/(Paid)	(13,100,102)	255,586	7,523,529	1,183,447	238,498	(420,567)	(9,650,883)	39,928,502	20,095,238	(20,000,000)

Current Maturity of Long-Term loan	(39,320,176)	(31,021,832)	164,464,487	7,304,041	16,927,280	15,702,789	19,644,853	22,395,891	(220,826,570)	161,141,470
Zero -Coupon Bond/ Received/ (Paid)	-	800,000,000	-	-	-	(160,000,000)	(160,000,000)	(160,000,000)	(160,000,000)	(160,000,000)
Profit of Zero - Coupon Bond (Paid)				-	-	(47,204,640)	(67,098,854)	(89,586,328)	(115,051,855)	(143,944,201)
Payment of Dividend	(66,048,908)	(37,950,000)	(50,600,000)	(63,250,000)	(75,900,000)	(88,550,000)	(101,200,000)	(113,850,000)	(113,850,000)	(113,850,000)
Net Cash Inflow from Financing Activities	774,410,003	631,012,436	(57,248,052)	(191,281,620)	(269,836,063)	(508,321,565)	(489,204,813)	(560,151,631)	(539,176,386)	(358,871,402)
Net Increase (Decrease) in Cash and Bank Balance	5,611,233	325,530,652	(90,349,137)	123,678,433	(13,129,691)	(90,842,728)	(35,235,543)	(41,413,380)	(17,184,786)	(29,410,074)
Cash and bank balance opening	24,899,867	30,511,100	356,041,752	265,692,615	389,371,047	376,241,356	285,398,628	250,163,085	208,749,705	191,564,919
Net increase (decrease) in cash and bank balance	5,611,233	325,530,652	(90,349,137)	123,678,433	(13,129,691)	(90,842,728)	(35,235,543)	(41,413,380)	(17,184,786)	(29,410,074)
Cash and Bank Balances at Closing	30,511,100	356,041,752	265,692,615	389,371,047	376,241,356	285,398,628	250,163,085	208,749,705	191,564,919	162,154,845

The company will provide initial contribution of BDT 250,000 (Taka Two Lac and Fifty Thousand) into the trust fund. In addition to providing personal guarantee by its shareholder directors in favor of the Trustee of the Issue, Fashion Knit Garments Limited has provided corporate guarantee in favor of H.R. Textile Mills Limited. The guarantors hereby guarantee to pay to the Trustee of the Issue, Sandhani Life Insurance Company Ltd., on demand at times of default. Charges over asset will be created over the securities as per Trust Agreement.

- a. **Issue of the Bonds:** Upon receipt of amount in accordance with the Subscription Agreement to be entered with each investor the Issuer shall issue Bonds subject to and in accordance with the provisions of the Trust Deed, Agency Agreement, and the Subscription Agreement and to seal, sign and issue the Bonds and deliver the Bond Certificates on the Closing Date to be fixed by the Issuer and the Trustee.
- b. **Covenant to Repay:** The Issuer has obligation that it will, as and when the Bonds or any of them become due to be redeemed or any principal on the Bonds or any of them becomes due to be repaid unconditionally pay or procure to be paid to or to the order of the Trustee in Bangladesh Taka in accordance with the terms and conditions of the Bond in immediately available freely transferable funds the principal amount of the Bonds or any of them becoming due for redemption or repayment on that date and shall (subject to the terms and conditions of the Bond) until all such payments (both before and after judgment or other order) are duly made unconditionally pay or procure to be paid to or to the order of the Trustee on the relevant dates provided for in the terms and conditions interest on the principal amount of the Bonds or any of them outstanding from time to time as set out in the Conditions provided that:
 - i. every payment of principal or profit in respect of the Bonds or any of them made to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the Bondholders in accordance with the Conditions;
 - ii. These ZCB are payable on due dates agreed. However, in case of unavoidable circumstance, if payment to ZCB holders is delayed then they shall be compensated by an additional 2% per annum on the amount due for payment and shall be paid along with the redemption amount.;
 - iii. The issuer has the right to redeem (call) the ZCB earlier than maturity @ 0.25% premium. However, there is no put option (sold it back to the issuer) to this issue for investors.

- iv. Further bond issuance needs Trustee consent (NOC) in writing.
 - v. ZCB holders should be adequately secured before going for any further debt capital funding or bond issuance.
 - vi. No payment of dividend to common stockholders before payment of all required ZCB holders' obligations of respective year.
 - vii. Any additional pari passu charge shall require the consent of the Trustee.
 - viii. The Issuer shall not enter into any transaction, agreement or arrangement with any of its Affiliates other than on arm's length basis.
 - ix. Until such time as the Bonds remain outstanding, the issuer shall maintain only one bank account, in which the bond proceeds and all other future cash flow of the issuer shall be deposited and all expenses of the Issuer regarding the Project and payments in relation to the Bonds shall be paid out of this account. The operator of this account shall be the Paying Agent in accordance with the Accounts Agreement
 - x. in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused upon due presentation of a Bond Certificate, profit shall accrue at applicable YTM rate for the Bond on the whole or such part of such principal amount from the date of such withholding or refusal until the date either on which such principal amount due is paid to the Bondholders or, if earlier, the seventh day after which notice is given to the Bondholders in accordance with the terms and conditions that the full amount payable in respect of the said principal amount is available for collection by the Bondholders provided that on further due presentation thereof such payment is in fact made.
- c. Observe instruction of the Trustee:** At any time after any Event of Default shall have occurred, the Issuer shall comply with the instruction of the Trustee subject to provision of the terms and conditions of the Bond.
- d. Dealing with Trustee**
- i. The Issuer shall upon reasonable notice, during normal business hours allow the Trustee and any persons appointed by the Trustee access to such books of account and other business records as relate to the assigned rights or the benefit of the assigned rights as the Trustee or any such persons may reasonably require.
 - ii. So far as permitted by applicable law and subject to any binding confidentiality restrictions, the Issuer shall at all times give to the Trustee such information, opinions, certificates and other evidence as the trustee and any persons appointed by the Trustee shall reasonably require (and which it is reasonably practicable to

produce) for the purposes of the discharge of the duties, trusts, powers, authorities and discretions vested in the Trustee by or pursuant to this Trust Deed or any other Transaction Document.

- e. **Comply with Rules and Guidelines of Bangladesh Securities & Exchange Commission, Trust Deed, conditions, Schedules and Subscription Agreement(s):** The Issuer hereby covenants with the Trustee to comply with, perform and observe the conditions of all Rules and Guidelines published by the Bangladesh Bank, Bangladesh Securities & Exchange Commission all those provisions of this Trust Deed, the Conditions, the Schedules, and the Subscription Agreement which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, the Conditions, the Schedules, and the Subscription Agreement, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them respectively. The Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, this Trust Deed and the other Bond Documents and will be deemed to have notice of all of the provisions of the Bond Documents.
- f. **Observe Bond Documents:** The Issuer shall have obligation to comply with, perform and observe all those provisions of this Trust Deed, the Agency Agreement, the terms, and conditions of the Bond which are expressed to be binding on it and to perform and observe the same. The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them, respectively.
- g. **Observe Applicable Law:** The Issuer shall have obligation to comply with, perform and observe all those provisions of the applicable law including but is not limited to the Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021. The Issuer agrees that Bondholders and all persons claiming under or through them respectively will also be entitled to the benefit of, and will be bound by, the applicable law and will be deemed to have notice of all the provisions of the applicable law applicable to them.
- h. **Notice of Event of Default:** The Issuer shall give notice in writing to the Trustee forthwith upon becoming aware of any Event of Default and without waiting for the Trustee to take any further action;
- i. **Corporate Governance:** The Issuer shall ensure that it complies in all material respects with the corporate governance guidelines set out by the Bangladesh Bank and the Securities and Exchange Commission.
- j. **Information:** So far as permitted by applicable law, the Issuer shall at all times give to the Trustee such information, opinions, certificates and other evidence as it shall require and, in such form, as it shall require in relation to Issuer for the performance of its obligations under the Bond Documents;

- k. Execution of further Documents:** So far as permitted by applicable law, the Issuer shall at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Trust Deed;
- l. Notices to Bondholders:** The Issuer shall send or procure to be sent to the Trustee not less than 5 (five) business days prior to the date of publication, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;
- m. Notification of non-payment:** The Issuer shall notify the Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Bonds or any of them, pay unconditionally the full amount in the relevant currency of the moneys payable on such due date on all such Bonds;
- n. Notification of late payment:** In the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made;
- o. Notification of redemption or repayment:** The Issuer shall within 14 (Fourteen) days prior to the Redemption Dates or purchase in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or purchase pursuant to the Conditions and duly proceed to redeem or purchase such Bonds accordingly;
- p. No Variation and Termination of Transaction Documents**

The Issuer shall not until the final Maturity Date, save to the extent permitted by the Transaction Documents or with the prior written consent of the Trustee:

 - i) terminate, repudiate, rescind or discharge any Transaction Documents.
 - ii) vary, novate, amend, modify or waive any provision of any Transaction Document;
 - iii) permit any person who has obligations under the Transaction Document to be released from such obligations other than in accordance with the terms of the applicable Transaction Document and any applicable requirement of law or regulatory direction.

The Bonds are subject to the provisions contained in this Trust Deed, all of which shall be binding upon the Issuer and the Bondholders and all persons claiming through or under them, respectively.

- a) The Trustee may determine whether or not a default in the performance or observance by the Issuer of any Obligation under the provisions of the Trust Deed or contained in the Bonds is capable of remedy and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Bondholders.
- b) The Trustee as between itself and the Bondholders shall have full power to determine all questions and doubts arising in relation to any of the provisions of the Trust Deed and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders.
- c) The Trustee shall be absolutely vested with the general superintendence, direction and management of the affairs of the Trust and shall have all powers, authorities and discretion to perform the objects of the Trust and all powers appurtenant to or incidental to the purpose of the Trust, subject to the provisions of this Deed of Trust.
- d) The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian the Trust Deed or any document relating to the trust created hereunder and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim any person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee had exercised reasonable care in the appointment of such person; the Trustee is not Obligated to appoint a custodian if the Trustee invests in securities payable.
- e) The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with the Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.
- f) Without in any way limiting the generality of the powers, authorities and discretion conferred by and referred to above, the Trustee shall have the following powers:
 - i. to acquire, hold, deal with, execute or vacate the Securities held in trust for the Bondholders and as part of the Trust Assets in accordance to the terms hereof;
 - ii. to collect all monies due to the Trust and acknowledge and give effectual and valid receipts and discharges for the same;
 - iii. to exercise all rights and remedies and take all consequential action pertaining to the Trust;
 - iv. To hold the benefit of the covenants made by the Issuer in the Trust Deed and the Conditions on trust for the Bondholders;

- v. To open such accounts as the Trustee deems necessary for discharging the functions of Trustee;
- vi. To keep the money and assets representing the Trust Assets (including enforcement proceeds) and to deposit and withdraw such moneys and assets as may be required from time to time and in accordance with the terms of the Trust Deed;
- vii. To undertake all such actions for the recoveries of any outstanding payments in accordance with the provisions of the Trust Deed and to execute all such documents, deeds and papers and to do all acts in relation thereto;
- viii. to monitor cash flows of the Company. On or before the 7 Business Day of every quarter month, the Company will prepare and send to the Trustee a report showing, in respect of the preceding months:
 - 1. Financial Statements;
 - 2. Export Proceed Received;
- ix. To procure from the Bondholders consents (No Objection Certificates) for further issue of bonds, creation of further charge over its assets up to BDT 200,000,000.00 (Taka two hundred million) only, any amendment of the Transaction Documents and such other matters where consents are necessary to be obtained under the terms of the Transaction Documents.
- x. to institute, conduct, defend, compound, settle, withdraw or abandon any legal proceedings in the name of the Trust or the Trustee and to submit any proceedings or differences for settlement by arbitration (if required);
- xi. to compromise, settle or abandon any debt or claim due to the Trust;
- xii. to enter into all arrangements and contracts in relation to the objects of the Trust;
- xiii. to appoint brokers, advocates, auditors, solicitors, credit rating agencies, registrars, agents, valuers and other persons for the purpose of fulfilling any of the objectives of the Trust;
- xiv. to incur and pay all reasonable costs, charges and expenses incidental to the management, administration and execution of the Trust;
- xv. to sign, seal, execute, deliver and register all deeds, documents and assurances in respect of or relating to the Trust and the due performance and execution of the purpose and objects hereof;
- xvi. To convene any meeting of the Bondholders in accordance with the provisions of the Trust Deed and the Conditions, and to facilitate the proceedings of such meeting as it deems appropriate with in accordance to the trust deed;
- xvii. Upon receipt of the instructions of such requisite majority of the Bondholders in accordance with the terms of the Trust Deed, to sell or otherwise dispose of the Trust Assets and close any bank accounts that may have been opened in pursuance of the Trust Deed after the distribution of amounts standing to their credit;

- xviii. to ensure a yearly audit of the Trust by an independent auditor in accordance with Bangladesh law, the appointment of which will be approved by the Trustee at the cost of the Company; and
- xix. generally, do all acts, deeds, matters and things which are necessary for the objects or purpose of or in relation to the Transaction Documents or are incidental or conducive to the proper exercise of the power of the Trustee under the Trust Deed.

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RIGHTS & OBLIGATIONS OF THE ISSUE MANAGER AND LEAD ARRANGER

- i. The issue manager will be responsible for the issue including preparation of IM and disclosures made in the IM.
- ii. The issue manager shall advise the issuer from time to time on different aspects of bond issue to make the issue effective and the issuer shall execute as per advice and satisfaction to the issue manager to comply with the relevant regulations, tradition and current market practices.
- iii. The issue manager will co-ordinate with regulators and other relevant parties to assist the issuer in meeting regulatory compliances.
- iv. The issue manager will also render financial advisory and arrangement services for the subscription of the issue. It is authorized to engage any third party to do all things necessary to arrange for and obtain the financing.
- v. The issue manager shall use its best efforts expertise to complete the Financing Arrangement as expeditiously as possible.

- a. **Ownership of the Bond:** Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.

Each investor (Bondholder) shall separately or jointly, as the case may be, enter into a Subscription Agreement(s) with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the investors, and which shall be an integral part of this Trust Deed.

- b. **Right to receive payment:** Subject to terms and conditions of the Bond, each Bondholder shall have a right to receive payment of principal amount of the Bond on the redemption date and profit amount of the Bond on each profit Payment Date.
- c. **Transfer of Bonds:** Subject to terms and conditions of the Bond Documents each Bondholder shall have the right to transfer the Bonds freely
- d. **Basic Rights:** Basic rights of the Bondholders / Investors include but is not limited to: (i) secure methods of ownership registration; (ii) obtain relevant information on the Company on a timely and regular basis; (iii) participate and vote in bondholders' meetings.
- e. **Rights of the Eligible Investors:** The rights of the holders of Bonds against the Issuer (including for principal and interest) are subordinated and junior in right of payment to its Obligations (a) to its existing lenders, and (b) to other Senior Creditors.

In the event of any insolvency, receivership, conservatorship, reorganization, readjustment of bond or similar proceedings or any liquidation or winding up of or relating to the Issuer, whether voluntary or involuntary, all such Obligations of the Issuer shall be entitled to be paid in full before any payment shall be made to the Bondholders in respect of the Bonds.

In the event of any such proceedings, after payment in full of all sums owing on such prior Obligations, the Bondholders and any other payment required to be made to a creditor in respect of indebtedness which ranks or is expressed to rank *Pari Passu* with the Bonds, shall be entitled to be paid from the remaining assets of the Issuer, the unpaid principal thereof and any unpaid premium, if any, and profit before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any

capital stock or any Obligations of the Issuer ranking junior to the Bonds.

f. Indemnity

The Issuer shall fully indemnify the Bondholder(s) from and against any expense, loss, damage or liability which any of them may incur in connection with the enforcement, protection or preservation of any right or claim of the Bondholders under the Transaction Documents.

g. Subscription and Closing

- i. Subject to the conditions precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Subscription Closing Date.
- ii. Investor Representation Letter: On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer in the form attached as Form of Investor Representation Letter of the Subscription Agreement.
- iii. Payment of net issue proceeds: On Closing Date, the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka in the manner provided for in the Subscription Agreement.
- iv. Issue: On the Closing Date, the Issuer shall duly execute and deliver the Bond Certificates to the Trustee for authentication. Promptly following the Closing Date, the Issuer will deliver to each Bondholder Bond Certificates, duly authenticated by the Trustee and representing such Investor's entire holding of Bonds.
- v. Registration: On Closing Date, the Issuer shall procure that the principal amount of Bonds subscribed for by the Bondholders for which payment has been received in accordance with the Subscription Agreement and are registered in name of the Bondholders (with a notation on the Register and on each Bond Certificate identifying the Issue Date of such Bond Certificate).

h. Termination

The Bondholders may give a termination notice to the Issuer at any time on or prior to the Closing Date if:

- i. Breach of obligation: The Issuer fails to perform any of its obligations under the Subscription Agreement;
- ii. Failure of condition precedent: any of the conditions precedent is not satisfied or waived by the Bondholders on the Closing Date

H.R. Textile Mills Limited, (HRTML' or 'The Company'), a 100% export oriented composite knitting, dyeing & garments manufacturing unit, was incorporated as a Public Limited Company under the Company Act 1994 on 3rd December, 1984. Later, the Company commenced its commercial operation on 1st October, 1989.

The Company was listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange in February, 1997. Shares of the Company are traded under "A" category in both the bourses. The corporate and group office of HRTML is located at Pride Hamza (5th Floor), House # 54, Road # 1, Sector # 6, Uttara, Dhaka-1230. The operational office and factory is located at 4, Karnapara (Near Bank Town), Savar, Dhaka.

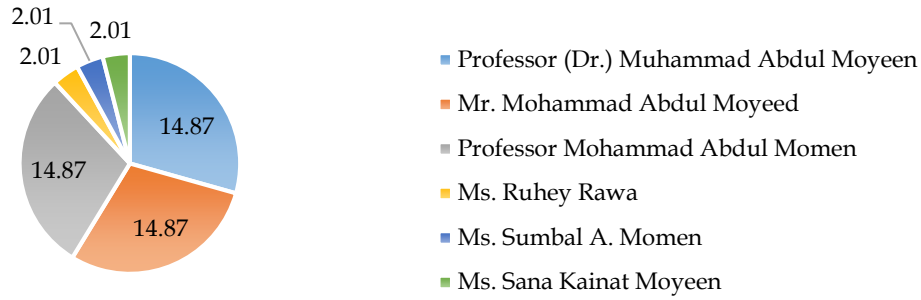
a. Capital Structure:

Particular	No. of Share	Face Value	Amount in BDT
Authorized Capital	100,000,000	10	1,000,000,000
Paid Up Capital	25,300,000	10	253,000,000

Composition of Shareholdings:

Classes of Holdings	December 31,2020		June 30,2020	
	No. of Shares	%	No. of Shares	%
Sponsors	12,808,619	50.63	12,808,619	50.63
Financial Institutions	1,800,790	7.12	1,760,838	6.96
Investment Corporation of Bangladesh	-	-	378,874	1.50
7th ICB Unit Fund	3,500	0.01	5,000	0.02
ICB Investors A/c	2,901	0.01	27,690	0.11
ICB Mutual Fund	-	-	3,000	0.01
ICB Unit Fund	-	-	378,187	1.49
ICBMS	-	-	191,188	0.76
General Public	10,684,190	42.23	9,746,604	38.52
Total	25,300,000	100	25,300,000	100.00

Sponsors' Shareholding Pattern



b) Business

HRTML is operating its business activities under the umbrella of Pride Group, a renowned group in terms of its visible presence in the textile sector. The group is also the producer and marketer of terminal products like sarees, kids and ladies' wear, home-furnishing and other textile products through a chain of 68 retail outlets all over the Bangladesh. The businesses that are owned by the Pride Group are Dacca Textiles Ltd, Fashion Knit Garments Ltd, Pride Limited, Urban Truth and Pride Spinning Ltd.

Since its inception, HRTML has been at the forefront of the industry through manufacturing various kinds of garments & knit fabrics items. The owned manufacturing unit of the Company is occupied with two factory buildings with a total floor area measuring 158,275 sft. and the warehouse is measuring an area of 34,260 sft. for storing raw material and finished goods.

Increased Floor Space after Expansion

Factory	Existing Condition	After Expansion	Sqft per Floor	Increased Floor Space
Building 1	4-Storey	7-Storey	10,920	32,760
Building 2	5-Storey	7-Storey	23,325	46,650
Total Increased Floor Space				79,410
Previous Floor Space				158,275
Total Floor Space				237,685

HRTML's garments division is 36-line factory. The present installed capacity of HRTML is around 84 Lac pcs. for Garments Division and 6,000 MTs in Knit Fabric Division. HRTML offers its products to both domestic and export market. Following table depicts installed capacity and utilized capacity of the Company. The Following table depicts installed capacity and utilized capacity of the Company.

Division	Installed Capacity	Utilized Capacity	% of Utilization
Finished Garments (Pcs)	84 Lac	54.55 Lac	64.94%
Knit Fabrics (MTs)	6,000 MTs	3,783 MTs	64.55%

Source: Annual Report 2019-20

Production Capacity Before Procurement of New Machineries

Particulars	Line Number	No. of Machinery	Existing Capacity		Export Capacity (in BDT Million)
			Daily Capacity	Annual Capacity (300 days)	
Knitting Machine	--	60	18 MTs	5,400 MTs	118.88
Dyeing Machine	--	35	30 MTs	9,000 MTs	1,170.00
Sewing Machine	36	950	58,000 pcs	17,400,000 pcs	3,236.25

Production Capacity After Procurement of New Machineries

Particulars	Line Number	No. of Machinery	Expected Capacity		Export Capacity (in BDT Million)
			Daily Capacity	Annual Capacity (300 days)	
Knitting Machine	--	81	24.50 MTs	7,350 MTs	161.70
Dyeing Machine	--	42	37 MTs	11,100 MTs	1,443.00
Sewing Machine	46	1,225	75,000 pcs	22,500,000 Pcs	4,207.56

The facility has a complete North American & European state-of-the-art setup, thoroughly engineered, and is capable of manufacturing a whole range of knit fabrics and garments. Zara, Bershka, New Look, Stradivarius and EI Corte ingles are some of its clients. Furthermore, HRTML is a Lycra assured factory; a new supply chain management concept that has been initiated by DuPont for the stretch apparel industry.

The Company is a certified concern as per ACCORD status. In addition, HRTML is a BESCD certified concern. Apart from that, HRTML has equipped with required fire safety equipments to take appropriate measures against fire exposure i.e., HRTML is entirely equipped fire alarm and suppression system. In addition, Fire extinguisher, Hose reels, Smoke detector, Fire alarm, Fire door, Fire Beater, Fire Hook etc. In addition, HRTML has water reservoir of 425,000 ltrs. run by 1,250 gpm. fire pump.

SL.	Name of Fire Equipment		Quantity
1	Smoke Detector		150 pcs.
2	Fire Extinguisher	ABC Dry Powder	104 pcs.
4		Co2	75 pcs.
5		Foam	08 pcs.
6	Fire Alarm		37 pcs.
7	Hose Reel		23 pcs.
8	Fire Hook		40 pcs.
9	Fire Beater		160 pcs.

c) Management

Sl.#	Name	Designation	Qualification	Experience (in years)
1	Mr. Md. Abu Amur Naheel	Chief Financial Officer & Head of Accounts	Chartered Accountants, CIMA (UK)	15
2	Mr. S.M. Asadun Nabi Mishu	General Manager (Strategy Planning & Development)	B.Sc Engineer (IPE) from BUET	12
3	Mr. Mohammad Karim Hossain	General Manager (MIS)	MBA (MIS) DU	15
4	Mr. Md. Sherajul Islam Khan	Deputy General Manager (Accounts)	M.Com Management, CA- CC	21
5	Mr. Md. Aminur Rahman	Factory Manager	B.Com (Hons) in Management	16
6	Mr. Nazmul Hossain Khan	Deputy General Manager (Commercial)	Master in Political Science	28
7	Mr. Md. Wali Ullah	Company Secretary (CS)	M.Com in Accounting	27
8	Mr. Md. Monirul Islam	Manager (Admin & Compliance)	Master in English Literature	15
9	Mr. Mohammad Fakhrul Bari	Head of Sales & Merchandizing	B.Com	20
10	Mr. Md. Shafiq Mondol	Manager (Maintenance)	MBA, B.Sc. Engineer	20
11	Mr. Md. Nasimul Hossain	Sr. Executive (Planning)	MBA, B.Sc.	7
12	Mr. Md. Abdus Salam	Assistant Production Manager (Garments)	SSC	14
13	Mr. Al Arafat Hossain	Deputy General Manager (Garments Operation)	B.Sc., MBA	8
14	Mr. Md. Rashadul Alam	Production Manager (Garments)	BA	14
15	Mr. Md. Abdul Hannan Mia	Deputy General Manager (Dyeing)	B. Sc. (Textile)	12
16	Mr. Md. Amirul Islam	Manager (IE)	B.Sc. Textile (BIFT)	8
17	Md. Taslim Hossain	Sr. Executive (Audit)	M.Com	12
18	Mr. Md. Mesbaul Haque Chodhury	Store In-Charge	M.Sc.	15

At present, the Company employs around 2,026 personnel for smooth operation of the Company. Among them 147 are staffs and 1,879 are workers of which 47% are women workers.

d) Description of Encumbered and Unencumbered Assets with Value Thereof

ASSETS	Amount in BDT As at December 31,2020
Non-Current Assets	
Property, Plant and Equipment	1,530,951,403
Capital Works in Progress	646,678,721
Total Non-Current Assets	2,177,630,124
Current Assets	
Stocks and Stores	620,162,581
Trade and Other Debtors	569,422,641
Export Incentive Receivables	30,470,744
Advances, Deposits and Prepayments	83,622,616
Cash and Bank Balances	137,393,257
Total Current Assets	1,441,071,839
TOTAL ASSETS	3,618,701,963

In Property, Plant and Equipment, the Company has 145 decimals of land and factory building being revalued in December 31, 2018 with valuation of BDT 652,500,000 from BDT 8,479,375 and BDT 207,840,713 from BDT 165,665,978 respectively.

All the assets of the Company are encumbered against bank and other borrowing. Besides, the proposed bond is unsecured and non-guaranteed.

Mitigation of Default Risk:

The proposed bond issue is unsecured in the sense that no credit enhancements are attached to the bonds and it is junior to other secured obligations like creditors and secured loans. However, the holders of ZCBs enjoy the superiority over the equity holders in case of default. Coupon and principal payment to the bondholders as per repayment schedule needs to be made before making dividend payment to shareholders. In addition, as per draft trust deed, the Company needs to obtain No Objection Certificate (NOC) from existing bondholders in case of further issuance of bonds, thereby reducing default risk originated from new debt issue.

As per the Projected Financial Statement of the Company, its total revenue is expected to grow at a moderate rate of 6.56% during the forecast period (2021-2029). Besides, through paying off high-cost borrowing of the Company with the proceeds from bond issuance and minimizing the amount of long-term borrowing in future, the Company has effectively managed potential default risk of the Company.

Furthermore, net positive operating cash flow resulting from reduced interest payment to banks and other institutions and increased sales during the forecast period (2021-2029) will enable the company to minimize default risk while ensuring good dividend for shareholders.

The following table depicts the cash flow performance of the Company during 2021-2029:

Figure in Crore BDT

Particulars	2021	2022	2023	2024	2025	2026	2027	2028	2029
Cash Flow from Operating Activities									
Cash from operation	13.71	55.30	58.37	46.19	59.61	63.83	70.44	70.82	57.04
Interest on Financial Institute	(25.89)	(20.96)	(19.61)	(16.15)	(13.40)	(13.87)	(13.92)	(15.90)	(17.57)
Income tax paid/deducted at sources	(1.87)	(2.15)	(2.26)	(2.37)	(2.47)	(2.57)	(2.64)	(2.72)	(2.78)
Net cash inflows from operating activities	(14.05)	32.19	36.50	27.67	43.75	47.40	53.87	52.20	36.70
Net cash outflows from investing activities									
Net cash outflows from investing activities	(16.50)	(35.50)	(5.00)	(2.00)	(2.00)	(2.00)	(2.00)	-	(3.75)
Cash Flow from Financing Activities									
Bank overdraft received/(paid)	2.35	(1.82)	3.19	(2.81)	(1.81)	5.20	0.20	-	-
Long term loan received/(paid)	(12.38)	(16.04)	(16.84)	(18.30)	(20.98)	(22.29)	(26.10)	5.05	(8.22)
Bills discounted received/(Paid)	0.03	0.75	0.12	0.02	(0.04)	(0.97)	3.99	2.01	(2.00)
Current Maturity of Long Term loan	(3.10)	16.45	0.73	1.69	1.57	1.96	2.24	(22.08)	16.11
Zero -Coupon Bond/Received/(Paid)	80.00	-	-	-	(16.00)	(16.00)	(16.00)	(16.00)	(16.00)
Profit of Zero -Coupon Bond (Paid)			-	-	(4.72)	(6.71)	(8.96)	(11.51)	(14.39)
Payment of Dividend	(3.80)	(5.06)	(6.33)	(7.59)	(8.86)	(10.12)	(11.39)	(11.39)	(11.39)
Net cash inflow from financing activities	63.10	(5.72)	(19.13)	(26.98)	(50.83)	(48.92)	(56.02)	(53.92)	(35.89)
Net increase (decrease) in cash and bank balance	32.55	(9.03)	12.37	(1.31)	(9.08)	(3.52)	(4.14)	(1.72)	(2.94)
Cash and bank balance opening	3.05	35.60	26.57	38.94	37.62	28.54	25.02	20.87	19.16
Net increase (decrease) in cash and bank balance	32.55	(9.03)	12.37	(1.31)	(9.08)	(3.52)	(4.14)	(1.72)	(2.94)
Cash and bank balances at closing	35.60	26.57	38.94	37.62	28.54	25.02	20.87	19.16	16.22

Loan Details:

Particulars	Amount in BDT As at December 31,2020
Overdraft	
Trust Bank Limited	50,673,939
Hongkong and Shanghai Banking Corporation Plc (HSBC)	5,856,191
Total Overdraft	56,530,130
Time Loan	
United Commercial Bank Ltd.	383,752,177
Trust Bank Limited	28,686,000
Total Time Loan	412,438,177
Long-term Loan	
HSBC Current Maturity	24,551,758
Mutual Trust Bank Ltd.	1,145,715,410
Deferred L/C 360 days	15,815,265
IPDC Finance Ltd.	167,081,484
Total Long-term Loan	1,353,163,917
Total Loan	1,822,132,224

Security Arrangement:

Nature of Security	Description
HSBC	
Primary	<ul style="list-style-type: none"> ▪ Demand Promissory Note for BDT 1,414,080,000 with Letter of Continuity & Revival. ▪ First Charge over the Stocks of raw materials, Work-in-progress, finished goods and book debts and receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on Pari Passu basis with other lenders. HSBC's share is BDT 1,000.00 million. ▪ Power of Attorney for hypothecated goods ▪ Special first charge over the plant and machineries for BDT 395.00 Million with the RJSC. In this regard Power of Attorney for hypothecated goods and No Objection Certificate (NOC) from prior lenders ▪ Letter of Lien over deposits with Authority to Encash. ▪ Trade Financing general agreement for trade facility. ▪ Power of Attorney for Back-to-Back facility
Collateral	<ul style="list-style-type: none"> ▪ Registered Mortgage for BDT 395.00 Million over land measuring 79.00 decimals with structure at Mouza: Gerdda, Savar, Dhaka in the name of H. R. Textile Mills Limited. ▪ Irrevocable General Power of Attorney over the property
Others	<ul style="list-style-type: none"> ▪ Personal guarantee executed by Dr. Muhammad A Moyeen, Mr. Mohammad A Moyeed and Mr. Mohammad A Momen for BDT 1,162,000,000 each with personal net worth statements ▪ Corporate Guarantee executed by Fashion Knit Garments Ltd. for BDT 1,162,000,000 with supporting Board Resolution ▪ Blanket Counter Indemnity for Guarantee facility
Mutual Trust Bank Limited	
Primary	<ul style="list-style-type: none"> ▪ Lien on L/C related shipping documents ▪ Acceptance to make payment on or before maturity for deferred L/C ▪ Hypothecation of raw materials, work-in-progress, finished goods of the factory both existing and future duly insured with bank mortgage clause, covering all possible risks.
collaterals	<ul style="list-style-type: none"> ▪ Proposed registered mortgage on 145 decimals of land of project along with property/structured located at Mouza-Karnapara, P.S.-Savar, Dist.-Savar, present possession held by H.R. Textiles Ltd. Represented by its Managing Director, Director or Chairman. Out of 145 decimal land, 79 decimal land and building will be mortgaged with HSBC on pari-Passu basis and the rest v66 decimal land will be mortgaged with MTB on sole basis. ▪ Registered mortgage will be backed by RIGPA authorizing the bank to sell the mortgaged property in case of default of loan.
Others	<ul style="list-style-type: none"> ▪ Pari-passu charge with existing lenders by way of hypothecation with RJSC over floating assets (Stock & book debts) of the Company ▪ Specific charge over fixed assets (Plant & Machineries) of the Company to be financed by MTB ▪ D.P. note and other usual charge documents. ▪ Personal guarantee of the individual director of the Company ▪ Corporate guarantee of Fashion Knit Garments Ltd., Supported by Board Resolution.
Trust Bank Limited	
Primary	<ul style="list-style-type: none"> ▪ Margin for IBP: 75% from each accepted bill. ▪ Margin for OD: 50% of hypothecated value of stocks (cost or market price whichever is lower)

	<ul style="list-style-type: none"> ▪ In case of non-payment of Back to Back L/C -20% margin will be retained. ▪ Margin for BG: 10% in the form of cash ▪ Lien on original Irrevocable Export LC (sight and unrestricted) of first-class foreign banks ▪ Hypothecation of raw materials, goods in process & finished goods with notarized IGPA to sell the hypothecated stocks duly insured under bank's mortgage clause ▪ 1st ranking pari-passu charge on all present & future floating assets of the Company favouring Trust Bank Limited, HSBC & Mutual Trust Bank Limited with RJSC
Others	<ul style="list-style-type: none"> ▪ Personal Guarantee of all the Directors of the Company. ▪ Standard set of Charge Documents.
United Commercial Bank Limited	
Primary	<ul style="list-style-type: none"> ▪ Lien of 6,045,960 nos. of share owned by Muhammad Abdul Moyeen, Mohammad Abdul Moyeed & Mohammad Abdul Momen. All are the directors of H.R Textile Mills Limited.
Others	<ul style="list-style-type: none"> ▪ Corporate guarantee of Fashion Knit Garments Ltd. Supported by MOA, AOA & Board Resolution. ▪ Personal guarantee of the 05 Directors (out of 06) namely Muhammad Abdul Moyeen, Mohammad Abdul Moyeed, Mohammad Abdul Momen, Ms. Ruhey Rawa and Mr. Sumbal Azwad Momen. ▪ Post-dated MICR Cheque covering the limit. ▪ Fresh usual charge documents. ▪ Creation of Charge on Fixed & Floating assets of the Company with RJSC.
IPDC Finance Limited	
Primary	<ul style="list-style-type: none"> ▪ Floating charge by the way of Hypothecation on all moveable assets of HRTML duly registered with RJSC. ▪ FDR of BDT 20.00 million only to be kept with IPDC till settlement of the loan facility. Furthermore, the same FDR to be kept with IPDC as lien in favour of IPDC. ▪ Tagging of existing registered mortgage & Irrevocable General Power of Attorney in favour of IPDC on 3,010 sft. commercial space located at Baily Road, Dhaka owned by Pride Limited
Others	<ul style="list-style-type: none"> ▪ Corporate guarantees of Pride Limited & Fashion Knit Garments Limited . ▪ Personal guarantee of all Sponsor Directors of HRTML ▪ Demand promissory note ▪ Other usual charge documents.

e) Profile of Directors/Owners of the Issuer

Board of Directors

SL#	Name of Board Member	Designation	% of Ownership
1.	Professor Dr. Muhammad Abdul Moyeen	Chairman	14.87
2.	Mr. Mohammad Abdul Moyeed	Managing Director	14.87
3.	Professor Mohammad Abdul Momen	Director	14.87
4.	Ms. Ruhey Rawa	Director	2.01
5.	Ms. Sumbal Azwad Momen	Director	2.01
6.	Ms. Sana Kainat Moyeen	Director	2.01
7.	Professor Dr. A.H.M. Habibur Rahman	Independent Director	Nil
8.	Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	Nil

Professor Dr. Muhammad Abdul Moyeen
Chairman

Professor Dr. Muhammad Abdul Moyeen is a B.Com (Hons), M.Com in Management and P.hd. from the University of Glasgow. With an excellent academic background, Dr. Moyeen has 41 years of experience in trade and now considered as an authority in the field of textile processing and finishing in Bangladesh with proven and excellent entrepreneurial track record. He is involved with the Pride Group business as its director since inception. Dr. Moyeen is also Professor of Business Studies, University of Dhaka.

Mohammad Abdul Moyeed
Managing Director and CEO

Mohammad Abdul Moyeed is a professional B.Sc Engineer (Chemical) from BUET with excellent academic background. Mr. Moyeed has 43 years of experience in trade and now considered as an authority in the field of textile processing and finishing in Bangladesh with proven and excellent entrepreneurial track record. Mr. Moyeed is the founder of Pride Group and under his dynamic leadership all the industrial ventures of this group are marching towards progress and prosperity. He is a widely traveled person who visited most of the countries of the world in connection with international trade and business.

Professor Mohammad Abdul Momen
Director

Professor Mohammad Abdul Momen is a Master in Finance and MBA from USA. Professor Momen has 39 years of experience in trade and involved with the business of Pride Group since beginning of the Group in 1980s. With excellent academic background track record, professor Momen is well known among business community, financial sector and academicians as successful teacher cum industrialist. Professor Momen is looking after the production and marketing aspects of different products of Pride Group. He is also Professor of Finance in the Institute of Business Administration (IBA), University of Dhaka.

Ms. Ruhey Rawa
Director

Ms. Ruhey Rawa is a BA (Hons) from United Kingdom. Ms. Ruhey Rawa is working with HRTML since 2006. She is the daughter of Engineer Mohammad Abdul Moyeed, the Managing Director of H.R. Textile Mills Limited. As a young generation director from an industrialist family, she is involved in the activities of the Company since her joining.

Ms. Sumbal Azwad Momen
Director

Ms. Sumbal Azwad Momen is a BA (Hons) from USA. Ms. Sumbal joined HRTML in 2006. She is the daughter of Professor Abdul Momen, Director. She is involved in business and looking after the Company business as a young generation Director with her technical skill, since her joining.

Ms. Sana Kainat Moyeen
Director

Ms. Sana Kainat Moyeen is a BA (Hons) UK. Ms. Sana Kaint Moyeen joined HRTML in 2006. Ms. Sana is also doing her M. Phil, with University of Oxford, UK in economics and looking after the business of H.R. Textile business side by side. She is the Daughter of Dr. Muhammad Abdul Moyeen, Chairman of the Company.

Professor Dr. A.H.M. Habibur Rahman
Independent Director

Prof. Dr. A.H.M. Habibur Rahman is an eminent academician and former Dean, Faculty of Business Studies, founder Chairman, Department of Finance, founder Director, Bureau of Business Research and Supernumerary Professor. Honorary Professor, University of Dhaka. He was the Chairman, Board of Directors, Sonali Bank Ltd, B.S.R.S.

Dr. Rahman obtained B.Com (Hons) and M.Com from University of Dhaka in 1958 and 1959 respectively. He did his Ph.D in Industrial Finance from Durham University, England in 1969. Dr. Rahman received government scholarship (1964-69) for higher studies in UK. International visitor program, US State Dept. in 1978, UNADPI-ADIPA Fellowship 1980, Japan program Fellowship 1984, British Council Visitorship, Fulbright Travel Grant to visit USA 1987, Illinois University Research Fellowship in 1987.

Professor Rahman served University of Dhaka for about 41 years in different capacities from 1970 to 2016. Dr. Rahman has an excellent record of achievement during his entire service career. His major research publications (National and International) are in Industrial Finance, Entrepreneurship and Small Enterprise Development, Technology and productivity, Education and employment, Labour market adjustment process.

He is a pioneer in Entrepreneurship education & research in Bangladesh. He took imitative to introduce entrepreneurship in different levels of education system in Bangladesh. He is the first author of almost all text books on entrepreneurship at different levels of education system in Bangladesh.

Professor Dr. Md. Zakir Hossain Bhuiyan
Independent Director

Professor Dr. Md. Zakir Hossain Bhuiyan has done his B.Com (Hons) and M. Com from University of Dhaka. He did his Ph.D in Business Administration from Aligarh Muslim University, India in 1998. Having an excellent record of achievement during his entire service career, Dr. Zakir served University of Dhaka for about 34 years in different capacities from 1986 to till date. Dr. Zakir has a large number of research-based papers, articles published nationally and internationally He is also Professor of Department of Marketing at the University of Dhaka. He is involved in different social development works through a host of social organizations.

f. Description of Asset and Liabilities

ASSETS	Amount in BDT As at December 31,2020
Non-Current Assets	
Property, Plant and Equipment	1,530,951,403
Capital Works in Progress	646,678,721
Total Non-Current Assets	2,177,630,124
Current Assets	
Stocks and Stores	620,162,581
Trade and Other Debtors	569,422,641
Export Incentive Receivables	30,470,744
Advances, Deposits and Prepayments	83,622,616
Cash and Bank Balances	137,393,257
Total Current Assets	1,441,071,839
TOTAL ASSETS	3,618,701,963

Long-term Liabilities	Amount in BDT
Long-term Loans-Secured, Future Maturity	1,312,796,894
Provision for Gratuity	26,957,658
Provision for Deferred Taxation	79,892,940
Total long-term Liabilities	1,419,647,492
Current Liabilities	
Bank Overdrafts- Secured	56,530,130
Time Loan- Secured	412,438,177
Trade Creditors	499,990,158
Accrued Expenses	28,994,134
Provision for Current Taxation	38,237,583
Bills Receivable Discounted	-
Workers' Participation /Welfare Funds	17,058,678
Current Maturity of Long-term Loans	40,367,023
Total Current Liabilities	1,093,615,883
Total Liabilities	2,513,263,375

g. Description of previously issued bond or securities

H.R. Textile Mills Limited (HRTML) has so far not issued any bond or other fixed income securities. However, Bangladesh Securities and Exchange Commission (BSEC) provided the Company the consent to raise BDT 50 crore through issuing fixed rate corporate bond on June 20, 2019. But, due to liquidity crisis in financial and capital market, the Company could not raise the fund.

Its present Paid up Capital composition and Evaluation is as follows:

Bonus Issue and Evaluation of Paid-up Capital:

After establishment in 1984, H.R. Textile Mills Limited (HRTML) raised its share capital through the initial public offering of shares in 1996. Subsequently, the first Bonus share was issue dated in 1987 year, 2nd to 5th Bonus share were issued in 1995, 6th Bonus share was issued in 2010, and 7th Bonus share was issued in 2011 to enhance its capital base. The evaluation of paid-up capital of the Company is depicted hereunder:

Years (FY)	Declaration	Face Value per Share (BDT)	No. of Shares	Value of Issued Capital for the Year (Taka)	Cumulative Value of Capital (Taka)
1984	Initial Capital	100	4,000		40,000
1985		100	4,000		40,000
1986		100	4,000		40,000
1987	Bonus Issue	100	32,100	28,10,000	32,10,000
1988		100	32,100		32,10,000
1989		100	32,100		32,10,000
1990		100	32,100		32,10,000
1991		100	32,100		32,10,000
1992		100	32,100		32,10,000
1993		100	32,100		32,10,000
1994		100	32,100		32,10,000
1995	Bonus Issue	100	8,00,000	7,67,90,000	8,00,00,000
1996	Bonus Issue	100	2,00,000	2,00,00,000	10,00,00,000
1996	Public Offering	100	10,00,000	10,00,00,000	20,00,00,000
1997					20,00,00,000
1998					20,00,00,000
1999					20,00,00,000
2000					20,00,00,000
2001					20,00,00,000
2002					20,00,00,000
2003					20,00,00,000
2004					20,00,00,000
2005					20,00,00,000
2006					20,00,00,000
2007					20,00,00,000
2008					20,00,00,000
2009					20,00,00,000
2010	10% Bonus Issue	100	2,00,000	2,00,00,000	22,00,00,000
2011	15% Bonus Issue	100	3,30,000	3,30,00,000	25,30,00,000
2012					25,30,00,000
2013					25,30,00,000
2014					25,30,00,000
2015					25,30,00,000
2016					25,30,00,000
2017					25,30,00,000
2018					25,30,00,000

Independent 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 December 31, 2020, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information disclosed in notes 1 to 44 and Annexure-A & B.

In our opinion, the accompanying financial statements presents fairly in all material respects the financial position of the company as at December 31, 2020, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Securities and Exchange rules 1987 and other applicable laws and regulations.

Basis for 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. 5 to the Statement of Financial Position	
Capital work in progress is the pre-stage of capitalization of Property, plant and equipment (PPE). Capitalization of expenses and cost of goods are in some extend judgmental in nature. Moreover, transfer of capital work in progress to PPE is also judgmental requires estimation.	Our procedure includes: 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. Test of details: obtaining supporting documents of capitalization transaction recorded either side of the year and debit notes issued after the period end to determine

	<p>whether the mount recorded in correct period.</p> <p>Test the advance adjustments and notes of transfer from CWIP to PPE and costing, date etc. thereof.</p> <p>Critically analyze journal entries posted during the year to identify unusual items</p> <p>Assessing disclosure: considering the adequacy of the entity's disclosure regarding CWIP.</p> <p>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.</p>
Long Term Loan	
Refer note no.17 to the Statement of Financial Position	
<p>Long term loans taken from Mutual Trust Bank Ltd. and IPDC Finance Ltd.</p>	<p>Our procedure includes:</p> <p>Control test: testing the effectiveness of the entity's control around the recording of loan, interest and repayments.</p> <p>Test of details: obtaining supporting documents of loan taken, utilization of loan, bank statements and transaction recorded either side of the period and credit notes issued after the year end to determine whether the mount recorded in correct period.</p> <p>Test interest rates application, calculation and repayments for carrying amount and current and non-current distinguish.</p> <p>Critically analyze journal entries posted during the year to identify unusual items</p> <p>Assessing disclosure: considering the adequacy of the entity's disclosure regarding Loan.</p> <p>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.</p>

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Other Information:

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

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

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

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

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

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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:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account 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;
- c) The Statement of Financial Position, Statement 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
- d) The expenditure was incurred for the purpose of the Company's business.

The engagement partner on audit resulting in this independent auditors report is Mohammad Mofizul Haque Rinku FCA.

Dated: Dhaka
March 04, 2021

Rahman Mostafa Alam & Co.
Chartered Accountants



Mohammad Mofizul Haque Rinku FCA
Partner
Rahman Mostafa Alam & Co.
Chartered Accountants
Paramount Heights (7th Floor, D2)
65/2/1, Box Culvert Road
Purana Paltan, Dhaka-1000.

DVC : 2103091204A0 982909



H.R. Textile Mills Limited

Statement of Financial Position

As at December 31, 2020

Particulars	Notes	Amount in Taka	
		December 31, 2020	June 30, 2020
ASSETS			
Non-Current Assets		2,177,630,124	2,149,175,755
Property, Plant and Equipment	4	1,530,951,403	1,556,043,229
Capital Works in Progress	5	646,678,721	593,132,526
Current Assets		1,441,071,839	1,375,994,306
Stocks and Stores	6	620,162,581	606,834,155
Trade and Other Debtors	7	569,422,641	610,274,903
Export Incentive Receivables	8	30,470,744	40,353,566
Advances, Deposits and Prepayments	9	83,622,616	88,020,582
Cash and Bank Balances	10	137,393,257	30,511,100
TOTAL ASSETS		3,618,701,963	3,525,170,061
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' Equity		1,105,438,587	1,082,316,036
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	652,315,900	652,764,006
Retained earnings	16	160,786,947	137,216,290
Long-term Liabilities		1,419,647,492	1,251,947,309
Long-term Loans-Secured, Future Maturity	17	1,312,796,894	1,146,145,129
Provision for Gratuity	18	26,957,658	27,218,882
Provision for Deferred Taxation	19	79,892,940	78,583,298
Current Liabilities		1,093,615,883	1,190,906,716
Bank Overdrafts- Secured	20	56,530,130	103,070,844
Time Loan- Secured	21	412,438,177	367,249,038
Trade Creditors	22	499,990,158	499,176,489
Accrued Expenses	23	28,994,134	44,352,811
Provision for Current Taxation	24	38,237,583	44,069,406
Bills Receivable Discounted	25	-	25,558,605
Workers' Participation /Welfare Funds	26	17,058,678	14,491,236
Current Maturity of Long-term Loans	27	40,367,023	92,938,287
Total Liabilities		2,513,263,375	2,442,854,025
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		3,618,701,963	3,525,170,061
Net Assets Value (NAV) per share	28	43.69	42.78

The annexed notes from 1 to 44 and annexure A & B form an integral part of these financial statements.

Dr. M. A. Moyeen
Chairman

Mr. M. A. Moyeed
Managing Director

Mr. M. A. Momen
Director

Md. Abu Amir Naheel
CFO/HF & A

Mr. Md. Wali Ullah
Company Secretary

Signed in terms of our separate report of even date.

Dated : Dhaka
March 04, 2021

Rahman Mostafa Alam & Co.
Chartered Accountants



Mohammad Mofizul Haque Rinku FCA
Partner
Rahman Mostafa Alam & Co.
Chartered Accountants
Paramount Heights (7th Floor, D2)
65/2/1, Box Culvert Road
Purana Paltan, Dhaka-1000.

DVE: 210309120940 982909



H.R. Textile Mills Limited
Statement of Profit or Loss and other Comprehensive Income
For the Period ended December 31, 2020

Particulars	Notes	Amount in Taka	
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
Sales Revenue	29	1,363,183,465	1,153,318,998
Export Incentive	30	16,858,478	15,258,457
Turnover		1,380,041,943	1,168,577,455
Cost of Goods Sold	31	(1,183,035,547)	(1,003,463,049)
Gross Profit		197,006,396	165,114,406
Administrative, Selling and General Expenses	32	(55,773,516)	(56,634,564)
Financial Expenses	33	(105,397,273)	(77,240,401)
Operating Profit		35,835,607	31,239,441
Other income	34	694,912	672,458
Profit Before contribution to WPPF		36,530,519	31,911,899
Contribution to WPPF	26	(1,739,549)	(1,519,614)
Net Profit before Tax		34,790,970	30,392,285
Income Tax Expenses		(11,747,497)	(8,224,614)
Current Tax	35	(10,358,777)	(9,086,418)
Deferred Tax	19	(1,388,720)	861,804
Net Profit after tax		23,043,473	22,167,671
Earnings per share	36	0.91	0.88

The annexed notes from 1 to 44 and annexure A & B form an integral part of these financial statements.

 Dr. M. A. Moyeen Chairman	 Mr. M. A. Moyeed Managing Director	 Mr. M. A. Momen Director	 Md. Abu Amur Naheel CFO/HR & A	 Mr. Md. Wali Ullah Company Secretary
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Signed in terms of our separate report of even date.

Signed in terms of our separate report of even date.

Dated : Dhaka
March 04, 2021

Rahman Mostafa Alam & Co.
Chartered Accountants




Mohammad Mofizul Haque Rinku FCA
Partner
Rahman Mostafa Alam & Co.
Chartered Accountants
Paramount Heights (7th Floor, D2)
65/2/1, Box Culvert Road
Purana Paltan, Dhaka-1000.

DVE: 2103091204AB 982409

H.R Textile Mills Limited

Statement of Changes in Shareholders' Equity
For the period ended December 31, 2020

Particulars	Share Capital	General Reserve	Tax Holiday Reserve	Revaluation Surplus	Dividend Equalization Reserve	Retained Earnings	Total Taka
Balance as at June 30, 2020	253,000,000	6,956,752	22,378,988	652,764,006	10,000,000	137,216,290	1,082,316,036
Revaluation Surplus realised	-	-	-	(448,106)	-	527,184	79,078
Net profit after Tax	-	-	-	-	-	23,043,473	23,043,473
Cash Dividend Declared 2020	-	-	-	-	-	-	-
Balance as on December 31, 2020	253,000,000	6,956,752	22,378,988	652,315,900	10,000,000	160,786,947	1,105,438,587

Particulars	Share Capital	General Reserve	Tax Holiday Reserve	Revaluation Surplus	Dividend Equalization Reserve	Retained Earnings	Total Taka
Balance as at June 30, 2019	253,000,000	6,956,752	22,378,988	685,668,176	10,000,000	119,942,475	1,097,946,391
Revaluation Surplus realised	-	-	-	(527,184)	-	527,184	-
Net profit after Tax	-	-	-	-	-	22,167,671	22,167,671
Cash Dividend Declared 2019	-	-	-	-	-	(12,490,610)	(12,490,610)
Balance as on December 31, 2019	253,000,000	6,956,752	22,378,988	685,140,992	10,000,000	130,146,720	1,107,623,452

The annexed notes from 1 to 44 and annexure A & B form an integral part of these financial statements.


Dr. M. A. Moyeen
Chairman


Mr. M. A. Moyeed
Managing Director


Md. Abu Amir Naheel
CFO/HR & A


Mr. Md. Wali Ullah
Company Secretary





H.R Textile Mills Limited

Statement of Cash Flows
For the Period ended December 31, 2020

Particulars	Notes	Amount in Taka	
		July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
Cash flows from Operating Activities:			
Cash received from Sales and Export incentives		1,430,777,027	1,165,488,510
Exchange Fluctuation Gain/ (Loss)		498,547	489,758
Receipts from Other Income		182,700	182,700
Cash paid for goods and services		(1,237,923,259)	(1,179,774,706)
Cash from operation		193,535,015	(13,613,738)
Interest paid		(90,646,809)	(67,072,023)
Income tax paid/deducted at sources		(9,639,709)	(9,054,446)
Net Cash inflows from operating activities		93,248,497	(89,740,207)
Cash flows from Investing Activities:			
Acquisition of property, plant and equipment	4	(19,951,674)	(213,983,659)
Capital Works in Progress	5	(53,546,195)	-
Net Cash outflows from investing activities		(73,497,869)	(213,983,659)
Cash flows from Financing Activities:			
Bank Overdraft Received/(Repaid)		(46,540,714)	22,500,126
Long Term Loans Received/(Repaid)		166,651,765	263,369,715
Time Loan Received/(Repaid)		45,189,139	150,133,361
Bills Receivable Discounted Received/(Repaid)		(25,558,605)	(19,895,164)
Current Maturity of Long-term Loans		(52,571,264)	(22,281,341)
Cash Dividend Paid		(38,792)	(7,656,877)
Net Cash inflow from financing activities		87,131,529	386,169,820
Net increase/(decrease) in cash and bank balances		106,882,157	82,445,954
Cash and bank balances on opening		30,511,100	24,770,312
Net increase/(decrease) in cash and bank balances		106,882,157	82,445,954
Cash and bank balances at closing - Note 7		137,393,257	107,216,266
Net operating cash flows per share (NOCFPS)	37	3.69	(3.55)

The annexed notes from 1 to 44 and annexure A & B form an integral part of these financial statements.

Dr. M. A Moyeen
Chairman

Mr. M. A Moyeed
Managing Director

Mr. M. A Momen
Director

Md. Abu Amur Naheel
CFO/HF & A

Mr. Md. Wali Ullah
Company Secretary



H.R TEXTILE MILLS LIMITED
Notes to the financial statements
For the Period ended 31 December 2020
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 six months from 01 July 2020 to 31 December 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 2	Inventories	Complied
IAS 7	Cash Flows Statement	Complied
IAS 8	Accounting policies , Changes in Accounting Estimates and Errors	Complied
IAS 10	Events after the Reporting Period	Complied
IAS 12	Income Taxes	Complied
IAS 16	Property, Plant and Equipment	Complied
IAS 19	Employee Benefits	Complied
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Complied
IAS 21	The Effects of Changes in Foreign Exchange Rates	Complied
IAS 23	Borrowing Costs	Complied
IAS 24	Related Party Disclosures	Complied
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Not Applicable
IAS 27	Separate Financial Statements	Complied
IAS 28	Investments in Associates and Joint Ventures	Not Applicable
IAS 29	Financial Reporting in Hyperinflationary Economies	Not Applicable
IAS 32	Financial Instruments: Presentation	Complied
IAS 33	Earnings Per Share	Complied



IAS 34	Interim Financial Reporting	Complied
IAS 36	Impairment of Assets	Complied
IAS 37	Provision , Contingent Liabilities and Contingent Assets	Complied
IAS 38	Intangible Assets	Complied
IAS 40	Investment Property	Not Applicable

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

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



2.8 Component of Financial Statements

- I. Statement of Financial Position as at 31 December 2020;
- II. Statement of Profit or Loss and other Comprehensive Income for the period ended 31 December 2020;
- III. Statements of Changes in Shareholders' Equity for the period ended 31 December 2020;
- IV. Statement of Cash Flows for the period ended 31 December 2020; and
- V. Notes to the Financial Statements for the period ended 31 December 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	7.5%
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 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 probable that an outflow of economic benefits will be required to settle the obligation.

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

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

3.4 Earnings per share (EPS)

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

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

*This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents number of ordinary share outstanding during the period.

Diluted Earnings per share

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



3.5 Revenue

In compliance with the requirements of IFRS 15 "Revenue from Contracts with Customers" revenue represents the sales proceeds which are recognized when the parties to the contract have approved the contract and are committed to perform their respective obligations; delivery are made from factory godown to carriers that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3.6 Trade receivables

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

3.7 Finance income and expenses

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

3.8 Cash and cash equivalents

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

3.9 Taxation

Current tax

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

Deferred tax

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



3.10 Foreign Currency Transaction

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

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

- a) Foreign currency monetary items are translated using the closing rate.
- b) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- c) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.
- d) Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the year or in previous financial statements is recognized in profit or loss in the year in which they arise.

3.11 Employee Benefits:

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

Retrial Benefits (Gratuity):

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

3.12 Related party disclosure

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



3.13 Statement of Cash Flows

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

3.14 Events after the Reporting Period

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

3.15 Risk Exposure

Interest Rate Risk

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

Management Perception

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

Exchange Rate Risk

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

Management Perception

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



Industry Risks

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

Management Perception

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

Market risks

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

Management Perception

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

Operational Risks

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

Management Perception

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

Liquidity Risk

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



Management Perception

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

Financial risk management (IFRS 7)

Introduction

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

Financial risk management is carried out by a central treasury department (Company Treasury) under policies approved by the Board of Directors (Treasury Policy). Company Treasury identifies evaluates, and hedges financial risks in close co-operation with the Company 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.

3.17 Lease (IFRS-16)

The company has a rental agreement but the underlying asset is of low value. So that, Lease accounting is not applied as per para5 (b) of IFRS -16





Particulars	Amount in Taka	
	December 31,2020	June 30,2020

4. Property , Pant and Equipment

Opening Balance	2,664,361,072	2,494,358,742
Add: Addition this period	19,951,674	170,002,330
Less: Accumulated Depreciation	(1,153,361,343)	(1,108,317,843)
Closing Balance	1,530,951,403	1,556,043,229

4.1. Depreciation for the Period is charged as below:

Cost of Goods Sold-Note 31.1	36,034,800	48,788,331
Administrative, Selling and General Expenses-Note 32.1	9,008,700	8,609,705
	45,043,500	57,398,036

5.Capital Works in Progress

Opening Balance	593,132,526	180,902,592
Add: Addition this period	53,546,195	412,229,934
Closing Balance	646,678,721	593,132,526

6. Stocks and stores

6.1 The make-up is as below:

	In Kg	Taka	In Kg	Taka
6.2 Stock of Yarn	1,079,444	305,828,022	1,096,298	305,195,048
6.3 Stock of Dyes and Chemicals	382,718	81,825,719	438,527	78,071,491
6.4 Stock of Work-in-Process		95,091,363		93,354,996
6.5 Stock of Finished Goods		95,685,287		84,784,030
Stock of Accessories		10,259,875		10,893,146
Goods in Transit		15,698,746		21,485,623
		604,389,012		593,784,334
Stock of Spares		15,773,569		13,049,821
		620,162,581		606,834,155

6.2 Stock of Yarn

Stock of Yarn	1,079,444	305,828,022	1,096,298	305,195,048
	1,079,444	305,828,022	1,096,298	305,195,048

6.3 Stock of Dyes and Chemicals

Dyes	40,638	41,568,745	39,827	40,432,279
Chemicals	342,080	40,256,974	398,700	37,639,212
	382,718	81,825,719	438,527	78,071,491

6.4 Stock in Work in Process

Cost of Materials	58,565,874	57,328,297
Costs of Conversion	36,525,489	36,026,699
	95,091,363	93,354,996

6.5 Stock of Finished Products

Finished Garments	35,698,745	26,158,748
Knitted Fabrics	138,565	59,986,542
	138,565	95,685,287
		135,979
		84,784,030

7. Trade and Others Debtors

	December 31,2020		June 30,2020	
	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 Day	6,668,035	558,781,298	6,206,165	519,766,306
Other Debtors	126,985	10,641,343	1,080,700	90,508,597
	6,795,020	569,422,641	7,286,865	610,274,903

These are unsecured but considered good.





Particulars	Amount in Taka	
	December 31, 2020	June 30, 2020
8. Export Incentives Receivable		
Opening Balance	40,353,566	55,458,792
Received during the Period	(26,741,300)	(46,360,100)
	13,612,266	9,098,692
For the Period	16,858,478	31,254,874
Closing Balance	30,470,744	40,353,566

The receivables are unsecured but considered good.

9. Advances, Deposits and Prepayments

Advances :

Salary Advance	1,416,331	1,126,209
Advance Tax	610,000	460,000
Operational Advance	7,698,832	7,902,846
Eltech Engineering Co. Ltd	6,600,000	6,600,000
Tax deducted at source	33,889,844	40,376,790
	50,215,007	56,465,845

Deposits :

Security Deposits	20,571,731	20,571,731
Bank Guarantee Margin	9,984,020	9,984,020
	30,555,751	30,555,751

Prepayments

Factory Insurance Advance	2,851,858	998,986
	2,851,858	998,986
	83,622,616	88,020,582

The advances are unsecured but considered good. Advance paid to Eltech Engineering Co. Ltd Tk. 6,600,000 against purchase to cargo lift.

10. Cash and Bank Balances

Cash at Banks with Banks on Current Account:

Brac Bank Ltd, Dhanmondi Branch, CD A/c	66,995	13,916
Mutual Trust Bank Ltd., Gulshan Branch, CD A/c	-	563,161
Mutual Trust Bank Ltd., Gulshan Branch, Dollar A/c	1,846,530	5,900,861
Mutual Trust Bank Ltd., Gulshan Branch, ERQ A/c	80,307	342,152
Mutual Trust Bank Ltd., Gulshan Branch, SND A/c	6,476,467	1,189,241
HSBC, Anchor Tower Branch, MDA Margin A/c	5,901,552	99
HSBC, Anchor Tower Branch, FCY A/c	3,051,182	3,242,894
Trust Bank Ltd, SKB Branch, Dollar A/c	35,765,175	1,100,349
Trust Bank Ltd, SKB Branch, FCAD A/c	1,491,404	18,003
Trust Bank Ltd, SKB Branch, CD A/c	50,134,137	3,183
IPDC Finance	15,900,000	10,000,000
United Commercial Bank Ltd, CD A/c	-	2,325,680
Dutch Bangla Bank Ltd., Gulshan Branch, CD A/c	2,051	36,872
AB Bank Ltd, Motijheel Branch, CD A/c	11,597	330,692
AB Bank Ltd, Motijheel Branch, Notice A/c	910,951	936,012
	121,638,348	26,003,115

With Bank on Short Term Deposit Account:

Trust Bank Ltd., SKB Branch, SND A/c	10,868,372	180,141
Southeast Bank Ltd, Principal Branch, STD A/c	1,046,814	1,039,104
	11,915,186	1,219,245
Cash at Banks	133,553,534	27,222,360
Cash in Hand	3,839,723	3,288,740
	137,393,257	30,511,100





Particulars	Amount in Taka	
	December 31, 2020	June 30, 2020
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
	253,000,000	253,000,000

11.3 Composition of Shareholdings:

Classes of Holdings	No. of Shares	%	No. of Shares	%
Sponsors	12,808,619	50.63	12,808,619	50.63
Financial Institutions	1,800,790	7.12	1,760,838	6.96
Investment Corporation of Bangladesh	-	-	378,874	1.50
7th ICB Unit Fund	3,500	0.01	5,000	0.02
ICB Investors A/c	2,901	0.01	27,690	0.11
ICB Mutual Fund	-	-	3,000	0.01
ICB Unit Fund	-	-	378,187	1.49
ICBMS	-	-	191,188	0.76
General Public	10,684,190	42.23	9,746,604	38.52
	25,300,000	100	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.

Shareholdings range in number of shares	December 31, 2020			June 30, 2020		
	No. of shareholders	No. of Shares	Holdings %	No. of	No. of Shares	Holdings %
				Shareholders		
0000001-0000499	7,006	1,965,477	7.77	6,932	1,938,961	7.66
0000500-0000500	3,359	1,679,500	6.64	3,754	1,877,000	7.42
0000501-0002000	1,029	2,276,343	8.99	915	2,025,543	8.00
0002001-0005000	755	2,416,000	9.55	520	1,664,000	6.58
0005001-0010000	160	1,128,320	4.46	118	832,136	3.29
0010001-0050000	30	990,000	3.91	46	1,518,000	6.00
0050001-0100000	2	176,000	0.70	4	352,000	1.39
0100001-0250000	4	848,000	3.35	6	1,272,000	5.03
0250001-0500000	2	1,011,741	4.00	2	1,011,741	4.00
050001 and above	6	12,808,619	50.63	6	12,808,619	50.63
Total	12,353	25,300,000	100.00	12,303	25,300,000	100

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

Opening and Closing Balance	6,956,752	6,956,752
	6,956,752	6,956,752

13. Tax Holiday Reserve

Opening and Closing Balance	22,378,988	22,378,988
	22,378,988	22,378,988





Particulars	Amount in Taka	
	December 31, 2020	June 30, 2020
14. Dividend Equalisation Reserve		
Opening and Closing Balance	10,000,000	10,000,000
	10,000,000	10,000,000

15. Revaluation Surplus

Revaluation Surplus	652,764,006	653,660,218
Revaluation reserve realised	(448,106)	(896,212)
Closing Balance	652,315,900	652,764,006

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

16. Retained earnings

Balance as on June 30, 2020	137,216,290	120,496,018
Total Comprehensive income for the period:		
Profit for the period	23,043,473	28,156,514
Revaluation reserve realised	527,184	1,054,368
	160,786,947	149,706,900
Dividend during the period:		
Final dividend for previous period	-	(12,490,610)
Balance as on December 31, 2020	160,786,947	137,216,290

17. Long-term Loan -Secured Future Maturity

9% Loan - Note 17.1	1,145,715,410	981,018,475
5% Loan - Note 17.2	-	8,577,655
15% Loan - Note 17.3	167,081,484	156,548,999
	1,312,796,894	1,146,145,129

17.1 The movement of loan is as follows:

Opening Balance	981,018,475	530,485,517
Loan received this period	164,696,935	450,532,958
Closing Balance	1,145,715,410	981,018,475

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 loan is as follows:

Opening Balance	8,577,655	39,178,786
Current Maturity	(8,577,655)	(31,021,832)
Unrealised loss	-	420,701
Closing Balance	-	8,577,655

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

17.3 The movement of loan is as follows:

Opening Balance	156,548,999	150,000,000
Interest	10,532,485	6,548,999
Closing Balance	167,081,484	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 treatment plant. The loan carries interest at 15% and is repayable in 72 equal monthly installments, starting from 25 November 2019.

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.



Particulars	Amount in Taka	
	December 31, 2020	June 30, 2020
18. Provision for Gratuity		
Opening Balance	27,218,882	28,392,064
Contribution during this Period	2,504,651	3,822,463
	29,723,533	32,214,527
Paid during this period	(2,765,875)	(4,995,645)
Closing Balance	26,957,658	27,218,882
19. Provision for Deferred Taxation		
Opening Balance	78,583,298	75,814,244
Provision during the period	1,388,720	2,927,209
Adjustment for depreciation of revalued assets	(79,078)	(158,155)
Closing balance	79,892,940	78,583,298
A. Property, Plant and Equipment		
WDV of Accounting Base	846,864,779	871,429,421
WDV of Tax Base	499,092,354	532,653,908
Texable temporary difference	347,772,425	338,775,513
Tax Rate	15%	15%
Deferred tax liability / (asset)	52,165,864	50,816,327
B. Deferred Tax on Gratuity Provision		
Opening Balance of deferred tax liability for gratuity provision	(4,082,832)	(4,258,810)
Add: Addition during the period	39,183	175,978
	(4,043,649)	(4,082,832)
C. Calculation of deferred Tax		
Revalued value of Land	644,020,625	644,020,625
Revalued value of other than land	40,065,999	40,593,183
Tax Rate		
On land	4%	4%
On other than land	15%	15%
Deferred tax liabilities		
On land	25,760,825	25,760,825
On other than land	6,009,900	6,088,977
Deferred tax liability / (asset)	31,770,725	31,849,802
Total (A+B+C)	79,892,940	78,583,297
Calculation of deferred tax charges on Profit or Loss Account		
Deferred tax liability other than revalued asset as on June 30, 2020	46,733,495	43,806,286
Deferred tax liability other than revalued asset as on December 31, 2020	48,122,215	46,733,495
	1,388,720	2,927,209
20. Bank Overdrafts		
Trust Bank Ltd, SKB Branch	50,673,939	53,535,858
HSBC Bank, Plc, Anchor Tower Branch, Kawranbazar	5,856,191	49,534,986
	56,530,130	103,070,844
These are secured.		
21. Time Loan Bank		
9% Loan - Note 21.1	383,752,177	367,249,038
5% Loan - Note 21.2	28,686,000	-
	412,438,177	367,249,038





Particulars	Amount in Taka	
	December 31, 2020	June 30, 2020

21.1 The movement of loan is as follows:

Opening Balance	367,249,038	-
Loan received this period	-	350,000,000
Add: Interest	16,503,139	17,249,038
Closing Balance	383,752,177	367,249,038

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:

Loan received this period	28,500,000	-
Add: Interest	186,000	-
Closing Balance	28,686,000	-

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 12 months.

22. Creditors

	US\$	Taka	US\$	Taka
For Import Purchases	5,755,549	483,350,981	5,680,649	482,003,067
For Local Purchases		8,648,953		8,843,614
For Dividend Payable		7,358,883		7,397,675
For Staff Income Tax		259,872		560,664
For Refund Warrant		371,469		371,469
		499,990,158		499,176,489

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

23 Accrued Expenses

Gas Expenses (Factory)	14,847,434	31,782,536
Electricity Bill	23,866	18,430
Telephone	85,912	129,577
Salaries, Wages and Allowances	13,709,432	11,843,768
Security Bill	96,000	96,000
Legal Fee	30,000	60,000
Auditors' Fee (including Vat)	86,250	172,500
AGM Expenses	115,240	250,000
	28,994,134	44,352,811





Particulars	Amount in Taka	
	December 31, 2020	June 30, 2020
24. Provision for Current Taxation		
Opening balance	44,069,406	30,415,148
Addition during the period	10,358,777	13,654,258
	54,428,183	44,069,406
Paid during the period	16,190,600	-
Closing Balance	38,237,583	44,069,406
25. Bills Receivable Discounted		
Opening Balance	25,558,605	38,658,707
Discounted during the period	34,598,682	235,845,740
	60,157,287	274,504,447
Collected during the period	(60,157,287)	(248,945,842)
Closing Balance	-	25,558,605
26. Workers' Participation/Welfare Funds		
Opening Balance	14,491,236	18,386,925
Payment during this period	-	(6,987,542)
	14,491,236	11,399,383
Contributions for the period	1,739,549	2,236,899
Interest during the period	827,893	854,954
Closing Balance	17,058,678	14,491,236
Interest has been provided on the funds balance in terms of the Bangladesh Labour Law.		
27. Current Maturity of long-term loans		
27.1 Movement from HSBC current maturity	24,551,758	31,021,832
27.2 The movement of Deferred L/C liabilities	15,815,265	61,916,455
	40,367,023	92,938,287
27.1 Movement from HSBC current maturity		
Opening Balance	31,021,832	70,342,008
Current Maturity this period	8,577,655	31,021,832
	39,599,487	101,363,840
Paid during this period	(15,047,729)	(70,342,008)
Closing Balance	24,551,758	31,021,832
The offshore facility has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C R Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery.		
27.2 The movement of Deferred L/C liabilities is as follows:		
Opening Balance	61,916,455	136,166,165
Addition this period	15,815,265	61,916,455
Paid this period	(61,916,455)	(136,166,165)
Closing Balance	15,815,265	61,916,455
28. Net Assets Value (NAV) per Share		
Total Assets	3,618,701,963	3,525,170,061
Total Liabilities	(2,513,263,375)	(2,442,854,025)
A. Net Assets	1,105,438,587	1,082,316,036
B. Number of ordinary of shares	25,300,000	25,300,000
Net Assets Value (NAV) per Share (A/B)	43.69	42.78

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





Particulars	Amount in Taka	
	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019

29. Sales

Export sales:

	Quantity	USD	Taka	Quantity	USD	Taka
Knit Fabrics (Kgs)	521,484	2,716,933	227,678,968	938,815	5,435,676	456,324,985
Garments (pcs)	5,622,478	13,550,173	1,135,504,497	3,376,278	8,302,490	696,994,013
Total	6,143,963	16,267,106	1,363,183,465	4,315,093	13,738,166	1,153,318,998

30. Export Incentives

Cash Incentive	16,858,478	15,258,457
	16,858,478	15,258,457

31. Cost of Goods Sold

31.1 The break-up is as follows:-

Materials Consumed - Note 31.2	941,713,306	794,723,421
Salary, Wages and Allowances	119,410,396	102,987,458
Tiffin & Entertainment Expenses	489,658	485,788
Depreciation - Note 4.1	36,034,800	48,788,331
Stores and Spares Consumed	955,514	754,789
Factory Conveyance	635,688	548,478
Power and Gas	51,540,078	48,711,933
Gratuity	1,525,698	1,415,923
Vehicle expenses	969,587	965,487
Repairs and Maintenance	863,598	754,268
Packing & Loading Expenses	956,521	895,486
Import Landing, Clearing and Insurance	916,547	848,758
Factory Stationery Expenses	723,652	658,345
Carriage Inward and Outward	1,465,871	1,369,457
Knitting, Sewing & Processing Charge	2,096,843	2,084,658
Factory Insurance	1,581,912	1,280,287
Sewing Machine Rental	425,620	658,421
Miscellaneous	275,620	256,841
Total Manufacturing Costs for the period	1,162,580,909	1,008,188,129
Add Opening Work in Process	93,354,996	44,367,516
Total Manufacturing Costs	1,255,935,905	1,052,555,645
Less Closing Work in Process	81,598,757	46,319,591
Cost of Goods Manufactured	1,174,337,148	1,006,236,054
Add Opening Finished Goods	84,784,030	41,029,893
Cost of Goods available for use	1,259,121,178	1,047,265,947
Less Closing Finished Goods	76,085,631	43,802,898
Cost of Goods Sold	1,183,035,547	1,003,463,049

31.2 Materials Consumed

	Quantity (Kg.)	Taka	Quantity (Kg.)	Taka
Yarn	2,358,858	665,952,742	2,125,878	561,079,541
Dyes	159,651	103,568,524	137,254	87,499,590
Chemicals	863,769	102,339,367	737,847	87,198,450
Accessories		69,852,673		58,945,840
Total Materials Consumption		941,713,306		794,723,421

31.3 Salaries, Wages and Allowances

	No. of	Taka	No. of	Taka
Employees drawing Tk.8,000 or more per month	1,872	119,410,396	1,869	102,987,458
Employees drawing less than Tk.8,000 per month	-	-	-	-
Total	1,872	119,410,396	1,869	102,987,458





Particulars	Amount in Taka	
	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
32. Administrative, Selling and General Expenses		
32.1 The break-up is as below:		
Directors' Remuneration	1,300,000	1,300,000
Salaries and Allowances	31,988,838	31,448,547
Security Service charges	576,000	576,000
Depreciation - Note 4.1	9,008,700	8,609,705
Electricity Expenses	1,360,562	1,412,798
Postage, Courier, Telephone and Fax	736,582	758,421
Form & Stamp	536,571	554,237
Gratuity	978,953	938,949
Travelling and Conveyance	456,985	447,258
Legal and Professional Expenses	30,000	30,000
Auditors' Fee-Note 32.2	86,250	86,250
A.G.M Expenses	189,657	337,748
Registration and Fees	563,524	537,472
Staff welfare	776,582	807,658
Stationery Expenses	556,358	538,573
Office Repairs and Maintenance	569,831	610,876
Vehicle Expenses	1,086,987	1,053,274
Entertainment Expenses	569,834	625,247
Central fund for RMG	175,960	181,067
Buying House Commission	1,456,320	2,254,000
Freight Charges & Freight out	1,256,940	1,048,574
Garments Testing & Inspection Charges	1,286,662	2,156,410
Miscellaneous	225,420	321,500
	55,773,516	56,634,564

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

32.3 Salaries and Allowances:

	No of Employees	Taka	No of Employees	Taka
<i>Employees drawing Tk.8,000 or more per month</i>	151	31,988,838	148	31,448,547
<i>Employees drawing less than Tk.8,000 per month</i>	-	-	-	-
	151	31,988,838	148	31,448,547

33. Financial Expenses

Interest Expenses	90,646,809	67,072,023
Bank Charges	14,750,464	10,168,378
	105,397,273	77,240,401

33.1 Interest expense is as follows:

Interest on Workers' Participation/Welfare Funds	827,893	562,544
Interest on Long Term Loans	44,888,801	27,482,738
Interest on Bills Discounted	14,529,924	32,500,174
Interest on Bank Overdraft	3,264,067	4,518,206
Interest on Time Loan	16,603,639	2,008,361
Interest on Lease Finance	10,532,485	-
	90,646,809	67,072,023





Particulars	Amount in Taka	
	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
34. Other Income		
Rental income	182,700	182,700
Interest Income	13,665	-
Exchange Fluctuation Gain/(Loss)	498,547	489,758
	<u>694,912</u>	<u>672,458</u>

35. Current Tax

B. Regular tax

Profit before tax	34,790,970	30,392,285
Depreciation as per Accounting base	45,043,500	57,398,036
	<u>79,834,470</u>	<u>87,790,321</u>
Depreciation as per Tax base	(53,513,235)	(54,625,752)
	<u>26,321,235</u>	<u>33,164,569</u>
Provision for Gratuity for the period	2,504,651	2,354,872
	<u>28,825,886</u>	<u>35,519,441</u>
Other income (Separate calculation)	(182,700)	(182,700)
	<u>28,643,186</u>	<u>35,336,741</u>
Payment for Grauity	(2,765,875)	(2,548,454)
	<u>25,877,311</u>	<u>32,788,287</u>
Tax Rate @ 15%	3,881,597	4,918,243

C. Tax deducted at Source

Add: Other income tax

Rental income	182,700	182,700
Maintenance @ 30%	(54,810)	(54,810)
	<u>127,890</u>	<u>127,890</u>
Tax Rate @ 25%	31,972	31,972
Current tax	9,671,681	9,086,418
Additional Tax for the Prior periods finally determined	687,096	-
	<u>10,358,777</u>	<u>9,086,418</u>

36. Earnings per share

36.1. 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)	23,043,473	22,167,671
B. Number of ordinary of shares outstanding during the period	25,300,000	25,300,000
Earning Per Share (A/B)	<u>0.91</u>	<u>0.88</u>

36.2. Diluted earnings per share

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

37. Net Operating Cash Flows per Share (NOCFPS):

Cash flows from Operating Activities:

Cash received from Sales , Export incentives and Others	1,430,777,027	1,165,488,510
Exchange Fluctuation Gain/ (Loss)	498,547	489,758
Receipts from Other Income	182,700	182,700
Cash paid for goods and services	(1,237,923,259)	(1,179,774,706)
Cash from operation	<u>193,535,015</u>	<u>(13,613,738)</u>
Interest paid	(90,646,809)	(67,072,023)
Income tax paid/deducted at sources	(9,639,709)	(9,054,446)
Net Cash Inflows from operating activities	<u>93,248,497</u>	<u>(89,740,207)</u>
Divided by number of ordinary of shares	25,300,000	25,300,000
Net operating cash flows per share (NOCFPS)	<u>3.69</u>	<u>(3.55)</u>

NOCFPS became negative mainly due to adverse credit terms.





Particulars	Amount in Taka	
	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019

38. Reconciliation of net operating cash flow

Profit after tax	23,043,473	22,167,671
Depreciation	45,043,500	57,398,036
Changes in:		
Stock and Stores	(13,328,426)	(32,072,147)
Trade and other Debtors	40,852,262	(10,980,588)
Export Incentive Receivable	9,882,822	7,891,643
Advance Deposit and Prepayments	4,397,966	1,003,334
Trade Creditors	931,539	(122,301,126)
Accrued Expenses	(15,358,677)	(275,911)
Provision for Current Taxation	(5,831,823)	(10,212,144)
Provision for Gratuity	(261,224)	(1,303,589)
Workers' Participation /Welfare Funds	2,567,442	(193,582)
Provision for Deferred Taxation	1,309,642	(861,804)
Net cash provided (used) by operating activities	93,248,497	(89,740,207)

39.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 period ended as at, December 31,2020 is as under:

a) Transaction with Export :

Name of the related party	Relationship	Nature of Transaction	Amount in Taka	
			December 31,2020	December 31,2019
Fashion Knit Garments Ltd	Common Director	Sale of Finished Fabrics	227,678,968	1,164,403,732
		Receivable	10,641,343	90,508,597

b) Transaction with Related Entity:

Name of the related party	Relationship	Nature of Transaction	Balance as at 01.07.2020	Debit	Credit	Balance as at 31.12.2020
Fashion Knit Garments Ltd	Common Director	Factory Building (CWIP)	-	53,546,195	53,546,195	-
Fashion Knit Garments Ltd	Common Director	Rental Income	-	182,700	182,700	-



Particulars	Amount in Taka	
	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019

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

Name of Directors	Designation	Monthly Remuneration	Bonus during the period	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019
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 Director	200,000	100,000	1,300,000	1,300,000

40. Event after Balance Sheet Date:

The Board of Directors of the Company in its meeting held on October 28, 2020 (2019: 23 October 2019) recommended 10% cash dividend i.e. Tk.1.00 per share of Tk. 10.00 each (2019:10% cash dividend only General Share Holders) for all

41. Remuneration/Payments to Directors/Officers:

41.1 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		19,154,314		19,153,640
House Rent Allowance		9,596,548		9,654,362
Other benefits and perquisites		3,237,976		2,640,545
	1,300,000	31,988,838	1,300,000	31,448,547

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

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

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

	December 31, 2020		December 31, 2019	
	Taka	%	Taka	%
Imported	285,683,946	30.31	238,490,668	29.98
Local	656,984,874	69.69	556,987,542	70.02
	942,668,820	100.00	795,478,210	100.00



Particulars	Amount in Taka	
	July 01, 2020 to December 31, 2020	July 01, 2019 to December 31, 2019

43.1 The Company has obtained bank credit facilities from the following banks:

Bank & Branch	Type of facility	Limit	Utilised	Unutilised	
				As at December Taka	As at June Taka
Trust Bank	B to B L/C ,EDF & Sight	650,000,000	245,894,725	404,105,275	395,125,411
SKB Branch	IBP (Inner Limit B to B L/C ,EDF & Sight)	80,000,000	-	80,000,000	70,000,000
Dhaka	Trust receipt (B to B L/C ,EDF & Sight)	40,500,000	-	40,500,000	40,500,000
	Time Loan	28,500,000	28,686,000	(186,000)	
	Overdraft	50,000,000	50,673,939	(673,939)	(3,535,858)
	Bank Gurantee	1,000,000	-	1,000,000	1,000,000
	Tme Loan	-	-	-	-
		701,000,000	325,254,664	524,745,336	503,089,553
Mutual Trust Bank Ltd	B to B L/C ,EDF & Sight	1,000,000,000	265,845,711	734,154,289	775,415,406
Gulshan Branch, Dhaka	Secured Overdraft	150,000,000	-	150,000,000	150,000,000
	Term Loan	1,060,000,000	1,145,715,410	(85,715,410)	78,981,525
		2,210,000,000	1,411,561,121	798,438,879	1,004,396,931
HSBC	Export Cash Limit	84,000,000	26,584,514	57,415,486	121,441,395
Anchor Tower,108 Bir Uttam	Import Line	650,000,000	265,845,140	384,154,860	465,902,557
	Overdraft	50,000,000	5,856,191	44,143,809	465,015
	Bank guarantee	18,000,000	17,797,900	202,100	202,100
C R Dutta Road,Dhak a-1205	Loan Line	26,150,000	24,551,758	1,598,242	7,027,866
		828,150,000	340,635,503	487,514,497	595,038,933

43.2 Collateral security against loan:

Out of 145 decimal land, 79 decimal mortgaged with HSBC on pari-passu basis and rest 66 decimal mortgaged with Mutual trust Bank on solo basis.

44.General

44.1

There was no sum for which the Company was contingently liable as at December 31, 2020 and June 30.

44.2

There was no credit facilities available to the Company,except trade credits and back to back L/c facilities, during the year ended as on December 31, 2020 and June 30.

44.3

There was no foreign shareholder of the Company as as on December 31, 2020 and June 30. and no dividend was remitted to any foreign shareholders during the years ended December 31, 2020 and June 30.

44.4

There was no capital expenditure contracted but not incurred or provided for th year ended December 31, 2020 and June 30.

44.5

There was no capital expenditure authorised by the Board but not contracted for the year ended December 31, 2020 and June 30.

Dr. M. A. Moyeen
Chairman

Mr. M. A. Moyeed
Managing Director

Mr. M. A. Momen
Director

Md. Abu Amur Naheel
CFO/H&A

Mr. Md. Wali Ullah
Company Secretary





H.R Textile Mills Limited
Schedule of Property, Plant and Equipment
As at December 31, 2020

Annexure A

Particulars	Cost or valuation				Rate %	Depreciation			W.D.V.
	As at July 01, 2020	Addition During the period/ (Deletion)	As at December 31, 2020	As at July 01, 2020		During the period	As at December, 2020		
A- Cost Base									
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
Total - A	1,978,165,712	19,951,674	1,998,117,386		1,106,736,291	44,516,316	1,151,252,607		846,864,779
Revaluation-B									
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
Total-B	686,195,360	-	686,195,360		1,581,552	527,184	2,108,736		684,086,624
Grand Total (A+B) as at December 31, 2020	2,664,361,072	19,951,674	2,684,312,746		1,108,317,843	45,043,500	1,153,361,343		1,530,951,403
Total Taka as at June 30, 2020	2,494,358,742	170,002,330	2,664,361,072		1,018,958,575	89,359,268	1,108,317,843		1,556,043,229



Segment wise Financial Position As at December 31, 2020

Particulars	Knit Fabrics	Garments	As at December 31, 2020	As at December 31, 2019
Assets				
Non-current assets	1,807,433,002	370,197,122	2,177,630,124	2,149,175,755
Property, Plant and Equipment	1,270,689,664	260,261,739	1,530,951,403	1,556,043,229
Capital work in progress	536,743,338	109,935,383	646,678,721	593,132,526
Current assets	774,148,949	666,922,890	1,441,071,839	1,375,994,306
Stock and Stores	501,254,874	118,907,707	620,162,581	606,834,155
Trade and Other Debtors	179,647,366	389,775,275	569,422,641	610,274,903
Export Incentive Receivables	7,256,840	23,213,904	30,470,744	40,353,566
Advance, Deposits and Prepayments	64,389,414	19,233,202	83,622,616	88,020,582
Cash and Bank Balances	21,600,455	115,792,802	137,393,257	30,511,100
Total assets	2,581,581,951	1,037,120,012	3,618,701,963	3,525,170,061
Shareholder's Equity and Liabilities				
Shareholder's Equity	233,737,716	871,700,871	1,105,438,587	1,082,316,036
Share Capital	63,250,000	189,750,000	253,000,000	253,000,000
General Reserve	1,391,350	5,565,402	6,956,752	6,956,752
Tax Holiday Reserve	4,475,797	17,903,191	22,378,988	22,378,988
Dividend Equalisation Reserve	2,000,000	8,000,000	10,000,000	10,000,000
Revaluation Reserve	130,463,180	521,852,720	652,315,900	652,764,005
Retained earnings	32,157,389	128,629,558	160,786,947	137,216,291
Long-term Liabilities	709,823,746	709,823,746	1,419,647,492	1,251,947,309
Long Term Loan - Secured, Future Maturity	656,398,447	656,398,447	1,312,796,894	1,146,145,129
Provision for Gratuity	13,478,829	13,478,829	26,957,658	27,218,882
Provision for Deferred Taxation	39,946,470	39,946,470	79,892,940	78,583,298
Current Liabilities	685,413,460	408,202,424	1,093,615,884	1,190,906,716
Bank Overdrafts-Secured	28,265,065	28,265,065	56,530,130	103,070,844
Time Loan- Secured	206,219,088	206,219,089	412,438,177	367,249,038
Trade Creditors	374,992,619	124,997,540	499,990,159	499,176,489
Accrued Expenses	21,745,600	7,248,534	28,994,134	44,352,811
Provision for Current Taxation	9,559,396	28,678,187	38,237,583	44,069,406
Bills Receivable Discounted	-	-	-	25,558,605
Workers' Participation/ Welfare Funds	4,264,669	12,794,009	17,058,678	14,491,236
Current Maturity of Long-term Loans	40,367,023	-	40,367,023	92,938,287
Total liabilities	1,395,237,206	1,118,026,170	2,513,263,376	2,442,854,025
Total Shareholders' Equity and Liabilities	1,628,974,922	1,989,727,041	3,618,701,963	3,525,170,061



Segment wise statement of profit or loss and other comprehensive income for the period ended December 31, 2020

Particulars	Knit Fabrics	Garments	Total (July 1, 2020 to December 31, 2020)	Total (July 1, 2019 to December 31, 2019)
Revenue	227,678,968	1,135,504,497	1,363,183,465	1,153,318,998
Export Incentive	2,823,219	14,035,259	16,858,478	15,258,457
Turnover	230,502,187	1,149,539,756	1,380,041,943	1,168,577,455
Cost of goods sold	(197,586,475)	(985,449,072)	(1,183,035,547)	(1,003,463,049)
Gross Profit	32,915,712	164,090,684	197,006,396	165,114,406
Administrative, Selling and General Exp.	(19,715,651)	(36,057,865)	(55,773,516)	(56,634,564)
Financial Expenses	(8,031,272)	(97,366,001)	(105,397,273)	(77,240,401)
Operating Profit	5,168,789	30,666,818	35,835,607	31,239,441
Other Income	41,984	652,928	694,912	672,458
Profit before contribution to WPPF	5,210,773	31,319,746	36,530,519	31,911,899
Contribution to WPPF	(248,132)	(1,491,417)	(1,739,549)	(1,519,614)
Net Profit before Tax	4,962,641	29,828,329	34,790,970	30,392,285
Income Tax Expenses	(942,902)	(10,804,595)	(11,747,497)	(8,224,614)
Current Tax	(744,396)	(9,614,381)	(10,358,777)	(9,086,418)
Deferred tax	(198,506)	(1,190,214)	(1,388,720)	861,804
Net Profit after Tax	4,019,739	19,023,734	23,043,473	22,167,671
Earning Per Share (EPS)	0.16	0.75	0.91	0.88



H.R. Textile Mills Ltd.
Comparative Statement of Financial Position

Particular	Dec. 31, 2020 (Half-Yearly)	June 30,2020	June 30,2019	June 30,2018
Property, Plant and Equipment	1,530,951,403	1,556,043,229	1,475,400,167	742,807,641
Capital Work in Progress	646,678,721	593,132,526	180,902,592	-
Total Non-Current Assets	2,177,630,124	2,149,175,755	1,656,302,759	742,807,641
Stock and Stores	620,162,581	606,834,155	393,277,250	333,256,421
Trade and Other Debtors	569,422,641	610,274,903	574,533,283	371,222,914
Export Incentive Receivables	30,470,744	40,353,566	55,458,792	75,406,776
Advances, Deposits and Prepayments	83,622,616	88,020,582	67,318,628	53,229,531
Cash and Bank Balances	137,393,257	30,511,100	24,770,312	48,281,991
Total Current Assets	1,441,071,839	1,375,994,306	1,115,358,265	881,397,633
TOTAL ASSETS	3,618,701,963	3,525,170,061	2,771,661,024	1,624,205,274
Share Capital	253,000,000	253,000,000	253,000,000	253,000,000
General Reserve	6,956,752	6,956,752	6,956,752	6,956,752
Tax Holiday Reserve	22,378,988	22,378,988	22,378,988	22,378,988
Dividend Equalization Reserve	10,000,000	10,000,000	10,000,000	10,000,000
Revaluation Surplus	652,315,900	652,764,006	653,660,218	
Retained Earnings	160,786,947	137,216,290	120,496,018	96,374,242
Total Shareholders' Equity	1,105,438,587	1,082,316,036	1,066,491,976	388,709,982
Long Term Loan-Secured, Future Maturity	1,312,796,894	1,208,061,584	705,830,468	128,042,025
Provision for Gratuity	26,957,658	27,218,882	28,392,064	27,852,964
Provision for Deferred Tax	79,892,940	78,583,298	75,814,244	39,128,378
Total Non - Current Liability	1,419,647,492	1,313,863,764	810,036,776	195,023,367
Bank Overdrafts -Secured	56,530,130	103,070,844	79,251,108	80,578,522
Time Loan-Secured	412,438,177	367,249,038	-	123,733,987
Trade Creditors	499,990,158	499,176,489	630,941,433	643,380,910
Accrued Expenses	28,994,134	44,352,811	27,136,943	22,533,807
Provision for Current Taxation	38,237,583	44,069,406	30,415,148	32,518,992
Bills Receivable Discounted	-	25,558,605	38,658,707	37,667,941
Workers' Participation/Welfare Funds	17,058,678	14,491,236	18,386,925	20,910,081
Current Maturity of Long-Term Loans	40,367,023	31,021,832	70,342,008	79,147,685
Total Current Liabilities	1,093,615,883	1,128,990,261	895,132,272	1,040,471,925
Total Liabilities	2,513,263,375	2,442,854,025	1,705,169,048	1,235,495,292
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	3,618,701,963	3,525,170,061	2,771,661,024	1,624,205,274
No. of shares	25,300,000	25,300,000	25,300,000	25,300,000
NAV Per Share	43.69	42.78	42.15	15.36

H.R. Textile Mills Ltd.
Comparative Statement of Profit or Loss and Other Comprehensive Income

Particular	Dec. 31, 2020 (Half-Yearly)	June 30,2020	June 30,2019	June 30,2018
Sales Revenue	1,363,183,465	2,218,253,529	2,328,287,124	2,024,397,221
Export incentives	16,858,478	31,254,874	29,884,578	22,088,900
Total Revenue	1,380,041,943	2,249,508,403	2,358,171,702	2,046,486,121
Cost of Goods Sold	1,183,035,547	1,929,453,320	2,026,994,848	1,759,509,642
Gross Profit	197,006,396	320,055,083	331,176,854	286,976,479
Administrative, Selling & Distribution Expenses	55,773,516	103,534,895	110,954,879	145,177,369
Financial Cost	105,397,273	166,149,442	152,355,380	75,250,179
Operating Profit	35,835,607	50,370,746	67,866,595	66,548,931
Other Income	694,912	(3,395,866)	961,840	1,581,879
Profit Before Contribution WPPF	36,530,519	46,974,880	68,828,435	68,130,810
Contribution to WPPF	1,739,549	2,236,899	3,277,545	3,244,324
Net Profit Before Income Tax	34,790,970	44,737,981	65,550,890	64,886,486
Current Tax	10,358,777	13,654,258	11,978,390	18,436,758
Deferred Tax	1,388,720	2,927,209	7,106,436	3,354,833
Net Profit after Tax	23,043,473	28,156,514	46,466,064	43,094,895
EPS	0.91	1.11	1.84	1.70

H.R. Textile Mills Ltd.
Comparative Statement of Cash Flow

Particular	Dec. 31, 2020 (Half-Yearly)	June 30,2020	June 30,2019	June 30,2018
Cash Flows from Operating Activities				
Cash Received from Sales and Export Incentives	1,430,777,027	2,229,105,781	2,174,809,317	2,003,780,163
Exchange Fluctuation Gain/ (Loss)	498,547	-	-	1,216,479
Receipts from Other Income	182,700	365,400	961,840	365,400
Cash paid for goods and services	(1,237,923,259)	(2,256,601,300)	(2,187,442,519)	(1,762,399,463)
Cash from Operation	193,535,015	(27,130,119)	(11,671,362)	242,962,579
Interest Paid	(90,646,809)	(145,846,074)	(126,546,049)	(74,017,684)
Income Tax Paid / Deducted at sources	(9,639,709)	(13,590,313)	(10,659,821)	(16,126,655)
Net Cash Inflows from / (Used in) Operating Activities	93,248,497	(186,566,506)	(148,877,232)	152,818,240
Cash Flows from Investing Activities				
Acquisition of property, plant and equipment	(19,951,674)	(582,232,264)	(307,650,452)	(159,121,662)
Capital Works in Progress	(53,546,195)	-	-	-
Net Cash Outflow from Investing Activities	(73,497,869)	(582,232,264)	(307,650,452)	(159,121,662)
Cash Flow from Financing Activities				
Bank Overdraft Received/ (Repaid)	(46,540,714)	23,819,736	(1,327,414)	(9,079,715)
Long-Term Loan Received/ (Payment)	166,651,765	501,810,415	577,788,443	(56,062,557)
Time Loan Received/ (Repaid)	45,189,139	367,249,038	(123,733,987)	109,250,681
Bills Receivable Discounted Received/ (Repaid)	(25,558,605)	(13,100,102)	990,766	4,242,950
Current Maturity of Long-term Loans	(52,571,264)	(39,320,176)	(8,805,677)	-
Cash Dividend Paid	(38,792)	(66,048,908)	(11,896,126)	(75,846,873)
Net Cash Inflow/ (Outflow) from Financing Activities	87,131,529	774,410,003	433,016,005	(27,495,514)
Net Increase/ (Decrease) in Cash and Bank Balances	106,882,157	5,611,233	(23,511,679)	(33,798,936)
Cash and Cash Equivalents at the Opening	30,511,100	24,770,312	48,281,991	82,080,927
Effects of exchange rate changes on cash and cash equivalents	-	129,555	-	-
Cash and Cash Equivalents at the Closing	137,393,257	30,511,100	24,770,312	48,281,991
Net Operating Cash Flows Per Share (NOCFPS)	3.69	(7.37)	(5.88)	6.04

Name of the Ratio	Dec. 31, 2020 (Half-Yearly)	June 30,2020	June 30,2019	June 30,2018
a) Current Ratio	1.32	1.22	1.25	0.85
b) Quick Ratio	0.71	0.66	0.80	0.52
c) Times Interest Earned Ratio	1.34	1.30	1.45	1.88
d) Break-even Point (i)	N/A	N/A	N/A	N/A
e) Debt to Equity Ratio (ii)	2.27	2.26	1.60	3.18
f) Debt to Total Assets Ratio	0.69	0.69	0.62	0.76
g) Accounts Receivables Turnover Ratio	2.42	3.69	4.05	5.51
h) Inventory Turnover Ratio	1.91	3.18	5.15	5.28
i) Asset Turnover Ratio	0.38	0.64	0.84	1.26
j) Debt Service Coverage Ratio	0.61	0.99	0.79	1.01
k) Gross Margin Ratio	14.28%	14.23%	14.22%	14.02%
l) Operating Profit Ratio	10.23%	9.63%	9.46%	6.93%
m) Net Profit Ratio	1.67%	1.25%	2.00%	2.11%
n) Return on Assets Ratio	0.64%	0.80%	1.68%	2.65%
o) Return on Equity Ratio	2.08%	2.60%	4.36%	11.09%
p) Earnings Per Share (EPS)	0.91	1.11	1.84	1.70
q) Net Asset Value (NAV) per share	43.69	42.78	42.15	15.36
r) Net Operating Cash Flow to Net Income	4.05	(6.63)	(3.20)	3.55
s) Total Debt to Tangible Asset Ratio (iii)	0.69	0.69	0.62	0.76

- i) As proceeds are not utilized for new project, break-even point is not applicable.
- ii) As per projected Financial Statement of 2021, Debt to Equity Ratio after issuance of Zero-coupon bonds will be 2.86 x.
- iii) Tangible asset accounts for current asset and fixed asset.
- iv) Operating profit considered in ratio analysis is the profit generated before deducting financial cost.

RATING SUMMARY WITH RATING RATIONALE OF THE ISSUE AND THE ISSUER OR ORIGINATOR, AS APPLICABLE

Rating summary with rating rationale of the issue is mentioned in section 17 and rating summary with rating rationale of the issuer is mentioned in section 18 of the IM.

**CREDIT RATING REPORT
ON
NON-CONVERTIBLE CALLABLE ZERO COUPON BOND:
H.R TEXTILE MILLS LIMITED**

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EXECUTIVE SUMMARY
INITIAL RATINGS OF
H.R TEXTILE MILLS LIMITED NON-CONVERTIBLE CALLABLE ZERO COUPON BOND

Date of Declaration	18.03.2021
Instrument Rating: Non-Convertible Zero Coupon Bond	A (Single A) Indicative
Validity	17.03.2022
Issuer Rating: H.R Textile Mills Limited	A+ (Single A Plus)
Date of Declaration	30.12.2020

Issuer Performance Highlights:

(TK in Million)

Particulars	Dec. 31, 2020 (06 Months)	FY 2019-20
Total Assets	3,618.70	3,525.17
Equity	1,105.44	1,082.32
Net Turnover	1,380.04	2,249.51
Net Profit	23.04	28.16
Operating Margin (%)	10.23	9.63
Net Profit Margin (%)	1.67	1.25
EBITDA	185.22	300.25
ROE (%)	2.11	2.62
ROA (%)	0.65	0.89
DSCR (X)	1.27	1.52
Current Ratio (X)	1.32	1.20
Inventory Turnover (X)	1.97	3.95
Debt/ (Debt + Equity) (%)	62.24	60.72
Export Volume -2020	TK. 2,521.55 million	

Details of the Issue:

Borrower	H.R Textile Mills Limited
Arranger	AAA Finance & Investment Limited
Issue Manager	AAA Finance & Investment Limited
Trustee	Sandhani Life Insurance Co. Limited
Instrument Type	Non-Convertible Callable Zero Coupon Bond
Offering Style	Private Placement
Issue Size (Face Value)	BDT 1,262.89 Million
Discounted Value	BDT 800.00 Million
Lot Size	TK 0.50 million
No of Bonds in Each Lot	05 (five)
Discount Rate	9.00% - 9.60% per annum
Maturity	3-7 Years


Md. Nurul Hoque
 Managing Director & CEO
 (Current Charge)
 National Credit Ratings Ltd.

Initial Rating-2021	
Particular	Rating Grade
Instrument Rating- Non-Convertible Callable Zero Coupon Bond	A (Single A) Indicative
Date of Declaration	18.03.2021
Validity	17.03.2022
Issuer- H.R. Textile Mills Limited	
Issuer Rating	A+ (Single A Plus)
Date of Declaration	30.12.2020

Rating Basis:

Rating is based on the features of the issue, four and half years' **Audited** Financial Statements up to December 31, 2020 and nine years' **Projected** financial statements up to June 30, 2029 along with the other relevant Quantitative as well as Qualitative information provided by the Client up to the Date of Rating Declaration. Followed Short term debt instrument Rating Methodology of NCR published in our website.

Rating Definition:

A (Single A) rating indicates strong capacity for timely servicing of financial obligations offering adequate safety. Such institutions carry low credit risk.

Indicative indicates that the company has been assessed based on the hypothetical financial statements along with other projected financials provided by the promoters.


Md. Nurul Hoque
 Managing Director & CEO
 (Current Charge)
 National Credit Ratings Ltd.

Rating Rationale:

NCR has awarded the above rating to BDT 1,262.89 million Non-Convertible Callable Zero Coupon Bond of H.R Textile Mills Limited. The issue rating has considered the term and condition of the issue like secured nature of the instrument, private placement etc. While assigning issue rating, NCR has incorporated the counterparty surveillance (the issuer) rating declared on December 30, 2020 that has been assigned 'A+' (Single A Plus) for long term & 'ST-2' for short term on the basis of Audited Financial Statements up to June 30, 2020 along with the other relevant quantitative as well as qualitative information provided by the company up to the date of rating declaration and furthermore considered the updated Audited Financials up to December 31, 2020 and nine years Projected Financial Statements up to June 30, 2029 to predict the profit generation capacity and ability of repayment of debt obligations of the issuer.

The rating has been assigned favorably considering the scale of operation, trend of revenue over the years, moderate profitability ratios, marginally incremented EPS, positive net cash flow from operation, adequate coverage indicators and increase in total asset base of the company. The business performance of the issuer revealed from the key financial parameters therefore anticipate ability to repay the principal payment behind the issue of bond and thus factored the rating congenially.

Furthermore, the projected turnover growth, asset base growth, increase in net profit, reduction in long term loan whereas increase in short term loans, positive & increasing net operating cash flow and net cash inflow subsequently disclose financial credibility to service the bank loan all are taken into account while assigning the rating. The issue also underpin from the issuer market positioning, complied factory premise, belongingness with the Pride group, professionally experienced sponsors and qualified & veteran management squad. NCR duly takes into account of the issuance of low cost external finance affirmatively and its supportive impact on the projected key financial parameters. With a conservative view, NCR believes that HRTML may be able to meet its working capital requirements and the amount required to repay instrument from the revenue generation capacity. Because of issuing low cost debt obligations, the consequential effect on bottom line profitability is also desirable.

Anticipated utilization of funds raised through instrument consists of paying off the high cost bearing banking facilities and channelizing fund for capital expenditures. Compared to high cost short term bank facilities the instrument will boost the bottom line profitability as significant reduction in financial expenses are expected. In contrary, overdue in the outstanding position in the recent years significantly factor the rating negatively while assigning the rating although one of the purposes of issuing bond is therefore repayment of bank loan.

1. ISSUE FEATURES

1.1 H.R. Textile Mills Limited (hereinafter referred as HRTML' or 'The Company') was incorporated as a Public Limited Company under the Company Act 1994 on 3rd December, 1984. Later, the company commenced its commercial operation on 1st October, 1989. HRTML is operating its business activities under the umbrella of Pride Group, a renowned group in terms of its visible presence in the textile sector. Since its inception, HRTML has been at the forefront of the industry through manufacturing various kinds of garments & knit fabrics items. Furthermore, HRTML is a Lycra assured factory; a new supply chain management concept that has been initiated by DuPont for the stretch apparel industry.

1.2 The company is going to raise external funds by issuing Non-Convertible Callable Zero-coupon Bonds (ZCBs) of BDT 100,000 each, totaling discounted issue price of BDT 800.00 million with Total Face Value of BDT 1,262.89 million through private placement, subject to the approval of the Bangladesh Securities and Exchange Commission (BSEC) and other relevant regulatory bodies. The yield of issue will range from 9.00% to 9.60% per annum with 3 to 7-year maturity. The proceeds from the bond issue will be used to purchase of capital machinery, loan repayment, factory expansion and retrofitting. The issuer has mandated AAA Finance & Investment Ltd. to act as issue manager and lead arranger of above-mentioned long-term debt instrument.

Having the total Face Value of BDT 1,262.89 million for 8,000 bonds, BDT 160.00 million (20%) of the of the total discounted price of BDT 800.00 million is to be redeemed at the end of each year starting from 3rd year from the issue date at Face Value.

1.3 The salient features of the issue are provided as follows:

Details of the Issue	
Borrower	H.R. Textile Mills Limited
Lead Arranger	AAA Finance & Investment Limited
Issue Manager	AAA Finance & Investment Limited
Trustee	Sandhani Life Insurance Company Limited
Instrument Type	Non-Convertible Callable Zero-coupon Bond
Offering Style	Private placement
Purpose	Purchase of Capital Machineries, Loan Repayment and Factory Expansion & Retrofitting
Issue Size (Face Value)	BDT 1,262.89 Million
Discounted Value	BDT 800.00 Million
Discount Rate	9.00% - 9.60% per annum
Maturity	3-7 Years
Lot Size	5
Investment Value/ Price of Each Lot	BDT 0.50 Million
Redemption Procedure	BDT 160.00 million (20%) of the of the total discounted price of BDT 800.00 million is to be redeemed at the end of each year starting from 3 rd year from the issue date at Face Value.
Late Redemption	Late payment penalty of 2% higher than the coupon rate on amount of not paid on due date and shall be paid along with the redemption amount.
Prepayment Call, Refunding & Conversion Features	The right to redeem (call) the ZCB earlier than maturity @0.25% premium by the issuer. No Put Option to this issue for investor.

Transferability	Freely transferable
Tax Features	Taxable as per laws of the country
Security	Unsecured
Listing	Non-listed
Jurisdiction	Laws of People's Republic of Bangladesh

2. CURRENT ISSUE SCENARIO

Funds will be raised only upon the approval from Bangladesh Securities and Exchange Commission (BSEC).

Illustration of Bond Issuance

Series	Investment	Maturity in Year	Yield (%) per annum	Accumulated Yield/Profit	Face Value (Investment + Profit)
1	160,000,000	3	9.00%	47,204,640	207,204,640
2	160,000,000	4	9.15%	67,098,854	227,098,854
3	160,000,000	5	9.30%	89,586,328	249,586,328
4	160,000,000	6	9.45%	115,051,855	275,051,855
5	160,000,000	7	9.60%	143,944,201	303,944,201
	800,000,000			462,885,878	1,262,885,878

Terms of Investment: Minimum investment (subscription amount) is BDT 500,000 or its multiple. Investors must make equal investment in each series (from series 1 to series 5) with 3, 4, 5, 6 and 7-year maturity respectively. In case of investment of BDT 500,000, investor needs to purchase 1 (One) bond in each maturity segment.

3. RATIONALE FOR ISSUE

The issue is rationalized by very obvious reason as purchase of capital machinery amounting BDT 255.00 million, high cost loan repayment amounting BDT 265.00 million and factory expansion and retrofitting amounting BDT 280.00 million. Longstanding business track record, belongingness with renowned group and noticeable market position with worldwide customer base of the issuer in RMG (Knit Composite) industry justifies the growth potentiality in near future. The HRTML already has outstanding liability against availed credit facilities of total TK 3,654.14 million (funded & non-funded; short term & long term) with HSBC, Mutual Trust Bank Limited, Trust Bank Limited, United Commercial Bank Limited and IPDC Finance Limited and overdue amount of total BDT 406.39 million. The fund that will be raised by issuing bond is expected to utilize to expand the operation and repay the debt finance. The issue of bond will patronize the issuer by supplying required fund that will be the motive to sustain and grow by ensuring sustainable profit and facilitating the loan repayment. Eventually, the redemption of bond will be started after 3rd year from the issue and after five years HRTML estimated to off-set the full amount of redemption value of bond.

4. REDEMPTION OF BOND

Having the Total Face Value of BDT 1,262.89 million for 8,000 bonds, BDT 160.00 million (20%) of the total discounted price of BDT 800.00 million is to be redeemed at the end of each year starting from 3rd year from the issue date at Face Value. In case of late redemption, incremental charge of 2.00% per annum will be paid by the issuer to the bondholders. Repayment schedule of the Zero-coupon Bonds is as under:

Year	Redemption (%)	Principal Redemption	Profit Redemption	Total Redemption	Outstanding Amount	Remaining Principal
0	0.00	Nil	Nil	Nil	800,000,000	800,000,000
1	0.00	Nil	Nil	Nil	874,400,000	800,000,000
2	0.00	Nil	Nil	Nil	955,722,800	800,000,000
3	20.00	160,000,000	47,204,640	207,204,640	837,408,250	640,000,000
4	20.00	160,000,000	67,098,854	227,098,854	688,822,879	480,000,000
5	20.00	160,000,000	89,586,328	249,586,328	504,334,089	320,000,000
6	20.00	160,000,000	115,051,855	275,051,855	277,321,351	160,000,000
7	20.00	160,000,000	143,944,201	303,944,201	Nil	Nil
Total		800,000,000	462,885,878	1,262,885,878	-	-

5. POTENTIALITY OF THE ISSUER'S BUSINESS

5.1 The Primary Textile Sector (PTS) such as spinning, weaving/knitting, dyeing and finishing industries are known as the backward linkage industries of RMG sector. According to Bangladesh Textile Mills Association (BTMA), currently there are 425 Yarn Manufacturing Mills, 796 Fabric Manufacturing Mills and 240 Dyeing-Printing-Finishing Mills operating in the industry. A brief overview of the industry is as follows:

A. Spinning Sector:

Different types of yarn are produced at this sector. Almost 100% of this yarn is used in the domestic and export oriented weaving and knitting mills in Bangladesh.

B. Weaving Sector:

Woven fabrics of different designs are produced by this sector. Mostly, plain woven fabrics are produced. This sector can meet only 40% of the demand of the woven RMG sector.

C. Power Loom Sector:

Saree, lungi and gamcha are the main products produced at this sector. This sector meets about 90% of domestic demand.

D. Hand Loom Sector:

Luxurious Saree e.g. Jamdani and Benaroshi are produced at this old and traditional sector. This sector provides employment for a large segment of the rural population of Bangladesh.

E. Knitting Sector:

Knit fabrics are produced at this sector. This sector can meet about 80% of the demand of Knit RMG sector.

F. Dyeing and Finishing Sector:

This sector processes the grey woven and knit fabrics and produces different colored dyed and printed fabric.

5.2 INDUSTRY OVERVIEW:

5.2.1 Bangladesh, once labeled as a bottomless basket, is now a developing nation and expected to be a middle income country by the end of 2021. This massive transformation of the economy has been possible mostly because of the contribution of the readymade garments (RMG) industry. PTS plays an important role in the development of RMG sector. A sluggish PTS will hamper the rapid growth of RMG sector. The contribution of Primary Textile Sector of Bangladesh to the flourishing RMG sector is beyond question. PTS and RMG go hand in hand. Year to year growth rate of PTS compared to RMG is given below:



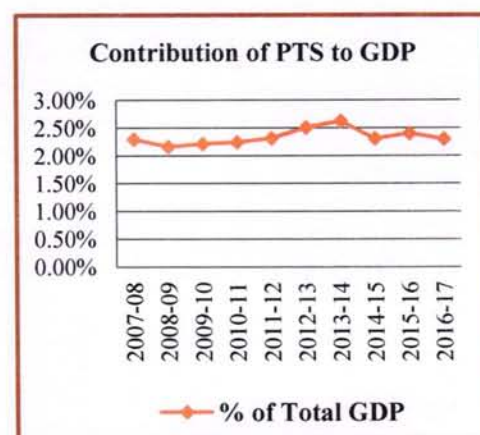
5.2.2 From the above figure, it can be easily seen that growth of RMG industry and PTS is positively correlated. Whenever RMG industry faces a shake, textile industry is also affected. Through ups and downs, the textile industry grew at an average rate of 13.82% in last ten years. Though the growth rate has been fluctuating in recent years, the total output of the industry is on the rise.

5.2.3 Textile industry has created the employment of approximately 1.64 million workers. In FY 2016-17, industry sector contributed about 29.32% to total GDP and textile industry contributed about 2.30% to total GDP. Contribution of textile sector to total GDP is as follows:

(BDT in Million)

Year	Contribution of PTS	Total GDP	% of Total GDP
2007-08	144,020.00	6,287,000.00	2.29%
2008-09	152,230.00	7,051,000.00	2.16%
2009-10	176,615.00	7,975,000.00	2.21%
2010-11	205,094.00	9,158,000.00	2.24%
2011-12	243,883.00	10,552,000.00	2.31%
2012-13	300,366.00	11,989,000.00	2.51%
2013-14	351,708.00	13,437,000.00	2.62%
2014-15	349,794.00	15,158,000.00	2.31%
2015-16	415,195.00	17,329,000.00	2.40%
2016-17	454,639.00	19,758,000.00	2.30%

Source: Bangladesh Bureau of Statistics



5.2.4 Though Bangladesh mainly exports RMG products, it also exports some primary textiles. In FY 2018-19, USD 110.04 million was earned from the export of primary textile products. Terry towel, special woven fabric and knitted fabric are the main export items in textile sector. Contribution of PTS to total export is less than one percent.

(USD in Million)

Year	Terry Towel	Special Woven Fabric	Knitted Fabric	Others	Export of Textile	Total Export	% of PTS to National Exp.
2013-14	67.16	11.27	23.75	6.58	224.36	30186.62	0.74%
2014-15	41.81	13.12	46.51	5.55	214.03	31208.94	0.69%
2015-16	47.80	16.06	36.40	8.46	211.48	34257.18	0.62%

2016-17	44.30	15.99	37.96	7.89	215.63	34655.92	0.62%
2017-18	42.35	16.63	44.21	6.85	234.89	36668.17	0.64%

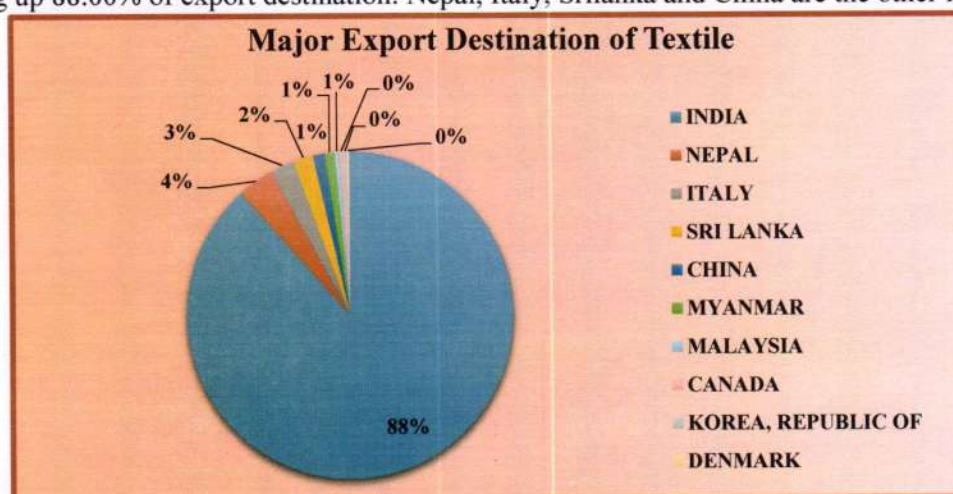
Source: Export Promotion Bureau

Bangladesh mainly exports terry towel, special woven fabric and knitted fabric. Export of terry towel declined to USD 42.35 million in FY 2018-19 from USD 44.30 million in FY 2016-17. On the other hand, export of knitted fabrics increased to USD 44.21 million in FY 2018-19 from USD 37.96 million in FY 2016-17. Composition of export items in PTS is as follows:

5.2.5 Bangladesh mainly exports terry towel, special woven fabric and knitted fabric. Export of terry towel declined to USD 42.35 million in FY 2018-19 from USD 44.30 million in FY 2016-17. On the other hand, export of knitted fabrics increased to USD 44.21 million in FY 2018-19 from USD 37.96 million in FY 2016-17. Composition of export items in PTS is as follows:



5.2.6 Bangladesh exports textile products to about 21 countries around the world. Among them India is the biggest importer, making up 88.00% of export destination. Nepal, Italy, Sri Lanka and China are the other largest importer.



6. PROJECTED IMPACT ON KEY FINANCIAL PARAMETERS

Particulars	FY 2019-20 (Actual)	FY 2020-21 (Year-01)	FY 2021-22 (Year-02)	FY 2022-23 (Year-03)	FY 2023-24 (Year-04)	FY 2024-25 (Year-05)
Net Turnover	2,249.51	2,821.34	3,033.67	3,185.35	3,344.62	3,478.41
Gross Profit	320.06	468.61	513.28	537.38	560.98	580.02
Operating Profit	213.12	340.29	378.54	398.61	418.04	432.79
Net Profit	28.16	58.81	68.55	92.81	135.94	185.14
Non-Current Assets	2,149.18	2,391.72	2,601.63	2,497.05	2,407.70	2,303.31
Inventories	606.83	604.84	618.15	629.09	681.98	668.65
Account Receivables	610.27	798.17	692.46	650.42	679.27	641.36
Total Current Assets	1,375.99	1,928.16	1,746.33	1,852.88	1,921.97	1,839.41
Total Assets	3,525.17	4,319.87	4,347.96	4,349.93	4,329.66	4,142.73
Long Term Loan	1,575.31	1,451.55	1,291.15	1,122.77	939.78	730.01
Current Liabilities	761.74	841.16	929.49	988.39	1,207.51	1,281.06
Total Liabilities	2,442.85	3,200.05	3,211.08	3,184.38	3,104.98	2,822.34
Paid up Capital	253.00	253.00	253.00	253.00	253.00	253.00
Retained Earnings	137.22	175.62	193.57	223.13	283.17	379.76
Total Equity	1,082.32	1,119.82	1,136.88	1,165.55	1,224.69	1,320.38
Total Liability & Equity	3,525.17	4,319.87	4,347.96	4,349.93	4,329.66	4,142.73
Collection from Sales	2,229.47	2,626.93	3,129.18	3,226.63	3,286.99	3,503.52
Payment for Goods & Services	2,256.60	2,489.80	2,576.19	2,642.96	2,825.05	2,907.39
Net operating cash flow	(186.57)	(140.48)	321.89	364.96	276.71	437.48
Net cash flow from investing activities	(582.23)	(165.00)	(355.00)	(50.00)	(20.00)	(20.00)
Net cash flow from financing activities	774.41	631.01	(57.25)	(191.28)	(269.84)	(508.32)
Net cash inflow/(outflow)	5.61	325.53	(90.35)	123.68	(13.13)	(90.84)

HRTML provides 09 years projected financial statement. As per the disclosures, the issuers' scale of operation in terms of sales is projected to increase over the years. In FY 2019-20, the turnover was recorded TK 2,249.51 million and after that it is expected to increase at 25.42% in Year-1 and subsequently anticipate to have growth in revenue at 7.53%, 5.00%, 5.00%, 4.00%, 4.00%, 3.00%, 3.00% and 2.00% in Year-2, Year-3, Year-4, Year-5, Year-6, Year-7, Year-8 and Year-9 respectively. After occurring all related expenses like operating expenses, finance cost, tax expenses etc., HRTML's net profit reported at TK 28.16 million in FY 2019-20 and anticipate to increase at the rate of 108.85% in FY 2020-21 at amounting TK 58.81 million. At the end of projected Year 09 the net profit stood at TK 251.80 million. So, the net profit is anticipated to show a increasing trend during the projected years.

The projected financial position of the company shows that, the prime liquidity indicator i.e. current ratio stood at 1.81 times in FY 2019-20 and anticipate to stand at moderate level up to year 04 and thereafter gradually find at deficient level as such 2.29 times in Year 01, 1.88 times in Year 02, 1.87 times in Year 03, 1.59 times in Year 04, 1.44 times in Year 05, 1.27 times in Year 06, 1.07 times in Year 07, 1.09 times in Year 08 and 1.26 times in Year 09. Therefore, the current assets shows mix trend precisely anticipate to decline bit by bit after Year 04 whereas current liabilities expected to increase over the years mostly during redemption period. Despite the company can meet the increasing current obligations through its volume of current assets and will generate positive working capital to support the business operation that will serve the purpose of issuing bond. After issuing the bond, the net fixed assets

of the company will be increased at TK 2,391.72 million in Year 01 and TK 2,601.63 million in Year 02 registering growth of 11.29% in Year 01 and 8.78% in Year 02 and thereafter declined gradually due to the charges of depreciation. Whereas the total asset base of the company will experience substantial growth at 22.54% in Year 01 and subsequently increase in later two years at 0.65% and 0.05%. Besides, the total equity of the company will swell from Year 02 and reach at TK. 1,791.14 million in Year 09, registering growth of 65.49% from FY 2019-20. Furthermore, the long term debt obligation of the company is expected to decline gradually after issuing the bond and reach at TK.396.58 million in Year 09.

NCR duly takes into account of the issuance of cost effective external finance affirmatively and its supportive impact on the key financial parameters. With a conservative view, NCR believes that HRTML may be able to meet its working capital need which are supposed to be resulted from the amount to repay instrument with current level of Turnover. Because of issuing cost effective debt obligations, the consequential effect on bottom line profitability is also desirable.

7. ADEQUACY OF FUTURE CASH FLOW

The projected cash flow in the coming years particularly after issuing the bond shows positive operating cash flow (OCF) that indicate the ability of the company to maintain and grow its operations. Although the OCF is projected to increase over the years, the anticipated net cash flow shows mixed trend precisely increase in Year 01, Year 03, Year 04 and Year 05. Investment in purchasing fixed assets is estimated to increase at TK 165.00 million and TK 355.00 million respectively in Year 01 and Year 02.

The net cash flow from financing activities will increase in Year 01 due to the issuance of bond. But, after third year of issuance while the payment of bond redemption started, the financing activities anticipate generating substantial negative cash flows amounting TK 487.04 million in Year 04, TK 518.22 million in Year 05, TK 561.69 million in Year 06, TK 635.62 million in Year 07 and TK 808.07 million in Year 08.

8. ISSUER'S BUSINESS OVERVIEW

8.1 H.R. Textile Mills Limited is a 100% export oriented composite knitting, dyeing & garments manufacturing unit that exports to worldwide particularly EU countries as such France, Italy, Germany and Spain. The corporate and group office of HRTML is located at Pride Hamza (5th Floor) House# 54, Road# 01, Sector: 6, Uttara, Dhaka-1230. The operational office and factory is located at 4, Karnapara (Near Bank Town), Savar, Dhaka. The owned manufacturing unit is occupied with a total floor area measuring 158,275 sft. and the warehouse is measuring an area of 34,260 sft. for storing raw material and finished goods.

8.2 HRTML's garments division is 36-line factory. The present installed capacity of HRTML is around 84 Lac pcs. for Garments Division and 6,000 MTs in Knit Fabric Division. HRTML offers its products to both domestic and export market. Following table depicts installed capacity and utilized capacity of the company.

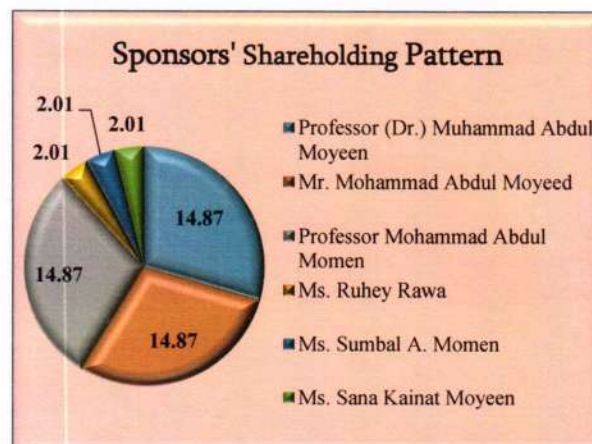
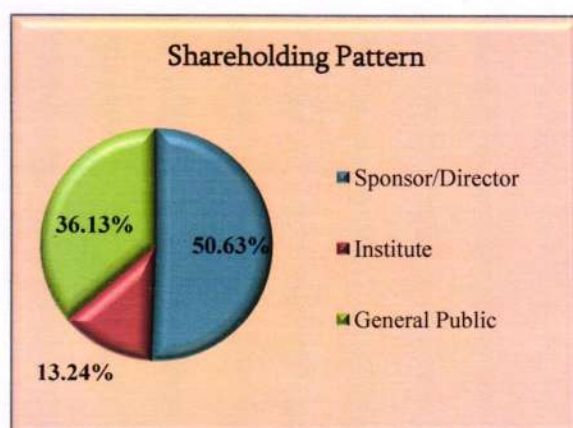
Division	Installed Capacity	Utilized Capacity	% of Utilization
Finished Garments (Pcs)	84 Lac	54.55Lac	64.94%
Knit Fabrics (MTs)	6,000 MTs	3,783MTs	64.55%

8.3 The company was listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange in February, 1997. Shares of the company are traded under "A" category in both the bourses. The company earned Earnings Per

Share (EPS) of TK 0.91, Net Operating Cash Flows Per Share (NOCFPS) of TK. 3.69 and Net Asset Value (NAV) per share of TK 43.69 dated December 31, 2020 whereas Earnings Per Share (EPS) of TK 1.11, Net Operating Cash Flows Per Share (NOCFPS) of TK. 7.37 (negative) and Net Asset Value (NAV) per share of TK 42.78 dated June 30, 2020. The Face value of each share is TK 10.00 and market lot is 1 (One) share per lot. The market capitalization was found TK. 938.63 million as on March 18, 2021. The company declared 10.00% Cash Dividend for the year ended 30th June, 2020. The adjacent graph in below reveals the trading history of HRTML's stock closing price over a period of last twelve months at DSE:



8.4 The majority 50.63% of the shares are owned by the Sponsor/ Director of the company. The second largest slice 36.13% is held by the General Public & the rest 13.24% shares are held by Financial Institutions. This ownership composition has been depicted as per the disclosure in the financial statement as on 30th June, 2020. The authorized share capital is 1000.00 million ordinary shares of TK 10.00 each. The issued, subscribed and paid-up capital of the company was TK 253.00 million in FY 2019-20 having face value of shares of TK 10.00 each. The shareholding pattern of the company along with the sponsors proportion of share is shown in the following pie chart:



9. GROUP PROFILE

9.1 Pride Group mainly concentrated in textile sector, is engaged in the manufacturing and exporting of knitwear products to the European Union and Canada. The group is also the producer and marketer of terminal products like saris, kids & ladies' wear, home furnishing and other textile products through a chain of 68 retail outlets, spread all over Bangladesh.

9.2 A succinct portray of the companies and businesses owned by the Pride group is mentioned below:

SL.	Name of the Company	Description
1.	H.R. Textiles Mills Limited	H.R. Textiles Mills Limited is a public limited company, engaged in manufacturing and export of knitwear products. H.R. Textiles Mills is a Lycra assured factory. Zara, Bershka, New Look, Stradivarius, and El Corte Inglés are some of their clients.
2.	Fashion Knit Garments Limited	Fashion Knit Garments Limited is engaged in manufacturing and export of knitwear products, consisting of ladies tops, sports and active wear, children outerwear, and men's innerwear.
3.	Dacca Textiles Limited	Dacca Textiles is involved in the manufacturing and processing of woven textiles. It is one of the oldest textile processors in Bangladesh.
4.	Pride Limited	Pride Limited, in its present form, started with the setting up of a retail outlet at TMC Bhaban in 1991. Its professional team now manages 68 outlets and successfully caters to the needs of a clientele base spread all over Bangladesh. Better known for its saris, salwar kameezes and short kameezes, Pride Limited has recently launched a jewelry collection and a home decor line consisting of towels, bedspreads, cushion covers etc.
5.	Urban Truth	Launched in 2010, Urban Truth specifically targets the younger segment of Dhaka society, providing clothing those are fresh, youthful and relevant in the international fashion arena. Urban Truth deals in knitwear, manufactured entirely by H.R. Textiles Mills Ltd. and Fashion Knit Garments Ltd. They also provide woven options, shoe and jewelry line.
6.	Pride Spinning Limited	Commenced its commercial operation in May, 2012 as a private limited company, the company produces 100% export oriented quality cotton yarn. It actually markets its terminal product to the export oriented RMG companies. However, it is producing 60-80 count yarn.

10. STRENGTH OF ISSUER

The company is a fully complied factory certified by ACCORD. In addition, the credit risk of an issuer is typically function of its standalone business and financial risk profile, to some extent, the issuer's credit quality could also be driven by partially or significantly by its association with group. If HRTML becomes financially weak in any time, it can have unhindered access to operational and strategically support as well as financial support from other associate companies. The issuer has an opportunity to grab new market and of widening operational potential in other international market space.

11. GOVERNANCE

11.1 The company's BoD comprises of eight members including two Independent Directors namely Professor Dr. A.H. M. Habibur Rahman and Professor Dr. Md. Zakir Hossain Bhuiyan. Most of the members hold a position in other companies of the Group. The BoD with diversified background and expertise is a key source of guidance to the management. The Board is responsible for policy formulation and overseeing the management performance and reports. Brief profile of Board members is shown as follows:

SL.	Name of the Members	Designation	Qualification	Experience	% of Share
1	Professor (Dr.) Muhammad Abdul Moyeen	Chairman	B.Com Hons), M.Com and PhD	42 Years	14.87
2	Mr. Mohammad Abdul Moyeed	Managing Director	B.Sc Engineer (Chemical) from BUET	44 Years	14.87
3	Professor Mohammad Abdul Momen	Director	B.Com (Hons), M.Com and MBA (USA)	41 Years	14.87
4	Professor Dr. A.H.M. Habibur Rahman	Independent Director	B.Com (Hons), M.Com, PhD in Industrial Finance & PGD in Business Management.	42 Years	Nil
5	Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	B.Com (Hons) M. Com., PhD (India)	34 Years	Nil
6	Ms. Ruhey Rawa	Director	BA (Hons) UK	10 Years	2.01
7	Ms. Sumbal A. Momen	Director	BA (Hons) USA	10 Years	2.01
8	Ms. Sana Kainat Moyeen	Director	BA (Hons) UK, M. Phil (Oxford), UK	10 Years	2.01

The management is accountable to the Board. HRTML maintains good business practices through transparency in corporate financial reporting and take steps for improvement of standards, controls and accountabilities as suggested by the Board of Directors.

11.2 The Audit Committee, presented below, is comprised of four Board Members: For compliance of regulatory requirements, the board has formed an Audit Committee, which is headed by Professor Dr. A.H. M. Habibur Rahman, one of the Independent Directors of HRTML. He served Dhaka University for about 42 years. He is an eminent academician and former Dean of FBS and founder Chairman of Department of Finance. The brief of committee members is given as follows:

SL.	Name of the members	Designation	Position	Academic Qualification
1	Professor Dr. A.H. M. Habibur Rahman	Independent Director	Chairman	B.Com (Hons), M.Com, PhD in Industrial Finance & PGD in Business Management.
2	Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	Member	B.Com (Hons) M. Com., PhD (India)
3	Professor Dr. Muhammad Abdul Moyeen	Chairman	Member	B.Com (Hons), M.Com and PhD
4	Professor Mohammad Abdul Momen	Director	Member	B.Com (Hons), M.Com and MBA

12. MANAGEMENT

The management team is headed by the Managing Director, Mr. Mohammad Abdul Moyeed who has 41 years of experience in textile sector. The organizational structure of the company is divided into several functional departments. The heads of the different departments report directly to the Managing Director. Other team members, holding the top positions of the management, possess good academic qualifications and experiences. A brief profile of the management team of HRTML is demonstrated below:

Brief details of management team is provided below:

Sl.#	Name	Designation	Qualification	Experience (in years)
1	Mr. Md. Abu Amur Naheel	Chief Financial Officer & Head of Accounts	Chartered Accountants, CIMA (UK)	15
2	Mr. S.M. Asadun Nabi Mishu	General Manager (Strategy Planning & Development)	B.Sc Engineer (IPE) from BUET	12
3	Mr. Mohammad Karim Hossain	General Manager (MIS)	MBA (MIS) DU	15
4	Mr. Md. Sherajul Islam Khan	Deputy General Manager (Accounts)	M.Com Management, CA- CC	21
5	Mr. Md. Aminur Rahman	Factory Manager	B.Com (Hons) in Management	16
6	Mr. Nazmul Hossain Khan	Deputy General Manager (Commercial)	Master in Political Science	28
7	Mr. Md. Wali Ullah	Company Secretary (CS)	M.Com in Accounting	27
8	Mr. Md. Monirul Islam	Manager (Admin & Compliance)	Master in English Literature	15
9	Mr. Mohammad Fakhru Bari	Head of Sales & Merchandizing	B.Com	20
10	Mr. Md. Shafiq Mondol	Manager (Maintenance)	MBA, B.Sc. Engineer	20
11	Mr. Md. Nasimul Hossain	Sr. Executive (Planning)	MBA, B.Sc.	7
12	Mr. Md. Abdus Salam	Assistant Production Manager (Garments)	SSC	14
13	Mr. Al Arafat Hossain	Deputy General Manager (Garments Operation)	B.Sc., MBA	8
14	Mr. Md. Rashadul Alam	Production Manager (Garments)	BA	14
15	Mr. Md. Abdul Hannan Mia	Deputy General Manager (Dyeing)	B. Sc. (Textile)	12
16	Mr. Md. Amirul Islam	Manager (IE)	B.Sc. Textile (BIFT)	8
17	Md. Taslim Hossain	Sr. Executive (Audit)	M.Com	12
18	Mr. Md. Mesbaul Haque Chodhury	Store In-Charge)	M.Sc.	15

At present, the company employs around 2,026 personnel for smooth operation of the company. Among them 147 are staffs and 1,879 are workers of which 47% are women workers.

13. OPERATIONAL RISKS

The company is exposed to other risks associated with the operation. The operational risks are:

13.1 Utility Risk:

HRTML is sound enough in terms of organizing production facilities. Normally the factory is run by the electricity supplied by REB but in case load shedding the company gets electricity from its own source. The company meets its energy requirements with two Gas Generators (1950 KW & 1025 KW) & two Diesel Generators (728 KW & 252 KW).

13.2 Machinery & Equipment:

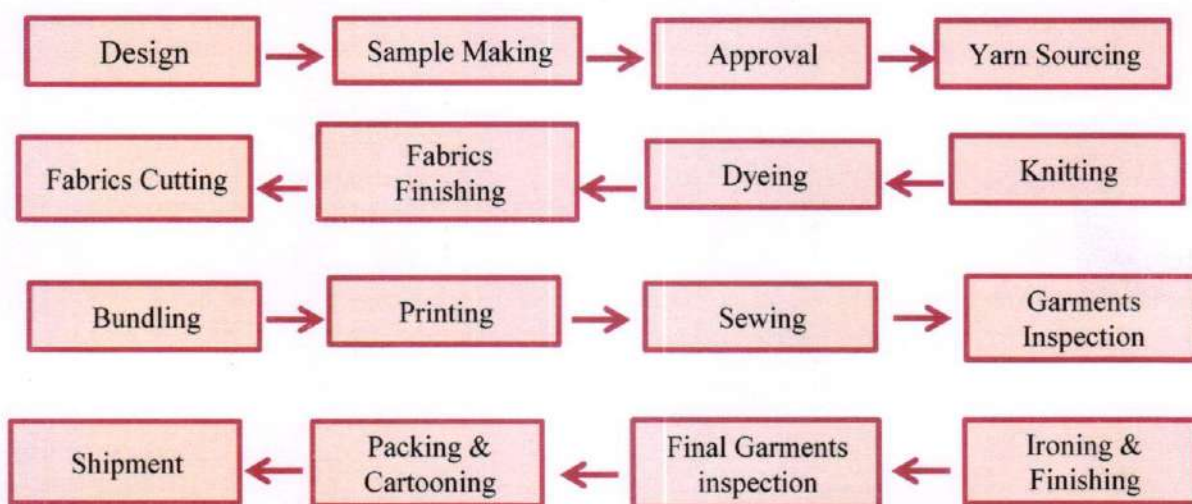
The company is equipped with modern set up of branded machineries. The company has different branded machineries and the machineries are mainly imported from Italy, Japan, UK, USA, Germany, Belgium, China & India. Hence, the detail machinery and equipment list has been enclosed in the Appendix: II.

13.3 Information Technology:

HRTML utilizes a “Kandaree ERP Solution” application to provide a seamless integration of information flowing through the various functions of the business developed by a Professional Software firm CSL Software Resources Limited. The customized system is currently supporting the Accounting, Merchandising, Planning, Human Resource, Inventory, Fixed Asset Management and Production Recording, TDH, Sedo Master, Dispensing Software.

13.4 Process Flow Chart:

The company’s manufacturing process has depicted through the process layout.



13.5 Raw Materials Risk

The major raw materials of the company are Yarn, Dyes and Chemicals. Price fluctuation of the raw materials directly affects the costing as well as profitability. HRTML procures raw materials as per buyer requirements. To handle the fluctuation of price for cotton, HRTML remains vigilant to maintain the situation and takes appropriate actions.

13.6 Market Prospect

Textile & RMG sectors are facing severe competition from China, Vietnam, Cambodia, Sri Lanka & Indonesia. However, China is gradually losing the international market of textile export as higher labor cost resulting to an excellent opportunity for Bangladesh in grabbing larger stake in the international market. RMG sectors of Bangladesh captured almost 75% of export earnings, 16% of GDP and around 4.2 million direct jobs in FY 2013-14. BKMEA aims at having \$21.08 billion knitwear export, 41.70% share in national export, 2.8 million employment generation and 7.20% share of GDP by 2021. Despite of global economic turmoil, 90% of RMG items were exported to USA and Euro Zone. If the industry participants fail to comply with the continuous improvement & diversification, they will lose the global market in long run but not in short run.

14. ISSUERS COMPETITIVE POSITION

HRTML has a diversified and strong customer base. Maximum revenue is generated from export market sales and the rest from local sales to corporate customers. The company also performs the orders of Fashion Knit Garments Ltd.; an associated company of Pride Group. Sorted list of top nine customers are given below:

CUSTOMER LIST

SL.	Name of the Buyers	Country
1	Fashion Knit Garments Ltd.	Bangladesh
2	Freedy SPA	Italy
3	Grouppo Coin Societa Per OBS/OBS)	Italy
4	Tally Weijl Trading AG	Germany
5	Bonobo Megellon	France
6	Inditex SA	Spain
7	Magellon SAS	France
8	Teddy SPA	Italy
9	ETAM	France

In addition to that, HRTML imports dyes, chemicals and yarn from local and overseas diversified suppliers. In many cases, the company procures the supplies from buyer nominated suppliers. Otherwise, the company has strong and reliable suppliers base for the required materials. Sources of raw materials (types and origin country) is illustrated below:

SL.	Raw Materials	Imported Country
1	Dyes	India, China, Indonesia
2	Chemicals	Singapore, Germany, Switzerland, Indonesia
3	Yarn	India, Pakistan, Indonesia, Vietnam

A list of major suppliers both local and overseas is given below:

SUPPLIERS LIST

SL	Name of the Suppliers	Country
1.	Tyco Fire Security Ltd.	Singapore
2.	Hyosung Vietnam Co. Ltd.	Vietnam
3.	Huntsman (Singapore) Pvt. Ltd.	Singapore
Major local Suppliers		
4.	Mejba Lebel & Accessories Ltd.	Bangladesh
5.	NRG Hometex Ltd.	Bangladesh
6.	Square Textile Ltd.	Bangladesh
7.	Israq Textile Mills Ltd.	Bangladesh
8.	Pahartali Textile & Hosiery Mills Ltd.	Bangladesh
9.	Brothers Corporation	Bangladesh
10.	Friends Sundicate	Bangladesh

15. HISTORICAL FINANCIAL PERFORMANCE

15.1 Trend/Stability of Revenue

Considering the six (06) months Audited Financial Statement, HRTML recorded a turnover of TK 1,380.04 million for the 06 months period end December 31, 2020 whereas TK. 2,249.51 million in FY 2019-20 against TK 2,358.17 million in FY 2018-19, registering a decline of 4.61%. Considering the COVID-19 pandemic impact on the business performance of HRTML, the asset turnover ratio slightly dwindled to 0.71 times in FY 2019-20 from 1.07 times in FY 2018-19, representing space to improve operational efficiency through increasing revenue using the asset base.

15.2 Operating Expenditure and Profitability

The operating cost to revenue ratio stood at 3.94% as on December 31, 2020 and marginally declined to 4.60% in FY 2019-20 from 4.71% in FY 2018-19. The gross profit margin stood at 14.28% as on December 31, 2020 and marginally increased to 14.23% in FY 2019-20 from 14.04% in FY 2018-19. In addition, the operating margin stood at 10.23% as on December 31, 2020 and marginally incremented to 9.63% in FY 2019-20 from 9.34% in FY 2018-19. As on December 31, 2020 HRTML's net profit margin stood at 1.67% whereas 1.25% in FY 2019-20 marginally declined from 1.97% in FY 2018-19. Moreover, ROE and ROA stood sequentially at 2.11% and 0.65% as on December 31, 2020 whereas 2.62% & 0.89% in FY 2019-20 dwindled from 6.39% & 2.11% in FY 2018-19. Considering the profitability on outstanding share, the 06-month earnings per share (EPS) stood at TK 0.91 as on December 31, 2020 in comparison with the previous equivalent period, that is, TK 0.88. But considering the 12-month performance EPS declined to TK 1.11 in FY 2019-20 from TK 1.84 in FY 2018-19.

Particulars	December 31, 2020 (06 Months)	FY 2019-20	FY 2018-19
Turnover (TK in Million)	1,380.04	2,249.51	2,358.17
Growth (%)	N/A	(4.61)	15.23
Operating Cost to Revenue Ratio (%)	4.05	4.60	4.71
Gross Margin (%)	14.28	14.23	14.04
Operating Margin (%)	10.23	9.63	9.34
Net Profit Margin (%)	30.91	34.45	26.64
ROA (%)	15.86	20.51	18.99
ROE (%)	18.22	23.72	22.15

15.3 Cash Flow Activities

The company generated cash flow from operation amounting TK 193.54 million as on December 31, 2020 whereas TK 13.61 million (negative) as on December 31, 2019 i.e. TK 179.93 million greater than compared to previous equivalent 06-month performance in 2019. In 06-month period of 2020 HRTML acquired fixed assets amounting TK 73.50 million that financed back by net TK 87.13 million while long term loan received amounting TK 166.65 million. As on December 31, 2020 HRTML generated NOCF amounting TK 93.25 million whereas TK 186.57 million (negative) in FY 2019-20 and TK 148.88 million (negative) in FY 2018-19. Consequently, The company's NOCFPS stood TK 3.69 as on December 31, 2020 whereas TK 7.37 (negative) in FY 2019-20. Furthermore, the cash and bank balance stood at TK 137.39 million as on December 31, 2020.

15.4 Debt Coverage

The EBIT stood at TK 141.91 million as on December 31, 2020 whereas TK 213.12 million in FY 2019-20 augmented from TK 65.55 million in FY 2018-19. The net financial expense recorded at TK 105.38 million as on December 31, 2020 while TK 166.15 million in FY 2019-20 surged from TK 152.36 million in FY 2018-19.

Particulars	December 31, 2020 (06 Months)	FY 2019-20	FY 2018-19
EBIT (TK in Million)	141.91	213.12	65.55
Financial Expenses (TK in Million)	105.38	166.15	152.36

The EBITDA stood at TK 185.22 million considering 06-month performance ended as on December 31, 2020 while TK 300.25 million in FY 2019-20 insignificantly swelled from TK 298.26 million in FY 2018-19. In addition, considering the 06-month performance ended as on December 31, 2020; the coverage ratios especially interest coverage ratio and debt service coverage ratio stood sequentially at 1.76 times & 1.27 times while in comparison with the 12-month performance both the coverage ratio stood at 1.81 times & 1.52 times respectively in FY 2019-20 and 1.96 times & 1.34 times in FY 2018-19. Therefore, the coverage indicators stood at adequate level to service financial charges or expenditures and current period obligations from the revenue generated. The debt payback period was found gradually stretched to 9 years as on December 31, 2020.

Particulars	December 31, 2020 (06 Months)	FY 2019-20	FY 2018-19
EBITDA (TK in Million)	185.22	300.25	298.26
Interest Coverage (X)	1.76	1.81	1.96
DSCR (X)	1.43	1.52	1.34
Debt Payback Period (Years)	9.10	5.47	2.46

15.5 Working Capital Intensity and Liquidity

The major liquidity indicator, current ratio, stood at 1.21 times considering the 06-month performance ended December 31, 2020; in comparison with 12-month performance 1.20 times in FY 2019-20 against 1.23 times in FY 2018-19. The cash cycle stretched to 84 days in FY 2019-20 against 34 days in FY 2018-19. The company reported positive Net Working Capital (NWC) for the last three reporting years. NWC increased to TK 226.43 million in FY 2019-20 from TK 202.84 million in FY 2018-19.

Particulars	December 31, 2020 (06 Months)	FY 2019-20	FY 2018-19
Current Ratio (X)	1.21	1.20	1.23
Adjusted Quick Ratio (X)	1.32	1.34	1.74
NWC (TK in Million)	252.22	226.43	202.84
Cash Cycle (Days)	182	84	34

15.6 Internally provided liquidity cover

An issuer's liquidity position is indicative of an issuer's ability to refinance its bond from internal sources. NCR assesses issuer's liquidity position based on internally provided liquidity cover which indicates to repay its short term debt obligation from internally provided liquidity that is OCF, retained earnings, inventory, cash & equivalents. Therefore, HRTML has moderate internal controls over liquidity risk management.

15.7 Financial Structure

The capital structure of HRTML was composed of 62.24% debt and 37.76% equity as on December 31, 2020. The equity multiplier further swelled marginally to 3.27 times as on December 31, 2020 whereas 2.93 times in FY 2019-20. The total asset base of the company increased to TK 3,618.70 million as on December 31, 2020 whereas TK 3,525.17 million in FY 2019-20, registering a growth of 2.65%. The net asset value (NAV) per share increased to TK. 43.69 in FY 2018-19 from TK 42.78 in FY 2017-18.

Particulars	December 31, 2020 (06 Months)	FY 2019-20	FY 2018-19
Debt/ (Debt + Equity) (%)	62.24	60.72	41.54
Equity Multiplier (X)	3.27	2.93	3.02
Asset Turnover (X)	0.39	0.71	1.07
Asset Base (TK in Million)	3,618.70	3,525.17	2,771.66

16. ISSUER'S CREDIT HISTORY AND SECURITY COVERAGE

HRTML is enjoying credit facility from HSBC, Gulshan Branch; Mutual Trust Bank Ltd., Gulshan Branch; Trust Bank Limited, Sena Kalyan Bhaban Branch, United Commercial Bank Limited, Head office Branch and IPDC Finance Limited, Dhaka. The details of credit facilities are given below:

Tk. in Million				
Name of the Bank	Nature of Facility	Limit	Outstanding*	Purpose
HSBC	1. Combined Limit (CBL)	1,217.00	-	To control and avail the facilities.
	2. Import Line (IMP)	(1,217.00)	373.43	To import raw materials and accessories on sight and or deferred basis.
	2(A). Import Cash Limit (IMC)	(1,217.00)	64.11	To retire sight/deferred import document and issue shipping guarantee.
	2 (B). Import Cash Limit (IMC)	(135.00)	14.50	To import raw materials like yarn, dyeing, chemicals etc. spares and machinery on sight and deferred basis.
	3. Import Line (IMP)	(2.50)	Nil	To retire sight/deferred import document and issue shipping guarantee.
	3(A). Import Cash (IMC)	(2.50)	Nil	To retire import documents.
	4. Loan Line (LNL)	75.00	Nil	To facilitate salary expenses and working capital requirements of the borrower against export DC/Contract held under lien with the bank.
	5. Guarantee (GTE)	18.00	17.80	To issue guarantees favoring various authorities required for normal course of business.
	6. Overdraft	50.00	17.60	To meet overhead and administrative expenses of the borrower.
	7. Loan Line (LNL)	5.90	Nil	One-off term loan to retire machinery import document
	8. Export Cash Limit	42.40	Nil	To negotiate/ discount export bills from overseas buyers with recourse.
	9. Export Cash Limit	212.00	17.70	To negotiate/ discount export bills only from Zara with recourse.
	Loan Line (LNL)	156.43	23.26	One-off term loan to retire machinery import document
	Non-Funded	1235.00	405.73	
	Short Term	385.30	99.41	
	Long Term	156.43	23.26	
	Total	1776.73	528.40	
Mutual Trust Bank Limited	LC /BTB (Sight/Deferred/Usance)	1,000.00	319.61	To import raw materials and accessories against export LC/Contract
	Acceptance Bill		295.67	
	Demand Loan		58.97	To adjust outstanding of the LC liabilities

	EDF	(1,000.00)	97.16	To retire import documents against LCs to be opened under BTB LC (sight) limit.
	PAD		5.64	
	SOD (G) Garments	150.00	Nil	To meet salary, wages, utilities, overhead and other expenses of the company.
	SOD (G) Business	(35.00)	Nil	
	FDBP	100.00	Nil	-
	IDBP	100.00	29.77	
	LC (Machinery)	400.00	Nil	To finance sight/deferred/ usance/ clean or discrepant for foreign / local collection bills against export LC or sales contract.
	Acceptance		57.24	To retire LC liability.
	Term Loan 1 (Machinery)		342.32	-
	Term Loan 2 (Machinery)	40.00	42.58	-
	Term Loan (Construction)	620.00	696.75	For rebuilding/ relocation of the existing factory building and other civil works.
	Term Loan (Stimulus)	62.71	60.60	-
	Non-Funded	1400.00	672.52	
	Short Term	412.71	252.14	
	Long Term	660.00	1081.65	
	Total	2472.71	2051.95	
Trust Bank Limited	BBLC (Sight/Usance)		37.57	For Procurement / import of raw materials, accessories from home & abroad for execution of export orders.
	Acceptance	650.00	149.50	
	PAD (EDF)		240.43	
	LC (Sight/ Deferred/ UPAS)		25.97	To import/ procurement of Dyes, chemicals, spare parts, capital machinery and other allied items.
	Acceptance	(80.00)	37.81	
	TR (Rev.)	40.50	29.70	To retire LC documents against sight LC.
	Time Loan [IBP (Rev.)]	70.00	Nil	To support the business against other bank's acceptance.
	OD	50.00	49.25	To meet the working capital requirement of the business.
	BG	1.00	Nil	Favoring custom authority and other reputed organization as per the requirement of the project.
	Time Loan (Stimulus Package)	28.50	28.88	-
	Non-Funded	651.00	250.85	
	Short Term	189.00	348.26	
	Total	840.00	599.11	
United Commercial Bank Limited (Head Office)	Time Loan	383.66	353.14	To meet immediate financial requirement of the business.
IPDC Finance Limited	Term Loan	150.00	167.18	To construct Effluent Treatment Plant (ETP)

*Outstanding of HSBC & MTBL as on 31.01.2021, TBL as on 17.02.2021, UCBL as on 28.02.2021 and IPDC as on 09.03.2021

α Loan Line and Export cash limit facility limit have been converted to BDT at \$1 is equivalent to TK. 84.80 as on 18.03.2021.

Facilities of HSBC and MTBL are interchangeably and co-utilized by HRTML and Fashion Knit Garments Ltd. concerns of Pride Group.

Total Exposure		
	Limit (TK in Millions)	Outstanding (TK in Millions)
Non-Funded	3286.00	1329.10
Short Term	1370.67	1052.95
Total Short Term	4656.67	2382.05
Long Term	966.43	1272.09
Grand Total	5623.10	3654.14

Nature of Security	Description
HSBC	
Primary	<ul style="list-style-type: none"> ▪ Demand Promissory Note for BDT 1,414,080,000/- with Letter of Continuity & Revival. ▪ First Charge over the Stocks of raw materials, Work-in-progress, finished goods and book debts and receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on Pari Passu basis with other lenders. HSBC's share is TK 1,000.00 million. ▪ Power of Attorney for hypothecated goods ▪ Special first charge over the plant and machineries for TK 395.00 Million with the RJSC. In this regard Power of Attorney for hypothecated goods and No Objection Certificate (NOC) from prior lenders ▪ Letter of Lien over deposits with Authority to Encash. ▪ Trade Financing general agreement for trade facility. ▪ Power of Attorney for Back-to-Back facility
Collateral	<ul style="list-style-type: none"> ▪ Registered Mortgage for TK 395.00 Million over land measuring 79.00 decimals with structure at Mouza: Gerdda, Savar, Dhaka in the name of H. R. Textile Mills Limited. ▪ Irrevocable General Power of Attorney over the property
Others	<ul style="list-style-type: none"> ▪ Personal guarantee executed by Dr. Muhammad A Moyeen, Mr. Mohammad A Moyeed and Mr. Mohammad A Momen for BDT 1,162,000,000/- each with personal net worth statements ▪ Corporate Guarantee executed by Fashion Knit Garments Ltd. For BDT 1,162,000,000/- with supporting Board Resolution ▪ Blanket Counter Indemnity for Guarantee facility
Mutual Trust Bank Limited	
Primary	<ul style="list-style-type: none"> ▪ Lien on L/C related shipping documents ▪ Acceptance to make payment on or before maturity for deferred L/C ▪ Hypothecation of raw materials, work-in-progress, finished goods of the factory both existing and future duly insured with bank mortgage clause, covering all possible risks.
collaterals	<ul style="list-style-type: none"> ▪ Proposed registered mortgage on 145 decimals of land of project along with property/structured located at Mouza-Karnapara, P.S.-Savar, Dist.-Savar, present possession held by H.R.Textiles Ltd. Represented by its Managing Director, Director or Chairman. Out of 145 decimal land, 79 decimal land and building will be mortgaged with HSBC on pari-Passu basis and the rest v66 decimal land will be mortgaged with MTB on sole basis. ▪ Registered mortgage will be backed by RIGPA authorizing the bank to sell the mortgaged property in case of default of loan.
Others	<ul style="list-style-type: none"> ▪ Pari-passu charge with existing lenders by way of hypothecation with RJSC over floating assets (Stock & book debts) of the company ▪ Specific charge over fixed assets (Plant & Machineries) of the company to be financed by MTB ▪ D.P. note and other usual charge documents. ▪ Personal guarantee of the individual director of the company ▪ Corporate guarantee of Fashion Knit Garments Ltd., Supported by Board Resolution.

Trust Bank Limited	
Primary	<ul style="list-style-type: none"> Margin for IBP: 75% from each accepted bill. Margin for OD: 50% of hypothecated value of stocks (cost or market price whichever is lower) In case of non-payment of Back to Back L/C -20% margin will be retained. Margin for BG: 10% in the form of cash Lien on original Irrevocable Export LC (sight and unrestricted) of first class foreign banks Hypothecation of raw materials, goods in process & finished goods with notarized IGPA to sell the hypothecated stocks duly insured under bank's mortgage clause 1st ranking pari-passu charge on all present & future floating assets of the company favouring Trust Bank Limited, HSBC & Mutual Trust Bank Limited with RJSC
Others	<ul style="list-style-type: none"> Personal Guarantee of all the Directors of the Company. Standard set of Charge Documents.
United Commercial Bank Limited	
Collateral	<ul style="list-style-type: none"> Lien of 6,045,960 nos. of share owned by Muhammad Abdul Moyeen, Mohammad Abdul Moyeed & Mohammad Abdul Momen all are the directors of H.R Textile Mills Limited.
Others	<ul style="list-style-type: none"> Corporate guarantee of Fashion Knit Garments Ltd. Supported by MOA, AOA & Board Resolution. Personal guarantee of the 05 Directors (out of 06) namely Muhammad Abdul Moyeen, Mohammad Abdul Moyeed, Mohammad Abdul Momen, Ms. Ruhey Rawa and Mr. Sumbal Azwad Momen. Post-dated MICR Cheque covering the limit. Fresh usual charge documents. Creation of Charge on Fixed & Floating assets of the company with RJSC&F.
IPDC Finance Limited	
Primary	<ul style="list-style-type: none"> Floating charge by the way of Hypothecation on all moveable assets of HRTML duly registered with RJSC.
Collateral	<ul style="list-style-type: none"> FDR of TK. 20.00 million only to be kept with IPDC till settlement of the loan facility. Furthermore, the same FDR to be kept with IPDC as lien in favour of IPDC. Tagging of existing registered mortgage & Irrevocable General Power of Attorney in favour of IPDC on 3010 sft. commercial space located at Baily Road, Dhaka owned by Pride Limited
Others	<ul style="list-style-type: none"> Corporate guarantees of Pride Limited & Fashion Knit Garments Limited. Personal guarantee of all Sponsor Directors of HRTML Demand promissory note Other usual charge documents.

17. RATING OBSERVATION

Positive Stimulates	Negative Stimulates
<ul style="list-style-type: none"> Praiseworthy business track record Professionally experienced BODs Qualified and veteran Management squad Strong coverage indicator Positive NOCF Private placement of the instrument Complied factory 	<ul style="list-style-type: none"> Dwindled EPS Attenuate operation High leverage ratio Extreme competition Volatile price of raw materials Overdue in the outstanding position Adverse impact of COVID-19 pandemic

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Md. Nurul Hoque
Managing Director & CEO
(Current Charge)
National Credit Ratings Ltd.

APPENDIX- I: RATING HISTORY OF ISSUER

SURVEILLANCE ENTITY RATING – 2020	
Date of Rating Declaration	Long Term
30.12.2020	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2019	
Date of Rating Declaration	Long Term
28.11.2019	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2018	
Date of Rating Declaration	Long Term
08.10.2018	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2017	
Date of Rating Declaration	Long Term
15.06.2017	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2016	
Date of Rating Declaration	Long Term
31.05.2016	A+ (Single A Plus)
INITIAL ENTITY RATING – 2015	
Date of Rating Declaration	Long Term
29.03.2015	A+ (Single A Plus)

APPENDIX- II: MACHINERIES LIST

SL.	Name of Machinery	Quantity	Brand
1.	Total Sewing Machine	966	Juki,Kansai,Pegasus,Brothers,Nisho,Hasima
2.	Knitting Machine	65	Orizo,Shima Seiki,Mayer & Cie,Jun Long,Shedim
3.	Boiler Machine	5	Thermax,Revothem,Shellmax
4.	Gas Generator	2	Caterpillar
5.	Diesel Generator	2	Petbow,Kholer
6.	Compressor	5	Atlas Copco
7.	Dyeing Machine	35	Fongs,Sclavos,Color Soft LLR
8.	Sample Dyeing	3 set	Rapid
9.	Stenter Machine	3	CC Textile,IL Sung, Bruckner
10.	Softsetting Machine	2	Jeong IL
11.	Hydro Extracting	2	Chung Moo
12.	Shearing	2	Daroitex,Suckler Muller
13.	Raising	2	Revothem
14.	Slittering	1	Sperto Rimar
15.	Brushing	1	Daroitex
16.	Compactor	2	Sperto Rimar
17.	Finished Fabrics Inspection & Rool up	2	Daroitex,Suntech
18.	Lycra Fabric Inspection & Rolling	2 Sets	Guven Celik
19.	Dryer	3	Daroitex,Albrecht,Carbolite
20.	Mini Dryer	1 Set	Rapid
21.	Water Purifing	1 unit	Trans Organic
22.	Bench Mounted Universal Strength Testing	1 Set	Testometric
23.	Bag Sewing	1	MTG
24.	Compacting	1	Sperto Rimar
25.	Washing	2	Roaches
26.	Brush Sueding	1	Lafer
27.	Spectrophotometer	2	X-Rite,Datacolor
28.	ICI Pilling Tester	1	Roaches
29.	Labdip Dyeing	1	Roaches
30.	Crocker Meter	1	Roaches
31.	Dy- Clinder	1	CC Textile
32.	Busbar Trunking System & Industrial Lighting	2 Sets	Dynagro,Schneider
33.	Production Handling & Display System	2 Sets	Dynagro
34.	Rib Cutting	13	Dino
35.	Cloth Cutting	18	Juki,Dynagro,Garment Tech
36.	PP Belt	3	Dynagro
37.	Lathe Machine	2	Batala
38.	ETP Plant	1 Unit	Tsurumi
39.	Cooling System	2 Sets	KPH
40.	Plotter Machine	2	Gerber
41.	Inkjet Printer	3	Gerber,Mutoh
42.	Enzyme Washing	1 Unit	Corino
43.	Automatic Spreader	1 Set	IMA
44.	Automatic Dye Weighting & Dispensing	1 Set	Logic Art
45.	Auxiliary Plant	1 set	Forbes Marshall

APPENDIX- III: RATING SCALE

Rating Scales and Definition Long Term Credit Ratings <i>(Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)</i>	
Rating Scale	Definition
INVESTMENT GRADE	
AAA	Excellent quality, offering highest safety for timely servicing of financial obligations. Such institutions carry minimum risk
AA+, AA, AA-	Very strong capacity for timely servicing of financial obligations offering high safety . Such institutions carry very low risk .
A+, A, A-	Strong capacity for timely servicing of financial obligations offering adequate safety . Such institutions carry low credit risk .
BBB+, BBB, BBB-	Adequate capacity for timely servicing of financial obligations offering moderate safety . The rating category denotes a moderate credit risk. However changes in circumstances or economic conditions are more likely to affect the capacity for timely servicing of financial obligations.
NON –INVESTMENT GRADE	
BB+, BB, BB-	Inadequate safety for timely servicing of financial obligations. Such institutions carry high credit risk . The entity remains more vulnerable to adverse economic changes over time.
B+, B, B-	Low safety for timely servicing of financial obligations.
CCC, CC, C	Very high risk for timely servicing of financial obligations.
D	Entities with this rating are of the lowest category. They are either in default or likely to be in default soon.

Short Term Credit Ratings <i>(Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)</i>	
Rating	Definition
ST-1	Strongest capacity for timely payment of financial commitments and carry lowest credit risk.
ST-2	Strong capacity for timely payment of financial commitments and carry very low credit risk
ST-3	Satisfactory capacity for timely payment of financial commitments and carry low credit risk.
ST-4	Moderate capacity for timely payment of financial commitments and carry Moderate credit risk
ST-5	Uncertain capacity for timely payment of financial commitments and carry high credit risk.
ST-6	Indicates actual or inherent payment default.

CREDIT RATING REPORT
ON
H.R. TEXTILE MILLS LIMITED

RATING REPORT CONTENTS

Detailed Report:

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EXECUTIVE SUMMARY

SURVEILLANCE RATINGS OF H.R. TEXTILE MILLS LIMITED

Declaration Date	30.12.2020	28.11.2019
Long Term Entity Rating	A+ (Single A Plus)	A+ (Single A Plus)
Short Term Entity Rating	ST-2	ST-2
Outlook	Developing	Stable
Expiry Date	29.12.2021	27.11.2020

Bank Loan Ratings		
HSBC (Gulshan Branch, Dhaka)	Short Term	ST-2
	Long Term	A+
Mutual Trust Bank Limited (Gulshan Branch, Dhaka)	Short Term	ST-2
	Long Term	A+
Trust Bank Limited (Sena Kalyan Bhaban Branch, Dhaka)	Short Term	ST-2
	Long Term	A+
IPDC Finance Limited	Long Term	A+

**BLR is valid for one year for long term loan and for short term loan up to 365 days or according to the tenure of the loan whichever is earlier.*

Performance Highlights:

Particulars	FY 2019-20	FY 2018-19
Total Assets	3,525.17	2,771.66
Equity	1,082.32	1,066.49
Net Turnover	2,249.51	2,358.17
Net Profit	28.16	46.47
Operating Margin (%)	9.63%	9.34%
Net Profit Margin (%)	1.25%	1.97%
EBITDA	300.25	298.26
ROE (%)	2.62%	6.39%
ROA (%)	0.89%	2.11%
DSCR (X)	1.52	1.34
Current Ratio (X)	1.20	1.23
Inventory Turnover (X)	3.95	5.70
Debt/(Debt + Equity) (%)	60.72%	41.54%
EPS (TK.)	1.11	1.84
NAV Per Share (TK.)	42.78	42.15
Export Performance	TK. 2,312.04 million	
Import Performance	TK. 1,101.03 million	

Strengths

- Rich experience of the promoters and their professional capabilities.
- Qualified and veteran management team.
- Belong to Pride Group
- Augmented NAV per share
- Improved operating margin
- Adequate coverage indicators.
- Huge scale of operation
- Owned manufacturing unit
- Complied working environment.
- Noteworthy transaction & export performance

Challenges

- To maintain stable profit margin
- Efficient current asset management.
- To improve leverage position
- Timely servicing of financial obligations.
- Holding competitiveness and gradually increasing market share.
- Successfully overcome pandemic situation.


Md. Nurul Hoque
 Managing Director & CEO
 (Current Charge)
 National Credit Ratings Ltd.



Declaration Date	30.12.2020
Long Term Entity Rating	A+ (Single A Plus)
Short Term Entity Rating	ST-2
Outlook	Developing
Expiry Date	29.12.2021

Bank Loan Ratings		
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Mutual Trust Bank Limited (Gulshan Branch, Dhaka)	Short Term	ST-2
	Long Term	A+
Trust Bank Limited (Sena Kalyan Bhaban Branch, Dhaka)	Short Term	ST-2
	Long Term	A+
IPDC Finance Limited	Long Term	A+

**BLR is valid for one year for long term loan and for short term loan up to 365 days or according to the tenure of the loan whichever is earlier.*

RATING BASIS

Ratings are based on five years' **Audited** Financial Statements up to **June 30, 2020** along with the other relevant Quantitative as well as Qualitative information provided by the Client & Bank up to the Date of Rating Declaration. Followed Corporate Rating Methodology and Bank Loan Rating Methodology of NCR published in our website.

RATING DEFINITION:

A+ (Single A Plus) rating indicates strong capacity for timely servicing of financial obligations offering adequate safety. Such institutions carry low credit risk.

ST-2 rating indicates strong capacity for timely payment of financial commitments and carries very low credit risk.

DEFINITION OF OUTLOOK:

Developing indicates that rating may be raised, lowered or remain unchanged depending on changes in the performance indicators.



RATING RATIONALE

NCR has reassigned the surveillance ratings to **"H.R. Textile Mills Limited"** at exactly same notch after professionally scrutinizing the qualitative and quantitative factors such as the rich experience of the promoters & professional capabilities thereon and qualified and veteran management team, praiseworthy business track record with current market positioning, exemplary business relationship with the stakeholders, moderate business and financial indicators, satisfactory banking transaction and assigned security collaterals against the availed facilities etc. In fact, the business and financial parameters epitomized by huge scale of operation although declined to some extent due to the outbreak of COVID-19, incremented operating margin, augmented EBITDA, adequate coverage indicators, positive net working capital and augmented asset base all that support the ratings of the company. In addition, the ratings of HRTML have been strengthened due to the professional capabilities and contributions of the management personnel, diversity in the governance team and execution of moderate corporate governance etc. Moreover, the complied owned manufacturing unit with moderate capacity utilization, standardized certification, worldwide strong buyer base and belongingness in a renowned group affirmatively affect the ratings of the company. Furthermore, realized export performance along with supportive noteworthy transactions, unclassified status of the availed facilities and the assigned collaterals against the sanctioned facilities are also taken into account while assigning the ratings to the company. Eventually, the ratings are favourably considered the capital market scenario i.e. notably augmented NAV per share and present market capitalization along with the moving average trading price.

In spite of having such positive indicators the ratings of the company have been constrained to some extent by the decreased EPS, decline in bottom line profit margin, dwindled ROE and ROA, negative NOCF, slightly deficient liquidity ratio, lengthened cash cycle and high leverage ratio etc. In addition, the overdue balance in liability position claiming timely payment behavior from the company's end and space to improve current asset management efficiency and operational efficiency through increasing utilization of installed production capacity thus improving asset turnover ratio are also confined the ratings of the company. Additionally, the extreme competition in both domestic and overseas arena and other uncertainties regarding adverse impact of pandemic situation are taken into account while assigning the ratings. Eventually, rise in prices of raw materials and the overall industry scenario along with the area of operation into consideration have also taken into account before assigning the ratings. The Bank Loan Ratings (BLR) has been assigned with the underlying borrower's entity ratings considering factors such as banking performance especially payment behavior & transaction summation, security coverage and recovery prospects.

RATING OUTLOOK

After duly analyzing the historical business performance, financial profile, industry growth & demand pattern and their reflection on forthcoming operating performance and external obligations meeting capacity into consideration, NCR judges the outlook of the concerns to be **"Developing"** as the concerns' ratings may be notched down if the concerns fails to improve its business performance especially scale of operation, profitability, current asset management in foreseeable future while improvement in banking transaction particularly timely payment behavior, successfully overcome the pandemic situation and aforesaid parameters will affect the ratings positively to retain.



1. BUSINESS OVERVIEW

1.1 H.R. Textile Mills Limited, (hereinafter referred as 'HRTML' or 'The Company'), a 100% export oriented composite knitting, dyeing & garments manufacturing unit, was incorporated as a Public Limited Company under the Company Act 1994 on 3rd December, 1984. Latter, the company commenced its commercial operation on 1st October, 1989. HRTML is operating its business activities under the umbrella of Pride Group, a renowned group in terms of its visible presence in the textile sector. Since its inception, HRTML has been at the forefront of the industry through manufacturing various kinds of garments & knit fabrics items. Furthermore, HRTML is a Lycra assured factory; a new supply chain management concept that has been initiated by DuPont for the stretch apparel industry.

1.2 The corporate and group office of HRTML is located at Pride Hamza (5th Floor) House# 54, Road# 01, Sector: 6, Uttara, Dhaka-1230. The operational office and factory is located at 4, Karnapara (Near Bank Town), Savar, Dhaka. The owned manufacturing unit is occupied with a total floor area measuring 158,275 sft. and the warehouse is measuring an area of 34,260 sft. for storing raw material and finished goods.

1.3 The company was listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange in February, 1997. Shares of the company are traded under "A" category in both the bourses. The company earned an Earnings Per Share (EPS) of TK 1.11, Net Operating Cash Flows Per Share (NOCFPS) of TK. 7.37 (negative) and Net Asset Value (NAV) per share of TK 42.78 in FY 2019-20 whereas Earnings Per Share (EPS) of TK 1.84, Net Operating Cash Flows Per Share (NOCFPS) of TK. 5.88 (negative) and Net Asset Value (NAV) per share of TK 42.15 in FY 2019-20. The Face value of each share is TK 10.00 and market lot is 1 (One) share per lot. The market capitalization was found TK. 1,044.89 million as on December 30, 2020. The company declared 10.00% Cash Dividend for the year ended 30th June, 2020. The adjacent graph in below reveals the trading history of HRTML's stock closing price over a period of last twelve months at DSE:



1.4 As per the disclosure, the company reported stock inventory of TK. 780.39 million as on November 30, 2020. HRTML's garments division is 24-line factory. The present installed capacity of HRTML is around 84 Lac pcs. for Garments Division and 4,500 MTs in Knit Fabric Division. HRTML offers its products to both domestic and export market. Following table depicts installed capacity and utilized capacity of the company.

Division	Installed Capacity	Utilized Capacity	% of Utilization
Finished Garments (Pcs)	84 Lac	56.14 Lac	66.83%
Knit Fabrics (MTs)	4,500 MTs	3,098.58 MTs	68.86%

2. GROUP PROFILE

2.1 Pride Group mainly concentrated in textile sector, is engaged in the manufacturing and exporting of knitwear products to the European Union and Canada. The group is also the producer and marketer of terminal products like saris, kids & ladies' wear, home furnishing and other textile products through a chain of 68 retail outlets, spread all over Bangladesh.

2.2 A succinct portray of the companies and businesses owned by the Pride group is mentioned below:

SL.	Name of the Company	Description
1.	H.R. Textiles Mills Limited	H.R. Textiles Mills Limited is a public limited company, engaged in manufacturing and export of knitwear products. H.R. Textiles Mills is a Lycra assured factory. Zara, Bershka, New Look, Stradivarius, and El Corte Inglés are some of their clients.
2.	Fashion Knit Garments Limited	Fashion Knit Garments Limited is engaged in manufacturing and export of knitwear products, consisting of ladies tops, sports and active wear, children outerwear, and men's innerwear.
3.	Dacca Textiles Limited	Dacca Textiles is involved in the manufacturing and processing of woven textiles. It is one of the oldest textile processors in Bangladesh.
4.	Pride Limited	Pride Limited, in its present form, started with the setting up of a retail outlet at TMC Bhaban in 1991. Its professional team now manages 68 outlets and successfully caters to the needs of a clientele base spread all over Bangladesh. Better known for its saris, salwar kameezes and short kameezes, Pride Limited has recently launched a jewelry collection and a home decor line consisting of towels, bedspreads, cushion covers etc.
5.	Urban Truth	Launched in 2010, Urban Truth specifically targets the younger segment of Dhaka society, providing clothing those are fresh, youthful and relevant in the international fashion arena. Urban Truth deals in knitwear, manufactured entirely by H.R. Textiles Mills Ltd. and Fashion Knit Garments Ltd. They also provide woven options, shoe and jewelry line.
6.	Pride Spinning Limited	Commenced its commercial operation in May, 2012 as a private limited company, the company produces 100% export oriented quality cotton yarn. It actually markets its terminal product to the export oriented RMG companies. However, it is producing 60-80 count yarn.

3. INDUSTRY RISK ANALYSIS

3.1 The Primary Textile Sector (PTS) such as spinning, weaving/knitting, dyeing and finishing industries are known as the backward linkage industries of RMG sector. According to Bangladesh Textile Mills Association (BTMA), currently there are 425 Yarn Manufacturing Mills, 796 Fabric Manufacturing Mills and 240 Dyeing-Printing-Finishing Mills operating in the industry. A brief overview of the industry is as follows:

A. Spinning Sector:

Different types of yarn are produced at this sector. Almost 100% of this yarn is used in the domestic and export oriented weaving and knitting mills in Bangladesh.

B. Weaving Sector:

Woven fabrics of different designs are produced by this sector. Mostly, plain woven fabrics are produced. This sector can meet only 40% of the demand of the woven RMG sector.

C. Power Loom Sector:

Saree, lungi and gamcha are the main products produced at this sector. This sector meets about 90% of domestic demand.

D. Hand Loom Sector:

Luxurious Saree e.g. Jamdani and Benaroshi are produced at this old and traditional sector. This sector provides employment for a large segment of the rural population of Bangladesh.

E. Knitting Sector:

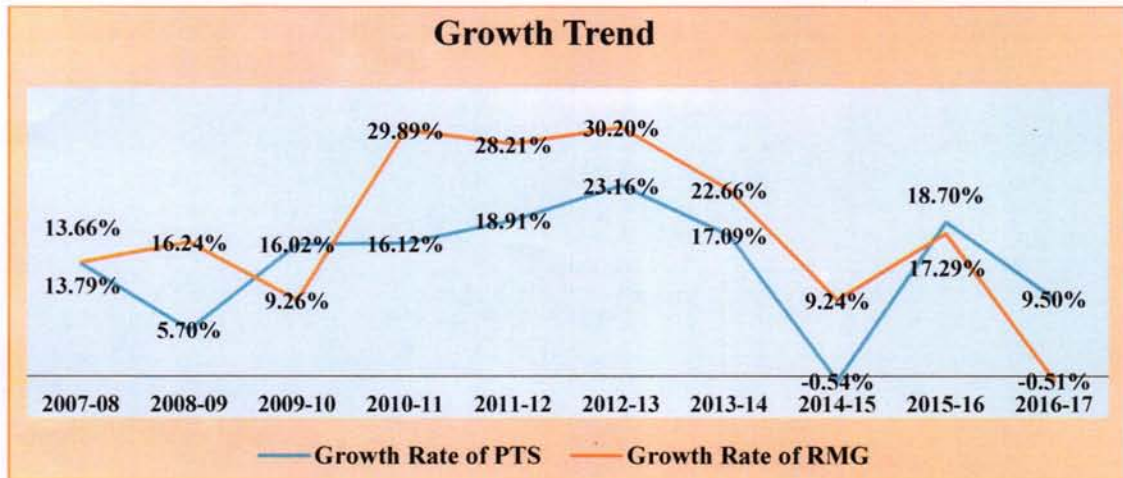
Knit fabrics are produced at this sector. This sector can meet about 80% of the demand of Knit RMG sector.

F. Dyeing and Finishing Sector:

This sector processes the grey woven and knit fabrics and produces different colored dyed and printed fabric.

3.2 INDUSTRY OVERVIEW:

3.2.1 Bangladesh, once labeled as a bottomless basket, is now a developing nation and expected to be a middle income country by the end of 2021. This massive transformation of the economy has been possible mostly because of the contribution of the readymade garments (RMG) industry. PTS plays an important role in the development of RMG sector. A sluggish PTS will hamper the rapid growth of RMG sector. The contribution of Primary Textile Sector of Bangladesh to the flourishing RMG sector is beyond question. PTS and RMG go hand in hand. Year to year growth rate of PTS compared to RMG is given below:



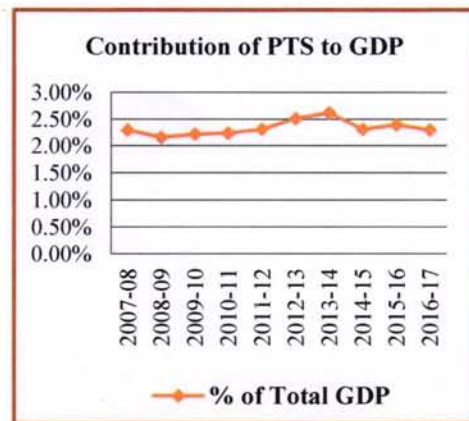
3.2.2 From the above figure, it can be easily seen that growth of RMG industry and PTS is positively correlated. Whenever RMG industry faces a shake, textile industry is also affected. Through ups and downs, the textile industry grew at an average rate of 13.82% in last ten years. Though the growth rate has been fluctuating in recent years, the total output of the industry is on the rise.

3.2.3 Textile industry has created the employment of approximately 1.64 million workers. In FY 2016-17, industry sector contributed about 29.32% to total GDP and textile industry contributed about 2.30% to total GDP. Contribution of textile sector to total GDP is as follows:

(BDT in Million)

Year	Contribution of PTS	Total GDP	% of Total GDP
2007-08	144,020.00	6,287,000.00	2.29%
2008-09	152,230.00	7,051,000.00	2.16%
2009-10	176,615.00	7,975,000.00	2.21%
2010-11	205,094.00	9,158,000.00	2.24%
2011-12	243,883.00	10,552,000.00	2.31%
2012-13	300,366.00	11,989,000.00	2.51%
2013-14	351,708.00	13,437,000.00	2.62%
2014-15	349,794.00	15,158,000.00	2.31%
2015-16	415,195.00	17,329,000.00	2.40%
2016-17	454,639.00	19,758,000.00	2.30%

Source: Bangladesh Bureau of Statistics



3.2.4 Though Bangladesh mainly exports RMG products, it also exports some primary textiles. In FY 2018-19, USD 110.04 million was earned from the export of primary textile products. Terry towel, special woven fabric and knitted fabric are the main export items in textile sector. Contribution of PTS to total export is less than one percent.

(USD in Million)

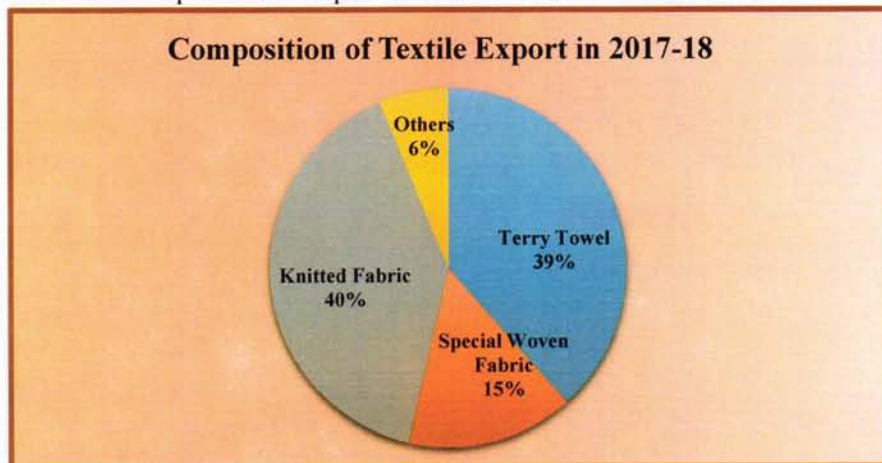
Year	Terry Towel	Special Woven Fabric	Knitted Fabric	Others	Export of Textile	Total Export	% of PTS to National Exp.
2013-14	67.16	11.27	23.75	6.58	224.36	30186.62	0.74%
2014-15	41.81	13.12	46.51	5.55	214.03	31208.94	0.69%

2015-16	47.80	16.06	36.40	8.46	211.48	34257.18	0.62%
2016-17	44.30	15.99	37.96	7.89	215.63	34655.92	0.62%
2017-18	42.35	16.63	44.21	6.85	234.89	36668.17	0.64%

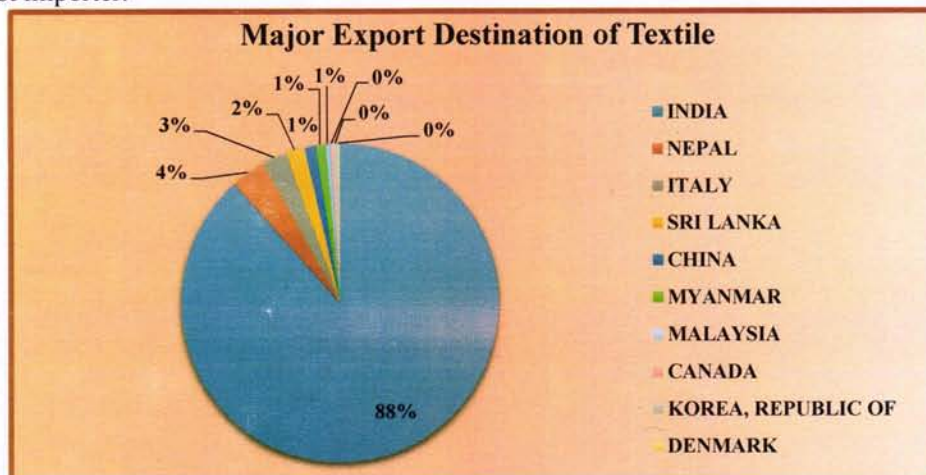
Source: Export Promotion Bureau

Bangladesh mainly exports terry towel, special woven fabric and knitted fabric. Export of terry towel declined to USD 42.35 million in FY 2018-19 from USD 44.30 million in FY 2016-17. On the other hand, export of knitted fabrics increased to USD 44.21 million in FY 2018-19 from USD 37.96 million in FY 2016-17. Composition of export items in PTS is as follows:

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3.2.6 Bangladesh exports textile products to about 21 countries around the world. Among them India is the biggest importer, making up 88.00% of export destination. Nepal, Italy, Sri Lanka and China are the other largest importer.



3.3 PORTER'S FIVE FORCES MODEL:**3.3.1 Bargaining power of buyers:**

RMG sector can meet 40% of total demand of woven fabrics and 80% of total demand of knit fabrics from the domestic fabric manufacturing sector. Large number of buyers along with insufficient supply of fabrics makes the bargaining power of buyers weak. Again, threat of backward integration by the buyers, strengthens the bargaining power of buyers. Above all, buyers can exert moderate bargaining power.

3.3.2 Bargaining power of suppliers:

Since, yarn manufacturers can supply 85% of yarn required by the weaving and knitting mills, suppliers enjoy strong bargaining power. Again, few substitutes of the raw materials and threat of the suppliers to forward integration make the bargaining power of the supplier strong.

3.3.3 Threat of entry:

Since fabric industry cannot meet 100% demand of the domestic RMG sector, there is scope for new entrants to do business in this sector. Setting up of woven fabric factories costs two to three times more than establishing a knit composite factory and it also needs more land. So, threat of new entrants is moderate in knit fabric industry but very low in woven fabric industry.

3.3.4 Threat of substitute:

Knit fabric and woven fabric are substitute of each other. So, there is threat of substitute products though each type of fabric has its own application and demand.

3.3.5 Industry rivalry:

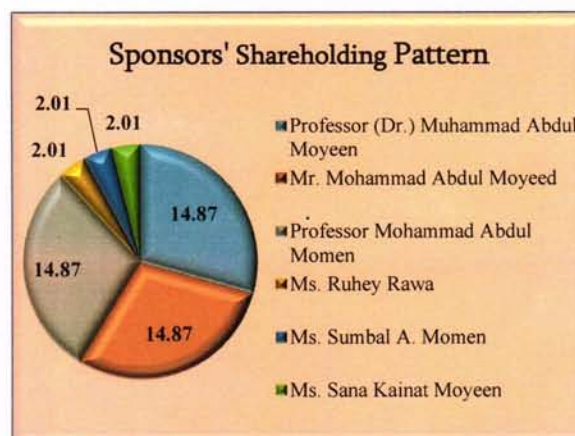
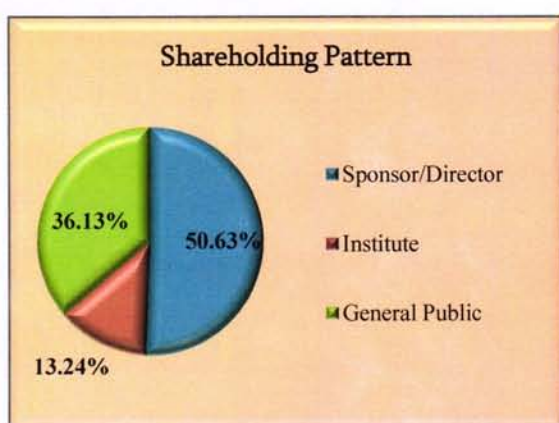
There are 796 yarn manufacturing mills in the industry and have further scope to expand the numbers depicting moderate rivalry among existing competitors. On the other hand, high exit barriers, slow industry growth, low differentiation of products along with low customer loyalty creates intense rivalry among existing competitors. Considering all the factors, it can be inferred that there is moderate rivalry among the existing competitors.

Bangladesh hardly exports any woven fabric. Currently, local manufacturers are capable of supplying 40% of woven fabric required by the RMG sector. So, Bangladesh has to import woven fabric from different countries. This is a huge drawback for Bangladesh. Since, woven fabric is to be imported from abroad and this process takes time, it results into longer lead time. Thus, it also hampers the export of woven RMG. It takes about 35 days to ship goods to the US from Bangladesh. But shipping from China takes 20 days and it is 15 days for Turkey. As a result, Bangladesh cannot take urgent orders from buyers due to longer lead time. In addition to this, setting up woven fabric factories cost two to three times more than establishing a knit composite factory and it also needs more land. So, entrepreneurs are inclined toward establishing knit fabrics factories. Inefficient port handling in Chattogram is also causing a minimum of 15 days laggings. All these problems have to be solved to move the textile industry of Bangladesh forward.

4. BUSINESS RISKS

4.1 OWNERSHIP STRUCTURE

The majority 50.63% of the shares are owned by the Sponsor/ Director of the company. The second largest slice 36.13% is held by the General Public & the rest 13.24% shares are held by Financial Institutions. This ownership composition has been depicted as per the disclosure in the financial statement as on 30th June, 2020. The authorized share capital is 1000.00 million ordinary shares of TK 10.00 each. The issued, subscribed and paid-up capital of the company was TK 253.00 million in FY 2019-20 having face value of shares of TK 10.00 each. The shareholding pattern of the company along with the sponsors proportion of share is shown in the following pie chart:



4.2 CORPORATE GOVERNANCE

4.2.1 The company's BoD comprises of eight members including two Independent Directors namely Professor Dr. A.H. M. Habibur Rahman and Professor Dr. Md. Zakir Hossain Bhuiyan. Most of the members hold a position in other companies of the Group. The BoD with diversified background and expertise is a key source of guidance to the management. The Board is responsible for policy formulation and overseeing the management performance and reports. Brief profile of Board members is shown as follows:

SL.	Name of the Members	Designation	Qualification	Experience	% of Share
1	Professor (Dr.) Muhammad Abdul Moyeen	Chairman	B.Com Hons), M.Com and PhD	42 Years	14.87
2	Mr. Mohammad Abdul Moyeed	Managing Director	B.Sc Engineer (Chemical) from BUET	44 Years	14.87
3	Professor Mohammad Abdul Momen	Director	B.Com (Hons), M.Com and MBA (USA)	41 Years	14.87
4	Professor Dr. A.H.M. Habibur Rahman	Independent Director	B.Com (Hons), M.Com, PhD in Industrial Finance & PGD in Business Management.	42 Years	Nil
5	Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	B.Com (Hons) M. Com., PhD (India)	34 Years	Nil
6	Ms. Ruhey Rawa	Director	BA (Hons) UK	10 Years	2.01

7	Ms. Sumbal A. Momen	Director	BA (Hons) USA	10 Years	2.01
8	Ms. Sana Kainat Moyeen	Director	BA (Hons) UK, M. Phil (Oxford), UK	10 Years	2.01

4.2.2 The management is accountable to the Board. HRTML maintains good business practices through transparency in corporate financial reporting and take steps for improvement of standards, controls and accountabilities as suggested by the Board of Directors.

4.2.3 For compliance of regulatory requirements, the board has formed an Audit Committee, which is headed by Professor Dr. A.H. M. Habibur Rahman, one of the Independent Directors of HRTML. He served Dhaka University for about 42 years. He is an eminent academician and former Dean of FBS and

Name of the members	Designation	Position	Academic Qualification
Professor Dr. A.H. M. Habibur Rahman	Independent Director	Chairman	B.Com (Hons), M.Com, PhD in Industrial Finance & PGD in Business Management.
Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	Member	B.Com (Hons) M. Com., PhD (India)
Professor Dr. Muhammad Abdul Moyeen	Chairman	Member	B.Com (Hons), M.Com and PhD
Professor Mohammad Abdul Momen	Director	Member	B.Com (Hons), M.Com and MBA

founder Chairman of Department of Finance. The brief of committee members is given as follows:

4.3 MANAGEMENT

4.3.1 The management team is headed by the Managing Director, Mr. Mohammad Abdul Moyeed who has 41 years of experience in textile sector. The organizational structure of the company is divided into several functional departments. The heads of the different departments report directly to the Managing Director. Other team members, holding the top positions of the management, possess good academic qualifications and experiences. A brief profile of the management team of HRTML is demonstrated below:

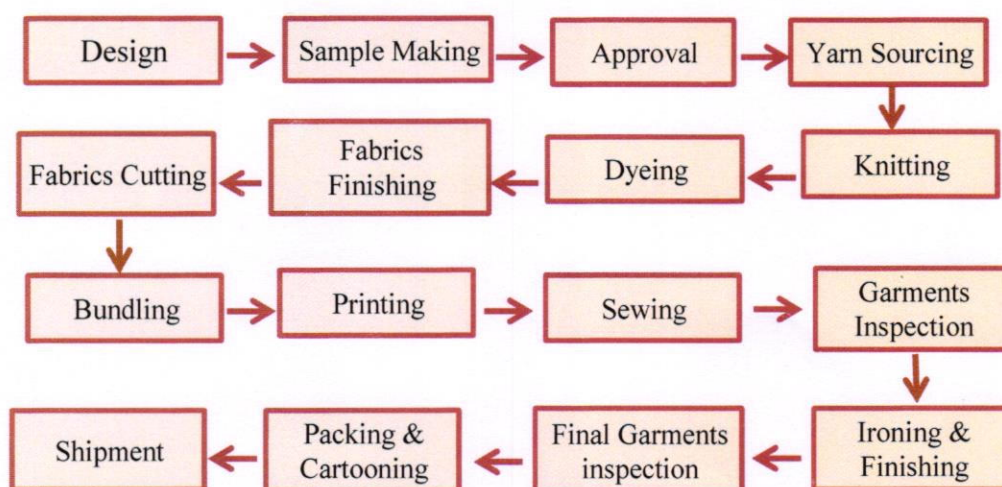
4.3.2 Brief details of management team is provided below:

Sl.#	Name	Designation	Qualification	Experience (in years)
1	Mr. Md. Abu Amur Naheel	Chief Financial Officer & Head of Accounts	Chartered Accountants , CIMA (UK)	15
2	Mr. S.M. Asadun Nabi Mishu	General Manager (Strategy Planning & Development)	B.Sc Engineer (IPE) from BUET	12
3	Mr. Mohammad Karim Hossain	Manager – MIS	MBA (MIS) DU	15
4	Mr. Md. Aminur Rahman	Factory Manager	B.Com (Hons) in Management	16
5	Mr. Nazmul Hossain Khan	Manager – Commercial	Master in Political Science	28
6	Mr. Md. Monirul Islam	Manager – Admin & Compliance	Master in English Literature	15
7	Mr. Mohammad Fakhru Bari	Head of Sales &	B.Com	20

		Merchandizing		
8	Mr. Md. Shafiq Mondol	Manager -Maintenance	MBA, B.Sc. Engineer	20
9	Mr. Md. Nasimul Hossain	Sr. Executive – Planning	MBA, B.Sc.	7
10	Mr. Md. Abdus Salam	Assistant Production Manager – Garments	SSC	14
11	Mr. Al Arafat Hossain	Assistant Project Manager	B.Sc., MBA	08
12	Mr. Md. Rashadul Alam	Production Manager – Garments	BA	14
13	Mr. Md. Abdul Hannan Mia	Manager – Dyeing	B. Sc. (Textile)	12
14	Mr. Md. Amirul Islam	Manager – IE	B.Sc. Textile (BIFT)	08
15	Md. Taslim Hossain	Sr. Executive (Audit)	M.Com	12
16	Mr. Md. Wali Ullah	Company Secretary (CS)	M.Com in Accounting	27

4.4 PROCESS LAYOUT

The company's manufacturing process has depicted through the process layout.



4.5 INTERNAL CONTROL SYSTEM

The heads of the departments have the capability and experience to promote and run the business efficiently. The HR policy and service rule of HRTML is well structured. The company offers good compensation packages to employees like attendance bonus, festival bonuses, maternity leave facility etc. The casual leave, earned leave and medical leave are being followed according to the policy. Medical allowances, house rent, childcare, annual increment, health & safety allowances are also provided to the employees. The company organizes various training program for respective departments. At present, the company employs around 2,026 personnel for smooth operation of the company. Among them 147 are staffs and 1,879 are workers of which 47% are women workers.

4.6 OPERATIONAL RISKS

The company is exposed to other risks associated with the operation. The operational risks are:

4.6.1 INFRASTRUCTURAL RISK:

The company is a certified concern as per ACCORD status. In addition, HRTML is a BESCD certified concern. Apart from that, HRTML has equipped with required fire safety equipments to take appropriate measures against fire exposure i.e. HRTML is entirely equipped fire alarm and suppression system. In addition Fire extinguisher, Hose reels, Smoke detector, Fire alarm, Fire door, Fire Beater, Fire Hook etc. In addition, HRTML has water reservoir of 425,000 ltrs. run by 1,250 gpm. fire pump.

SL.	Name of Fire Equipment		Quantity
1	Smoke Detector		150 pcs.
2	Fire Extinguisher	ABC Dry Powder	104 pcs.
4		Co2	75 pcs.
5		Foam	08 pcs.
6	Fire Alarm		37 pcs.
7	Hose Reel		23 pcs.
8	Fire Hook		40 pcs.
9	Fire Beater		160 pcs.

4.6.2 UTILITY RISK:

HRTML is sound enough in terms of organizing production facilities. Normally the factory is run by the electricity supplied by REB but in case load shedding the company gets electricity from its own source. The company meets its energy requirements with two Gas Generators (1950 KW & 1025 KW) & two Diesel Generators (728 KW & 252 KW).

4.6.3 MACHINERY & EQUIPMENT:

The company is equipped with modern set up of branded machineries. The company has different branded machineries and the machineries are mainly imported from Italy, Japan, UK, USA, Germany, Belgium, China & India. Hence, the detail machinery and equipment list has been enclosed in the Appendix: II.

4.6.4 WASTE MANAGEMENT

The company has distinct waste management and disposal policy. The company has Insurance coverage under 'Industrial All Risk' Insurance Policy with Reliance Insurance Limited. For environmental protection, the company has a fully functional ETP plant of capacity 100m³/hour.

4.6.5 QUALITY MANAGEMENT:

The company has a well-trained quality control department, responsible for ensuring the quality of all products of the company that meets the most stringent international standards. Extensive testing and quality audit procedures are established throughout the production process. All yarn is tested for specific physical characteristics in the Yarn Testing Laboratory. HRTML uses lean manufacturing methods, statistical process control and statistical quality control in their factory production line to maintain the quality. Throughout the manufacturing process, the quality and assurance division ensures compliance with HRTML's quality standards that allow the company to retain its market niche.

4.6.6 INFORMATION TECHNOLOGY:

HRTML utilizes a “Kandaree ERP Solution” application to provide a seamless integration of information flowing through the various functions of the business developed by a Professional Software firm CSL Software Resources Limited. The customized system is currently supporting the Accounting, Merchandising, Planning, Human Resource, Inventory, Fixed Asset Management and Production Recording, TDH, Sedo Master, Dispensing Software.

4.6.7 CONSIGNMENT

The successful execution of export order is exposed to the risk associated with on time delivery to the buyers. Sea ports & water ways are mostly used to deliver the finished items to buyers’ door. However, RMG companies face some common barrier regarding port management, political instability and drawback of other infrastructural facilities which make the manufacturers difficult to deliver the goods on time. Even, political instability & blockade make the manufacturer bound to use air ways which raise the transportation cost, to ensure the delivery on time.

4.6.8 LABOR UNREST

Labor unrest is one of the biggest risks currently faced by manufacturers in labor orientated industries. Most of the cases, low wages, irregular wages & bonus payment, whimsical behavior of the owner(s) & top management, misbehave with female workers & existence of deplorable working conditions are the prime reasons of labor unrest which results in massive damage in machinery and other assets of the company if not the factory is closed temporarily. The loss is intensified with the buyer’s decision to shift orders due to not being able to supply goods within the specified time frame.

4.6.9 MARKET SHARE

Textile & RMG sectors are facing severe competition from China, Vietnam, Cambodia, Sri Lanka & Indonesia. However, China is gradually losing the international market of textile export as higher labor cost resulting to an excellent opportunity for Bangladesh in grabbing larger stake in the international market. RMG sectors of Bangladesh captured almost 75% of export earnings, 16% of GDP and around 4.2 million direct jobs in FY 2013-14. BKMEA aims at having \$21.08 billion knitwear export, 41.70% share in national export, 2.8 million employment generation and 7.20% share of GDP by 2021. Despite of global economic turmoil, 90% of RMG items were exported to USA and Euro Zone. If the industry participants fail to comply with the continuous improvement & diversification, they will lose the global market in long run but not in short run.

4.6.10 RAW MATERIALS RISK

The major raw materials of the company are Yarn, Dyes and Chemicals. Price fluctuation of the raw materials directly affects the costing as well as profitability. HRTML procures raw materials as per buyer requirements. To handle the fluctuation of price for cotton, HRTML remains vigilant to maintain the situation and takes appropriate actions.

4.6.11 POLICY INSTABILITY

The Government monitors the work environment and often fixes the minimum wages, though most of the companies do not follow the regulated rate. Even Non compliance of these can breed worker unrest. Despite the propagation of laws & labor code by the Government, the majority of garment workers remain deprived of their legal rights including minimum basic salary, working hours, overtime



calculation, off day in a week and yearly increment. In addition, the concern operates under export/import policy, taxation policy adopted by NBR and rules adopted by other regulatory organizations. Any unexpected & negative changes in the policies & business framework formed by authorized bodies will have adverse effect on the business of the company. So considering the above, the company is exposed to regulatory risk associated with the policy stability.

4.6.12 TOP CUSTOMER & SUPPLIER LIST:

HRTML has a diversified and strong customer base. Maximum revenue is generated from export market sales and the rest from local sales to corporate customers. The company also performs the orders of Fashion Knit Garments Ltd.; an associated company of Pride Group. Sorted list of top nine customers are given below:

CUSTOMER LIST

SL.	Name of the Buyers	Country
1	Fashion Knit Garments Ltd.	Bangladesh
2	Freedy SPA	Italy
3	Grouppo Coin Societa Per OBS/OBS)	Italy
4	Tally Weijl Trading AG	Germany
5	Bonobo Megellon	France
6	Inditex SA	Spain
7	Magellon SAS	France
8	Teddy SPA	Italy
9	ETAM	France

In addition to that, HRTML imports dyes, chemicals and yarn from local and overseas diversified suppliers. In many cases, the company procures the supplies from buyer nominated suppliers. Otherwise, the company has strong and reliable suppliers base for the required materials. Sources of raw materials (types and origin country) is illustrated below:

SL.	Raw Materials	Imported Country
1	Dyes	India, China, Indonesia
2	Chemicals	Singapore, Germany, Switzerland, Indonesia
3	Yarn	India, Pakistan, Indonesia, Vietnam

A list of major suppliers both local and overseas is given below:

SUPPLIERS LIST

SL	Name of the Suppliers	Country
1.	Tyco Fire Security Ltd.	Singapore
2.	Hyosung Vietnam Co. Ltd.	Vietnam
3.	Huntsman (Singapore) Pvt. Ltd.	Singapore
Major local Suppliers		
4.	Mejba Lebel & Accessories Ltd.	Bangladesh
5.	NRG Hometex Ltd.	Bangladesh
6.	Square Textile Ltd.	Bangladesh

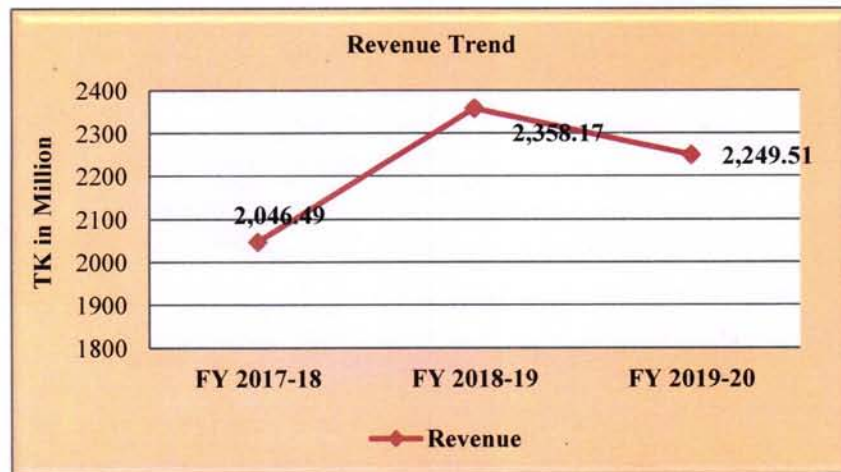
7.	Israq Textile Mills Ltd.	Bangladesh
8.	Pahartali Textile & Hosiery Mills Ltd.	Bangladesh
9.	Brothers Corporation	Bangladesh
10.	Friends Sundicate	Bangladesh

4.7 QUANTITATIVE ANALYSIS:

Particulars	FY 2019-20	FY 2018-19
Turnover (TK. in Million)	2,249.51	2,358.17
Turnover Growth	-4.61%	15.23%
Cost To Revenue Ratio	85.77%	85.96%
Gross Margin	14.23%	14.04%
Operating Margin	9.63%	9.34%
Net Profit Margin	1.25%	1.97%
ROA	0.89%	2.11%
ROE	2.62%	6.39%

4.7.1 INTERPRETATION:

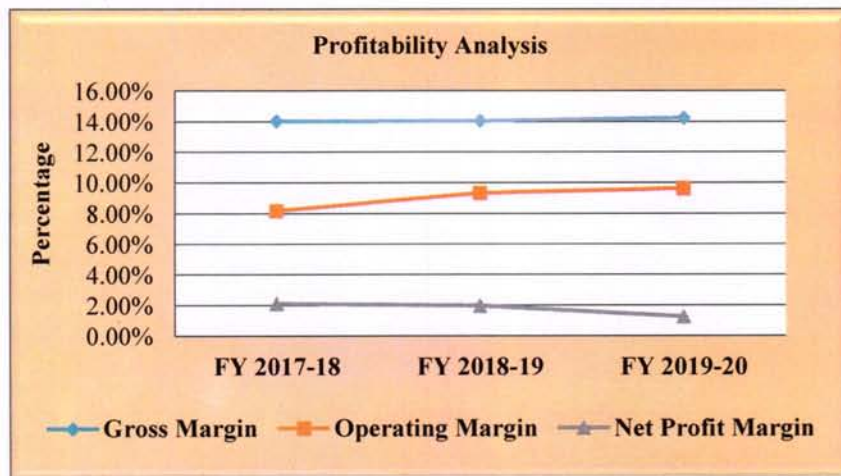
4.7.1.1 The quantitative analysis is actually limited to the financial disclosures made by the company at the end of each reporting year and audited by “**Rahman Mostafa Alam & Co. Chartered Accountants**”. The Statement of financial position and the statement of profit & loss and other comprehensive income was restated for dated June 30, 2019. As per the disclosure, the company’s revenue (sales revenue along with export incentive) reported TK. 2,249.51 million in FY 2019-20 from TK. 2,358.17 million in FY 2018-19, registering attenuate operation at the rate of 4.61% from the previous year. The following graph is illustrated the trend of revenue over the last three years.



4.7.1.2 The cost to revenue ratio of the company diluted to 85.77% in FY 2019-20 against 85.96% in FY 2018-19. As a result, the gross profit margin of HRTML marginally incremented to 14.23% in FY 2019-20 from 14.04% in FY 2018-19 however in amounting TK. 320.06 million in FY 2019-20 decreased from TK. 331.18 million in FY 2018-19.

4.7.1.3 The operating profit margin of the company was marginally improved to 9.63% in FY 2019-20 from 9.34% in FY 2018-19. The administrative & general cost to revenue ratio stood at 9.63% in FY 2019-20 against 9.34% in FY 2018-19. However, the operating profit of HRTML was reported TK. 216.52 million in FY 2019-20 slightly decreased from TK. 220.22 million in FY 2018-19.

4.7.1.4 However, the net profit margin of HRTML was marginally dwindled to 1.25% in FY 2019-20 from 1.97% in FY 2018-19 due to the swell in financial cost to revenue ratio which stood at 7.39% in FY 2019-20 against 6.46% in FY 2018-19. The net profit was found TK. 28.16 million in FY 2019-20 substantially declined from TK. 46.47 million in FY 2018-19. The above profitability parameters has been graphically represented as follows:



4.7.1.5 Both the ROE and the ROA were found at 2.62% & 0.89% respectively in FY 2019-20 against 6.39% & 2.11% respectively in FY 2018-19. Considering the operational efficiency and pandemic situation regarding outbreak of COVID-19, the asset turnover ratio dwindled to 0.71 times in FY 2019-20 from 1.07 times in FY 2018-19, representing space to improve operational efficiency in terms of converting assets into revenue.

4.8 FINANCIAL RISKS

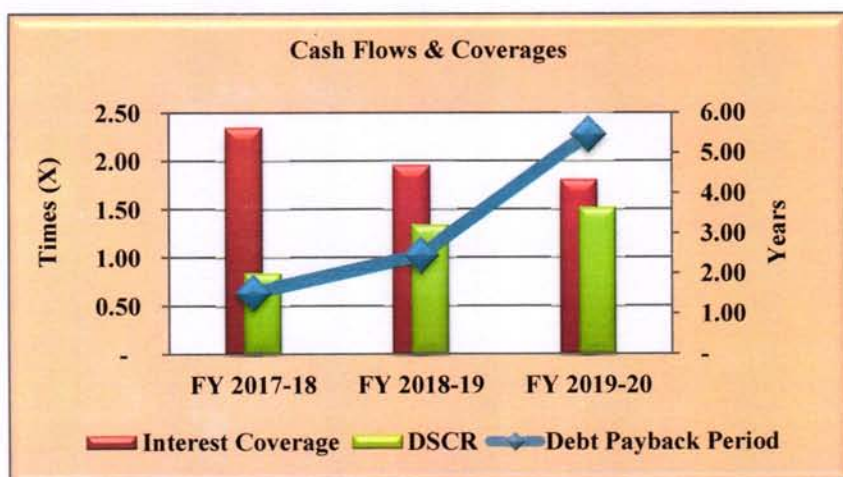
Particulars	FY 2019-20	FY 2018-19
EBITDA (TK. in Million)	300.25	298.26
Current Ratio (X)	1.20	1.23
DSCR (X)	1.52	1.34
Debt payback periods (Years)	5.47	2.46
Cash Cycle (in days)	83.78	33.33
Net Debt (Net Debt + Equity)	60.28%	40.74%
Total Asset (TK. in Million)	3525.17	2771.66

4.8.1 INTERPRETATION:

4.8.1.1 The NOCF was substantially declined to TK. 186.57 million (negative) in FY 2019-20 from TK. 148.88 million in FY 2018-19 due to the greater payment for goods and services and interest payment

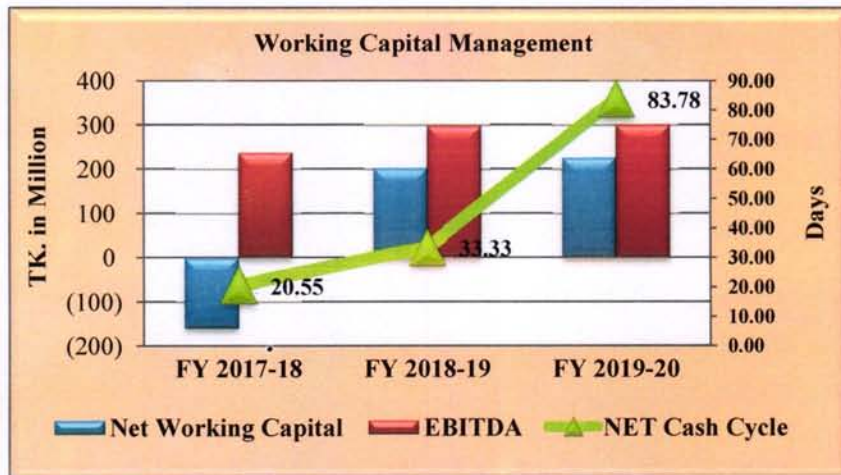
against the utilized credit facilities in the current reporting year. However, the EBITDA of HRTML was augmented to TK. 300.25 million in FY 2019-20 from TK. 298.26 million in FY 2018-19, realizing a growth of 0.67% from the previous year. The financial expenditure of the company was recorded at TK. 166.15 million in FY 2019-20 while TK. 152.36 million in FY 2018-19.

4.8.1.2 When the coverage indicators of the company have been taken into account, the interest coverage ratio and the debt service coverage ratio were found sequentially at 1.81 times & 1.52 times in FY 2019-20 whereas both were 1.96 times & 1.34 times respectively in FY 2018-19. Although the interest coverage ratio declined marginally, the DSCR slightly incremented and both the parameters stood at adequate level to service financial charges and current period obligations from the earnings. The following graph illustrated the coverage indicator of the company precisely.



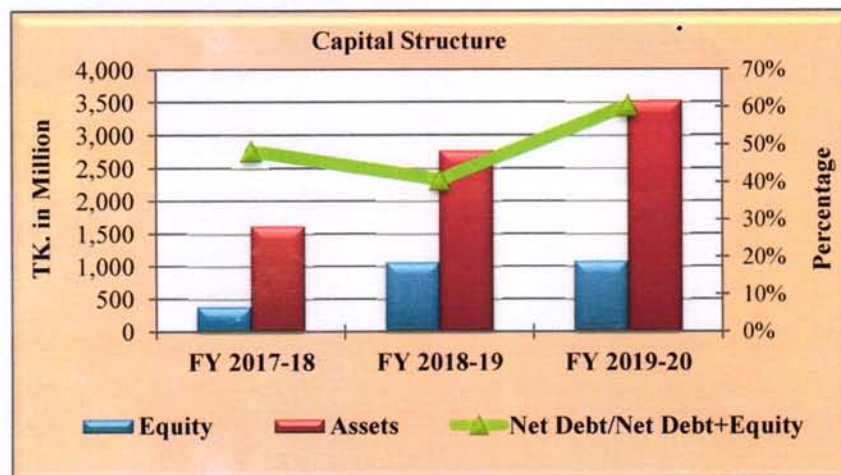
4.8.1.3 While the current asset management of the company has been considered, the net working capital of the company was found TK. 226.43 million in FY 2019-20 augmented from TK. 202.84 million in FY 2018-19. Hence, the positive net working capital of the company ensures smooth business operation. The average trade creditors of HRTML was 92 days in FY 2019-20 against 95 days in FY 2018-19 while the inventory holding period and the average trade debtors were sequentially were 80 days & 97 days in FY 2019-20 against 56 days & 74 days in FY 2018-19. Thus, the cash cycle of HRTML was reported 84 days in FY 2019-20 while it was 34 days in FY 2018-19. The above parameter of current asset management has depicted below:

✓



4.8.1.4 The liquidity indicator of the company i.e. current ratio was found at 1.20 times in FY 2019-20 while 1.23 times in FY 2018-19. Thus, the liquidity indicator stood at deficient level and the management of the company would take care of that to be at moderate level.

4.8.1.5 As per the financial disclosure, the financial structure of HRTML was regarded moderate financial leverage as the capital structure of the company was composed of 60.72% debt and 39.28% equity. The equity multiplier was stood at 2.93 times in FY 2019-20 against 3.02 times in FY 2018-19. The asset base of HRTML was found TK. 3,525.17 million in FY 2019-20 augmented from TK. 2,771.66 million in FY 2018-19.



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4.9 CREDIT FACILITIES

The company is enjoying credit facility from HSBC, Gulshan Branch; Mutual Trust Bank Ltd., Gulshan Branch; Trust Bank Limited, Sena Kalyan Bhaban Branch and IPDC Finance Limited, Dhaka. The details of credit facilities are given below:

Tk. in Million				
Name of the Bank	Nature of Facility	Limit	Outstanding*	Purpose
HSBC	1. Combined Limit (CBL)	1,217.00	-	To control and avail the facilities.
	2. Import Line (IMP)	(1,217.00)	444.81	To import raw materials and accessories on sight and or deferred basis.
	2(A). Import Cash Limit (IMC)	(1,217.00)	59.57	To retire sight/deferred import document and issue shipping guarantee.
	2 (B). Import Cash Limit (IMC)	(135.00)	24.68	To import raw materials like yarn, dyeing, chemicals etc. spares and machinery on sight and deferred basis.
	3. Import Line (IMP)	(2.50)	Nil	To retire sight/deferred import document and issue shipping guarantee.
	3(A). Import Cash (IMC)	(2.50)	Nil	To retire import documents.
	4. Loan Line (LNL)	75.00	Nil	To facilitate salary expenses and working capital requirements of the borrower against export DC/Contract held under lien with the bank.
	5. Guarantee (GTE)	18.00	17.80	To issue guarantees favoring various authorities required for normal course of business.
	6. Overdraft	50.00	5.05	To meet overhead and administrative expenses of the borrower.
	7. Loan Line (LNL)	5.90	Nil	One-off term loan to retire machinery import document
	8. Export Cash Limit	42.40	Nil	To negotiate/ discount export bills from overseas buyers with recourse.
	9. Export Cash Limit	212.00	17.50	To negotiate/ discount export bills only from Zara with recourse.
	Loan Line (LNL)	156.43	29.25	One-off term loan to retire machinery import document
	Non-Funded	1,235.00	487.29	
	Short Term	385.30	82.12	
	Long Term	156.43	29.25	
	Total	1,776.73	598.66	
Mutual Trust Bank Limited	LC /BTB (Sight/Deferred/Usance)	1,000.00	404.07	To import raw materials and accessories against export LC/Contract.
	Acceptance Bill		192.53	
	Demand Loan		159.38	To adjust outstanding of the LC liabilities
	EDF	(1,000.00)	121.34	To retire import documents against LCs to be opened under BTB LC (sight) limit.
	PAD		10.41	
	SOD (G) Garments	150.00	Nil	To meet salary, wages, utilities, overhead and other expenses of the company.
	SOD (G) Business	(35.00)	Nil	
	FDBP	100.00	Nil	To finance sight/deferred/ usance/

				clean or discrepant for foreign / local collection bills against export LC or sales contract.
	LC (Machinery)		19.63	Sanction required
	Acceptance	400.00	40.50	Sanction required
	Term Loan 1 (Machinery)		327.94	Sanction required
	Term Loan 2 (Machinery)	40.00	40.99	Sanction required
	Term Loan	980.00	671.32	For rebuilding/ relocation of the existing factory building and other civil works.
	Term Loan (Stimulus)	62.71	63.84	Sanction required
	Non-Funded	1,400.00	656.73	
	Short Term	312.71	354.97	
	Long Term	1,020.00	1,040.25	
	Total	2,732.71	2,051.95	
Trust Bank Limited	BBLC (Sight/Usance)		122.26	For Procurement / import of raw materials, accessories from home & abroad for execution of export orders.
	Acceptance	650.00	82.80	
	PAD (EDF)		335.69	
	LC (Sight/ Deferred/ UPAS)	(80.00)	32.44	To import/ procurement of Dyes, chemicals, spare parts, capital machinery and other allied items.
	Acceptance		36.27	
	TR (Rev.)	40.50	29.02	To retire LC documents against sight LC.
	IBP (Rev.)	70.00	Nil	To support the business against other bank's acceptance.
	OD	50.00	49.67	To meet the working capital requirement of the business.
	BG	1.00	Nil	Favoring custom authority and other reputed organization as per the requirement of the project.
	Time Loan (Stimulus Package)	28.50	28.88**	Sanction required
	Non-Funded	651.00	273.77	
	Short Term	189.00	443.26	
	Total	840.00	717.03	
IPDC Finance Limited	Term Loan	150.00	165.90	To construct Effluent Treatment Plant (ETP)

*Outstanding of HSBC & TBL as on 30.11.2020, MTBL as on 02.12.2020 and IPDC as on 29.11.2020
 α Loan Line and Export cash limit facility limit have been converted to BDT at \$1 is equivalent to TK. 84.80 as on 30.12.2020.

Facilities of HSBC and MTBL are interchangeably and co-utilized by HRTML and Fashion Knit Garments Ltd. concerns of pride group.

Total Exposure		
	Limit (TK in Millions)	Outstanding (TK in Millions)
Non-Funded	3,286.00	1,417.79
Short Term	887.01	880.35
Total Short Term	4,173.01	2,298.14
Long Term	1,326.43	1,235.40
Grand Total	5,499.44	3,533.54

*Outstanding of HSBC & TBL as on 30.11.2020, MTBL as on 02.12.2020 and IPDC as on 29.11.2020
 Facilities of HSBC and MTBL are interchangeably and co-utilized by HRTML and Fashion Knit Garments Ltd. concerns of pride group.

4.10 SECURITY ARRANGEMENT:

The company offered following security for enjoying the entire credit facilities:

Nature of Security	Description
HSBC	
Primary	<ul style="list-style-type: none"> ▪ Demand Promissory Note for BDT 1,414,080,000/- with Letter of Continuity & Revival. ▪ First Charge over the Stocks of raw materials, Work-in-progress, finished goods and book debts and receivables with The Registrar of Joint Stock Companies and Firms (RJSC) on Pari Passu basis with other lenders. HSBC's share is TK 1,000.00 million. ▪ Power of Attorney for hypothecated goods ▪ Special first charge over the plant and machineries for TK 395.00 Million with the RJSC. In this regard Power of Attorney for hypothecated goods and No Objection Certificate (NOC) from prior lenders ▪ Letter of Lien over deposits with Authority to Encash. ▪ Trade Financing general agreement for trade facility. ▪ Power of Attorney for Back-to-Back facility
Collateral	<ul style="list-style-type: none"> ▪ Registered Mortgage for TK 395.00 Million over land measuring 79.00 decimals with structure at Mouza: Gerdda, Savar, Dhaka in the name of H. R. Textile Mills Limited. ▪ Irrevocable General Power of Attorney over the property
Others	<ul style="list-style-type: none"> ▪ Personal guarantee executed by Dr. Muhammad A Moyeen, Mr. Mohammad A Moyeed and Mr. Mohammad A Momen for BDT 1,162,000,000/- each with personal net worth statements ▪ Corporate Guarantee executed by Fashion Knit Garments Ltd. For BDT 1,162,000,000/- with supporting Board Resolution ▪ Blanket Counter Indemnity for Guarantee facility
Mutual Trust Bank Limited	
Primary	<ul style="list-style-type: none"> ▪ Lien on L/C related shipping documents ▪ Acceptance to make payment on or before maturity for deferred L/C ▪ Hypothecation of raw materials, work-in-progress, finished goods of the factory both existing and future duly insured with bank mortgage clause, covering all possible risks.
collaterals	<ul style="list-style-type: none"> ▪ Proposed registered mortgage on 145 decimals of land of project along with property/structured located at Mouza-Karnapara, P.S.-Savar, Dist.-Savar, present possession held by H.R.Textiles Ltd. Represented by its Managing Director, Director or Chairman. Out of 145 decimal land, 79 decimal land and building will be mortgaged with HSBC on pari-Passu basis and the rest v66 decimal land will be mortgaged with MTB on sole basis. ▪ Registered mortgage will be backed by RIGPA authorizing the bank to sell the mortgaged property in case of default of loan.
Others	<ul style="list-style-type: none"> ▪ Pari-passu charge with existing lenders by way of hypothecation with RJSC over floating assets (Stock & book debts) of the company ▪ Specific charge over fixed assets (Plant & Machineries) of the company to be financed by MTB ▪ D.P. note and other usual charge documents. ▪ Personal guarantee of the individual director of the company ▪ Corporate guarantee of Fashion Knit Garments Ltd., Supported by Board Resolution.
Trust Bank Limited	
Primary	<ul style="list-style-type: none"> ▪ Margin for IBP: 75% from each accepted bill. ▪ Margin for OD: 50% of hypothecated value of stocks (cost or market price whichever is lower) ▪ In case of non-payment of Back to Back L/C -20% margin will be retained. ▪ Margin for BG: 10% in the form of cash ▪ Lien on original Irrevocable Export LC (sight and unrestricted) of first class foreign banks ▪ Hypothecation of raw materials, goods in process & finished goods with notarized IGPA to sell

	the hypothecated stocks duly insured under bank's mortgage clause ▪ 1 st ranking pari-passu charge on all present & future floating assets of the company favouring Trust Bank Limited, HSBC & Mutual Trust Bank Limited with RJSC
Others	▪ Personal Guarantee of all the Directors of the Company. ▪ Standard set of Charge Documents.
IPDC Finance Limited	
Primary	▪ Floating charge by the way of Hypothecation on all moveable assets of HRTML duly registered with RJSC.
Collateral	▪ FDR of TK. 20.00 million only to be kept with IPDC till settlement of the loan facility. Furthermore, the same FDR to be kept with IPDC as lien in favour of IPDC. ▪ Tagging of existing registered mortgage & Irrevocable General Power of Attorney in favour of IPDC on 3010 sft. commercial space located at Baily Road, Dhaka owned by Pride Limited
Others	▪ Corporate guarantees of Pride Limited & Fashion Knit Garments Limited . ▪ Personal guarantee of all Sponsor Directors of HRTML ▪ Demand promissory note ▪ Other usual charge documents.



4.11 SWOT ANALYSIS

Strength <ul style="list-style-type: none"> Belong to Pride Group Professionally experienced sponsors Qualified & veteran management team Praiseworthy business track record Augmented asset base Positive net working capital Adequate coverage indicators Swelled NAV per share Noteworthy export performance Notable transaction history Owned complied factory Huge scale of operation 	Weakness <ul style="list-style-type: none"> Attenuate operation Decreased EPS Decline in bottom line profit margin Negative NOCF per share Slightly deficient liquidity indicator Diluted ROE and ROA Lengthened cash cycle. Low asset utilization ratio High financial leverage
Opportunity <ul style="list-style-type: none"> Availability of cheap labor force. Adopt more diversification in product line to reach other destinations. Existence of trade preferences in the target destinations. Supporting rules and regulation of the government. 	Threat <ul style="list-style-type: none"> Highly competitive fragmented market Ensure uninterrupted supply of power and energy at favorable price Holding the profitability margin stable along with the gradual improvement Vulnerability due to the increase of cost of raw materials Timely servicing of financial obligations Adverse impact of pandemic situation

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Md. Nurul Hoque
Managing Director & CEO
(Current Charge)
National Credit Ratings Ltd.

APPENDIX-I: RATING HISTORY:

SURVEILLANCE ENTITY RATING – 2019	
Date of Rating Declaration	Long Term
28.11.2019	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2018	
Date of Rating Declaration	Long Term
08.10.2018	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2017	
Date of Rating Declaration	Long Term
15.06.2017	A+ (Single A Plus)
SURVEILLANCE ENTITY RATING – 2016	
Date of Rating Declaration	Long Term
31.05.2016	A+ (Single A Plus)
INITIAL ENTITY RATING – 2015	
Date of Rating Declaration	Long Term
29.03.2015	A+ (Single A Plus)

APPENDIX- II: MACHINERIES LIST:

SL.	Name of Machinery	Quantity	Brand
1.	Total Sewing Machine	966	Juki,Kansai,Pegasus,Brothers,Nisho,Hasima
2.	Knitting Machine	65	Orizo,Shima Seiki,Mayer & Cie,Jun Long,Shedim
3.	Boiler Machine	5	Thermax,Revothem,Shellmax
4.	Gas Generator	2	Caterpillar
5.	Diesel Generator	2	Petbow,Kholer
6.	Compressor	5	Atlas Copco
7.	Dyeing Machine	35	Fongs,Sclavos,Color Soft LLR
8.	Sample Dyeing	3 set	Rapid
9.	Stenter Machine	3	CC Textile,IL Sung, Bruckner
10.	Softsetting Machine	2	Jeong IL
11.	Hydro Extracting	2	Chung Moo
12.	Shearing	2	Daroitex,Suckler Muller
13.	Raising	2	Revothem
14.	Slittering	1	Sperto Rimar
15.	Brushing	1	Daroitex
16.	Compactor	2	Sperto Rimar
17.	Finished Fabrics Inspection & Rool up	2	Daroitex,Suntech
18.	Lycra Fabric Inspection & Rolling	2 Sets	Guyen Celik
19.	Dryer	3	Daroitex,Albrecht,Carbolite
20.	Mini Dryer	1 Set	Rapid
21.	Water Purifing	1 unit	Trans Organic
22.	Bench Mounted Universal Strength Testing	1 Set	Testometric
23.	Bag Sewing	1	MTG
24.	Compacting	1	Sperto Rimar
25.	Washing	2	Roaches
26.	Brush Sueding	1	Lafer
27.	Spectrophotometer	2	X-Rite,Datacolor
28.	ICI Pilling Tester	1	Roaches
29.	Labdip Dyeing	1	Roaches
30.	Crocker Meter	1	Roaches
31.	Dy- Clinder	1	CC Textile
32.	Busbar Trunking System & Industrial Lighting	2 Sets	Dynagro,Schneider
33.	Production Handling & Display System	2 Sets	Dynagro
34.	Rib Cutting	13	Dino
35.	Cloth Cutting	18	Juki,Dynagro,Garment Tech
36.	PP Belt	3	Dynagro
37.	Lathe Machine	2	Batala
38.	ETP Plant	1 Unit	Tsurumi
39.	Cooling System	2 Sets	KPH
40.	Plotter Machine	2	Gerber
41.	Inkjet Printer	3	Gerber,Mutoh
42.	Enzyme Washing	1 Unit	Corino
43.	Automatic Spreader	1 Set	IMA
44.	Automatic Dye Weighting & Dispensing	1 Set	Logic Art
45.	Auxiliary Plant	1 set	Forbes Marshall

APPENDIX- III: RATING SCALE:

Rating Scales and Definition Long Term Credit Ratings <i>(Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)</i>	
Rating Scale	Definition
INVESTMENT GRADE	
AAA	Excellent quality, offering highest safety for timely servicing of financial obligations. Such institutions carry minimum risk
AA+, AA, AA-	Very strong capacity for timely servicing of financial obligations offering high safety . Such institutions carry very low risk .
A+, A, A-	Strong capacity for timely servicing of financial obligations offering adequate safety . Such institutions carry low credit risk .
BBB+, BBB, BBB-	Adequate capacity for timely servicing of financial obligations offering moderate safety . The rating category denotes a moderate credit risk. However changes in circumstances or economic conditions are more likely to affect the capacity for timely servicing of financial obligations.
NON –INVESTMENT GRADE	
BB+, BB, BB-	Inadequate safety for timely servicing of financial obligations. Such institutions carry high credit risk . The entity remains more vulnerable to adverse economic changes over time.
B+, B, B-	Low safety for timely servicing of financial obligations.
CCC, CC, C	Very high risk for timely servicing of financial obligations.
D	Entities with this rating are of the lowest category. They are either in default or likely to be in default soon.

Short Term Credit Ratings <i>(Bank/Financial Institutions/ NBFIs/Corporate/Debt Instruments)</i>	
Rating	Definition
ST-1	Strongest capacity for timely payment of financial commitments and carry lowest credit risk.
ST-2	Strong capacity for timely payment of financial commitments and carry very low credit risk
ST-3	Satisfactory capacity for timely payment of financial commitments and carry low credit risk.
ST-4	Moderate capacity for timely payment of financial commitments and carry Moderate credit risk
ST-5	Uncertain capacity for timely payment of financial commitments and carry high credit risk.
ST-6	Indicates actual or inherent payment default.

Transition Matrix:

National Credit Ratings Ltd. (NCR) has conducted transition matrix analysis of the rated corporate clients from the year 2014 to year 2019. Transition matrix analysis is done to see the percentage of changes in credit rating of each rating category.

One Year's Weighted Average Rating Transition Rates from the Year 2014 to Year 2019

	Avg. Number of Issuers	AAA	AA	A	BBB	BB	B	C
AAA	1	100.00%	0.00%	0%	0%	0%	0%	0%
AA	42	1.10%	96.40%	2.50%	0.00%	0.00%	0.00%	0.00%
A	344	0%	1.63%	92.60%	5.77%	0.00%	0.00%	0.00%
BBB	749	0%	0.00%	5.04%	93.39%	1.57%	0.00%	0.00%
BB	29	0%	0.00%	0.00%	23.52%	72.56%	3.92%	0.00%
B	1	0%	0.00%	0.00%	0.00%	0.00%	16.67%	0.00%
C	0	0%	0%	0%	0%	0%	0%	0%

Rating transition study looks at how ratings have changed over a period of time. Based on NCR's weighted average one-year transition matrix, it can be inferred that out of all the 'AA' rated companies at the beginning of the year, 96.40% remained in the same category, 1.10% have been upgraded to 'AAA' and 2.50% have been downgraded to 'A' category. Similar inferences can be drawn for the other rating categories as well.

Default Study:

National Credit Ratings Ltd. has also conducted default study for the clients rated from the year 2014 to year 2019. Default study is carried out to see whether any issuer has defaulted i.e. has gone down to the level of 'D' category. While conducting the default study, NCR has used Cohort method to calculate the performance of entities rated across various rating categories. Cumulative Default Rate (CDR) is calculated for each cohort within the period of study. The CDR is calculated over one-year, two-year and three-year time horizons to evaluate the performance of ratings over the varying periods. Then, the issuers' weighted average for one-year, two-year and three-year CDR is computed to arrive at long term CDR for each category. As rating is a measure of probability of default, a higher rating given to an entity implies a lower credit risk.

	Year-1		Year-2		Year-3	
Rating Category	Avg. No. of Issuers	CDR (%)	Avg. No. of Issuers	CDR (%)	Avg. No. of Issuers	CDR (%)
AAA	1	0.00	0	0.00	0	0.00
AA	42	0.00	41	0.00	41	0.00
A	344	0.58	332	1.50	335	1.49
BBB	749	0.13	765	0.13	784	0.13
BB	29	3.40	33	3.08	32	3.13
B	1	0.00	2	0.00	1	0.00
C	0	0.00	1	0.00	0	0.00
Total	1,166		1,174		1,193	

The categories of AA, A, BBB, BB, B and C include ratings with the suffix '+' or '-' within the respective rating categories. From the above table it can be stated that in 'A' category rating, NCR has recorded CDR of 0.58% in Year-1, 1.50% in Year-2 and 1.49% in Year-3. In 'BBB' category rating it has been recorded CDR of 0.13% over one-year, two-year and three-year time horizons. Moreover, in 'BB' category CDR was 3.40% in Year-1, 3.08% in Year-2 and 3.13% in Year-3.

A) Company Profile

Sandhani Life Insurance Company Ltd. (SLIC) started its journey in 1990 and has been one of the leading Life Insurance companies in Bangladesh. SLIC expanded its network by establishing new offices across the country. As a result, in 31st December 2019, 4.01 lac policyholders are now under the shade of Sandhani. SLIC provides Life Insurance coverage in the remote areas to a cross section of people of the country.

The core business activities of SLIC cover Micro Insurance for the underprivileged, Ordinary Life Policy for the general people, Group Insurance & Group Hospitalization Insurance for Corporate bodies, Education Policy for the students, Hajj Policy for the religious people and so on. To be a competent service provider, SLIC maintains the quality in increasing the growth rate by maximizing the Return on Investment. As a whole, SLIC is a complete package with corporate practice, diversified business profile lead by a team of professionals and visionary entrepreneur.

Subsidiary Company

- Sandhani Life Finance Ltd.
- Sandhani Life Housing and Development Company Ltd.

Unit Fund and Growth Fund

- Asian Tiger Sandhani Life Growth Fund
- Alliance Sandhani Life Unit Fund

B) Board of Directors

Mr. Mojibul Islam Chairman

Joy Industries Ltd. Represented by Mr. Mojibul Islam is one of the Sponsor Director of Sandhani Life Insurance Co. Ltd., He is an experienced entrepreneur. He was born in 1974 at Dhaka in a prominent Muslim family. He completed MBA from London. He is the Chairman of Purabi General Insurance Co. Ltd., Vice-Chairman of Samorita Hospital Ltd., Director of Mona Group of Garments Industries Ltd., Mona Group of Publication, Mona Financial Consultancy & Securities Ltd., Sandhani Credit Co-operatives Society Ltd., Bangladesh Iron & Steel Merchant Association. Mr. Mojibul is also the Managing Director of Amico Laboratories Ltd., Panna Textile Mills Ltd. & Panna Spinning Mills Ltd., Member of Governing Body of MH Samorita Medical College & Hospital and Member of City University Board of Trustees.

Mrs. Golam Fatima Tahera Khanam
Vice Chairman

Mona Garments Ltd. Represented by Mrs. Golam Fatima Tahera Khanam is Sponsor Director of Sandhani Life Insurance Co. Ltd. She is an experienced entrepreneur. She was born in 1951 at Tangail in a prominent Muslim family. She completed B.A, LL.B. from Dhaka University. She is a Vice-Chairman of Purabi General Insurance Co. Ltd., Mona Group of Industries, City University, MH Samorita Medical College & Hospital, Amico Laboratories Ltd., Mona Financial Consultancy & Securities Ltd., Samorita Hospital Ltd. and Chairman of Panna Textile Mills Ltd., Panna Spinning Mills Ltd. & Managing Director of Mona Group of Garments Ltd. She is Joint Editor of The Daily Al-Ameen, Founder & Governing Body Member of Alhaj Mockbul Hossain University College, Mohammadpur Central University College, Member of FBCCI, BGMEA, Red Crescent Society, Bangladesh Blind Welfare Association & Corporate Member Dhaka & Chittagong Stock Exchange Ltd.

Mr. Shafaf Rahman Shad
Director

Amico Laboratories Ltd. Represented by Mr. Shafaf Rahman Shad is the Sponsor Director of Sandhani Life Insurance Co. Ltd. He is an experienced entrepreneur. He was born in 1996 at Dhaka in a prominent Muslim family. He is completed BA (Hons) Business Management University of Wales, London.

Mr. Khalid Akther
Director

Mr. Md. Khalid Akter is one of the Sponsor Director of Sandhani Life Insurance Co. Ltd. He is an experienced entrepreneur. He was born in 1957 at Tangail in a prominent Muslim family. He completed graduation degree. He also engaged with other business & social activities.

Mr. Humayun Kabir
Director

Mr. Humayun Kabir is one of the Sponsor Director of Sandhani Life Insurance Co. Ltd. He is an experienced entrepreneur. He was born in 1968 at Tangail in a prominent Muslim family. He completed graduation degree. He also engaged with other business & social activities.

Mr. Kazi Mahbub
Director

Mr. Kazi Mahbub is a Sponsor Director of Sandhani Life Insurance Co. Ltd. & member of the Audit Committee. He is an experienced entrepreneur. He was born in 1947 at Dhaka in a prominent Muslim family. He has completed M. Com degree and obtained ABSC degree. He has been involved with Anupam Sweater Ltd. & Thames Industry as Director and Managing Partner of M.K. Printers & Packaging.

Mrs. Kawsar Jahan Farida Begum
Director

Mrs. Kawsar Jahan Farida Begum is a Sponsor Director of Sandhani Life Insurance Co. Ltd. She is a woman an entrepreneur. She was born in 1942 in a respected Muslim family at Dhaka. She completed Graduation degree from DU and she obtained Post Graduation degree in Political Science from Karachi University. She also obtained B. ED (Gold Medal) & M. ED degree from Dhaka University with 1st Class. She bears an experience of 25 years in teaching profession and administration. She is a well-known social worker and related with various cultural & social activities and welfare organizations in and outside of country.

Mr. A.F.M. Rezaul Hasan
Director

Panna Spinning Mills Ltd. Represented by Mr. A.F.M. Rezaul Hasan is one of the Sponsor Director of Sandhani Life Insurance Co. Ltd. He is an experienced entrepreneur. He was born in 1973 at Dhaka in a prominent Muslim family. He completed M.A (English) & MBA(HRM).

Mr. Mohammad Tafazzal Haider Chowdhury
Director

Panna Textile Mills Ltd. Represented by Mr. Mohammad Tafazzal Haider Chowdhury is one of the Sponsor Director of Sandhani Life Insurance Co. Ltd. He is an experienced entrepreneur. He was born in 1974 at Noakhali in a prominent Muslim family. He completed M. Com & MBA(HRM).

Colonel Wais Huda (Retd.)
Independent Director

Colonel Wais Huda (Retd.) is an Independent Director of Sandhani Life Insurance Co. Ltd. & Chairman of its Audit Committee. He completed his Bachelor of Arts (Hon's) degree from Chittagong University and obtained Masters in Defense Studies (MDS) from National University. He bears an experience of thirty-two years in Material Management, Human Resource Management, Finance & Budget Management, Ammunition Management, VIP Security Management and Entrepreneurship & Business Management. He possesses strong Analytical and Decision-Making skills. He communicates and works well with people. A self-starter with strong service, team work and time management skills. He has been involved with Tory Fashion Ware Limited & Silver Sand Reality (Real Estate) as Director. And at present, he acts as a Managing Director of Fast Network Limited, Juba and South Sudan. Colonel Wais Huda (Retd.) is also Chairman of Sandhani Life Finance Ltd. & Nominated Director of Sandhani Life Housing & Development Co. Ltd. by Sandhani Life Insurance Co. Ltd.

Mr. Shaheduzzaman Choudhury, FCA
Independent Director

Mr. Shaheduzzaman Choudhury, FCA is an Independent Director of Sandhani Life Insurance Co. Ltd. He was born in 1969 at Dhaka in a prominent Muslim family. He has completed Masters in Finance, EMBA(Entrepreneurship) and Qualified the C.A. He is a Director of Innovative Minds Consulting Ltd. He worked as Finance Controller of South Asia of Checkpoint Systems Bangladesh Ltd. And possess Management Experience across Vietnam, Bangladesh, India and Sri Lanka. He also served as Financial Controller of Avery Dennison Bangladesh and Financial Analyst of the United States Agency for International Development (USAID) Bangladesh.

Professor Moulana Md. Mansurul Haq
Independent Director

Professor Moulana Md. Mansurul Haq is an Independent Director of Sandhani Life Insurance Co. Ltd. He was born in 1958. He obtains his B.A (Hons) & M.A from Dhaka University and Kamil (Double) from Madrasah Board. He is Professor in Islamic Studies Salimullah Degree College, Wari, Dhaka. He is also Tafsir Caster of BTV, Bangladesh Betar, Baitul Mukarram National Mosque and Imam & Khatib of Baridhara Jame Mosque, Dhaka.

C) Key Management

Name	Designation
Mr. Ahasanul Islam	Adviser
Mr. Nemaï Kumar Saha	Chief Executive Officer
Mr. Md. Rafiq Ahmed	Deputy Managing Director & Chief Financial Officer
Mr. Md. Mizanur Rahman	Company Secretary

D) Financial Performance

	Amount in Crore				
Particulars	2015	2016	2017	2018	2019
Gross Premium	216.29	181.05	182.09	156.79	183.13
Assets	1,097.48	1,082.37	1,113.96	1,096.80	1,071.87
Investments	800.68	726.68	733.23	703.59	662.75
Life Insurance Fund	901.29	860.63	851.76	837.27	802.33
Paid-up Capital	60.94	76.18	91.42	109.70	109.70
Liabilities and Provisions	63.30	71.06	96.12	76.50	87.03

E) Acting as Trustee

The company has acted as Trustee to the following issues:

1. MTB First Mutual Fund
2. VIPB Growth Fund
3. EDGE Bangladesh Mutual Fund
4. EDGE AMC Growth Fund
5. CWT Emerging Bangladesh First Growth Fund
6. Ekush First Unit Fund
7. UCB AML First Mutual Fund
8. SAML Income Unit Fund of Shahjalal AMC Ltd.
9. SAML Growth Fund of Shahjalal AMC Ltd.
10. AIMS Resurrection Series Mutual Fund
11. FSIBL Mudaraba Subordinated Bond of First Security Islami Bank Ltd.
12. SIBL Mudaraba Subordinated Bond of Social Islami Bank Ltd.
13. BD Finance Zero Coupon Bond of BD Finance Investment Co. Ltd

F) Details of Debt Issue where Acting as a Trustee

SL	Name of the Issuer	Name of the Issue	Maturity Period	IM Issue date	Date of Completion of the subscription	Issue Amount	Re-payment amount	Out Standing	Defaults (if any)	Remarks
1	First Security Islami Bank Limited	First Security Islami Bank Mudaraba Subordinated Bond	5 year (Maturity Date: 30.03.2018)	31.03.2012	02.01.2013	2,500 million	2,500 million	-	-	-
2	Social Islami Bank Limited	SIBL Mudaraba Subordinated Bond	5 year (Maturity Date: 15.06.2020)	28.08.2014	31.03.2015	3,000 million	3,000 million	-	-	-



জীবন বীমা ক্ষেত্রে শীর্ষ নাম
সন্ধানী লাইফ ইনস্যুরেন্স কোম্পানী লিঃ
Sandhani Life Insurance Co. Ltd.

Annexure-II

[See rule 3(1)(m), 4(1)(c) and 4(2) (a)]

Due Diligence Certificate of the Trustee

The Chairman
Bangladesh Securities and Exchange Commission

Sub: Issuance of 8,000 Non-Convertible Callable Zero-coupon Bonds of Tk. 157,860.73475 each of the H.R. Textile Mills Limited

We, the under-noted trustee to the above-mentioned forthcoming issue, state as follows:

1. We, while act as trustee to the above mentioned issue on behalf of the investors, have examined the draft Information Memorandum, Legal and other documents and materials as relevant to our decision; and
2. On the basis of such examination and the discussions with the issuer, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer;

WE CONFIRM THAT:

- (a) all information and document as are relevant to the issue have been received and examined by us and the draft IM, draft Deed of Trust and draft Subscription Agreement forwarded to the Commission has been approved by us;
- (b) we have also examined all documents of the assets to be charged with the Trust and are satisfied that the assets bear the value, title and charge status as disclosed in the IM;
- (c) while examining the above documents, we find that all the requirements of the Securities and Exchange Commission (Debt Securities) Rules, 2021 have been complied with;
- (d) we shall act as trustee to the issue as mentioned above as per provisions of the Deed of Trust to be executed with the issuer and shall assume the duties and responsibilities as described in the Trust Deed of Trust and in the IM;
- (e) we shall also abide by the Securities and Exchange Commission (Debt Securities) Rules, 2021 and conditions imposed by the Commission as regards of the issue; and
- (f) the above declarations are unequivocal and irrevocable.

For Trustee

Nemai Kumar Saha
Chief Executive Officer

Date: June 15, 2021

Place: Dhaka

Head Office: Sandhani Life Tower, Rajuk Plot No-34, Bangla Motor, Dhaka-1000.
PABX : 02-55168181-5, 9611197, 9664931, 9661241, 01833-325681-2
Fax : 02-9614405, E-mail : slc@sandhanilife.com, web site : www.sandhanilife.com

Any Schedule Banks, Corporate, Financial Institutions and/or Insurance Companies duly registered in Bangladesh and operating its business under the license or approval duly issued by the respective competent authority or institution of the Government of Bangladesh will be eligible for investing in the bond.

A) Form and Denomination

Particular	Amount
Total Face Value	BDT 1,262,885,878
Total Issue Amount (Discounted Value)	BDT 800,000,000
Number of Bonds being offered	8,000
Issue Price Per Bond	BDT 100,000
Average Face Value per Bond*	BDT 157,860.73475
Minimum Investment	BDT 500,000 or its multiple (5 bonds or their multiple)
Coupon rate/discount rate/YTM	9.00%-9.60%
Tenure in Year	3-7 Year

*Subject to investing equal amount in all the maturities (from 3 to 7 year)

Illustration of Bond Issuance

Series	Investment	Maturity in Year	Yield (%) p.a	Accumulated Yield/Profit	Face Value (Investment + Profit)
1	160,000,000	3	9.00%	47,204,640	207,204,640
2	160,000,000	4	9.15%	67,098,854	227,098,854
3	160,000,000	5	9.30%	89,586,328	249,586,328
4	160,000,000	6	9.45%	115,051,855	275,051,855
5	160,000,000	7	9.60%	143,944,201	303,944,201
	800,000,000			462,885,878	1,262,885,878

The Bonds will be issued by the Issuer in the name of the Bondholders at the Issue Price. A bond certificate (each a "**Bond Certificate**") will be issued to each Bondholder in respect of its registered holding of all/or each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "**Register**"), by the Issuer and a copy of which will be kept by the Trustee. The Issuer may, without the consent of the Bondholders of a Series, create and issue other Series of Bonds with the same terms and conditions as the Bonds (except for the Issue Date and the Redemption Date).

B) Application Procedure

The Bonds shall be distributed through private placement. Each investor (Bondholder) shall enter into a separate Subscription Agreement with the Issuer and shall be bound by the terms and conditions contained in such Subscription Agreement containing in details the rights and obligations of the investors.

i) Undertaking to Issue

The Issuer will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, duly execute and deliver to the Bondholder a Bond Certificate attached with the Conditions, representing the allocation amount of Bonds subscribed.

ii) Undertaking to Subscribe

The investor will, subject to and in accordance with the provisions of the Subscription Agreement, on the Closing Date, subscribe and pay the aggregate purchase price for the allocation, in Bangladesh Taka for same day value to such account as the Issuer designates.

iii) Subscription Closing

Subject to the conditions precedent contained in the Subscription Agreement, the closing of the issue of the Bonds shall take place on the Closing Date.

- a) **Investor Representation Letter:** On the date indicated in the Subscription Agreement, the Bondholders will execute and deliver a letter addressed to the Issuer.
- b) **Payment of net issue proceeds:** On Closing Date, of the Bondholders shall pay the purchase price of Bonds to the Issuer in Bangladesh Taka.
- c) **Registration:** On the Closing Date of subscription period, the Issuer shall procure the principal amount of Bonds subscribed for by the Bondholders for which payment has been received in accordance with the Subscription Agreement and are registered in name of the Bondholders (with a notation on the Register and on each Bond Certificate identifying the Issue Date of such Bond Certificate).
- d) **Issue:** On the Closing Date, the Issuer shall duly execute and deliver the Bond Certificates to the Trustee for authentication. Promptly following the Closing Date, the Issuer will deliver to each Bondholder Bond Certificates, duly authenticated by the Trustee and representing such Investor's entire holding of Bonds.

C) Allotment

On the closing date, to be determined, the Issuer shall allot and issue the Bonds, in registered form in denomination of BDT 100,000 and minimum amount of investment is BDT 500,000 or its multiple. A bond certificate (each a "**Bond Certificate**") will be issued to each Bondholder in respect of its registered holding of each series of Bonds. Each Bond and each Bond Certificate will be numbered serially with an identifying number which will be recorded on the relevant Bond Certificate and in the register of Bondholders (the "**Register**"), which will be kept by Registrar on behalf of the Issuer.

Each of the Issuer, the Trustee and any Agent may deem and treat the registered holder of a Bond as the absolute owner of such Bond, free of any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate Holder of such Bond (whether or not the Bond shall be overdue and notwithstanding any notation of ownership or other

writing thereon or any notice of previous loss or theft of the Bond Certificate issued in respect of that Bond) for all purposes and, except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Agents shall not be affected by any notice to the contrary.

D) Refund

After the closing of subscription and completion of allotment, oversubscribed portion will be refunded within reasonable period.

E) Mode of Transfer:

Subject to the terms and conditions as to be implemented in the Trust Deed, a Bond may be transferred to another person in Bangladesh (a “**Transferee**”) upon surrender of the Bond Certificate issued in respect of that Bond, together with a duly completed and executed instrument of transfer (a “**Instrument of Transfer**”) by the registered holder of the Bond, as transferor (the “**Transferor**”) or the proposed Transferee.

A valid Instrument of Transfer shall be duly stamped, completed and executed by both the Transferor and the Transferee. If the Transferor or the Transferee is a body corporate, such Instrument of Transfer shall be executed by the authorized persons of the Transferor or the Transferee, as the case may be.

Upon receipt of the Bond Certificate issued in respect of the Bond to be transferred along with the duly completed and executed Instrument of Transfer at the specified office of the Transfer Agent, together with such evidence as such Transfer Agent may reasonably require to prove (i) the title of the Transferor and (ii) the signature and authority of each of the individuals who have executed the Instrument of Transfer on behalf of the Transferor and the Transferee.

Upon receipt of the Bond Certificate, the Instrument of Transfer and the other supporting documents named above, the Transfer Agent, as the duly authorized delegate of the Issuer’s Board of Directors, shall approve and certify the transfer on behalf of the Board of Directors of the Issuer. If the Transfer Agent refuses to register the transfer of any Bond it shall immediately provide notice of such refusal to the Issuer. If the Issuer does not agree with the Transfer Agent’s refusal to approve and certify such transfer, it shall within 3 (three) Business Days of receipt of such notice from the Transfer Agent, direct the Transfer Agent to approve and certify the transfer as requested in the relevant Instrument of Transfer. If the Issuer agrees with Transfer Agent that the requested transfer should be refused, the Issuer shall, within 30 (thirty) days from the date on which the relevant Instrument of Transfer was lodged with the Transfer Agent, send or cause to be sent notice of such refusal to both the Transferor and the Transferee.

Where it is proved to the satisfaction of the Issuer that a duly completed and executed Instrument of Transfer has been lost, the Issuer may, in its discretion, on application in writing made by the Transferee and bearing such stamp as is required by an Instrument of Transfer, register such transfer on such terms as to indemnity as the Issuer may think fit. Where not all the Bonds represented by the surrendered Bond Certificate are the subject of the transfer, a new Bond Certificate in respect of the balance of the Bonds will be issued to the transferor.

F) Trading or Listing with the Stock Exchange

After closing of subscription, the company intend to list the Zero-coupon Bonds (ZCB) in the Alternative Trading Board (ATB) for increased liquidity, subject the conditions imposed in the consent letter and finalization of ATB regulation of the stock exchange(s).

G) Repayment and Coupon Payment:

BDT 160,000,000 (20% of the of the total discounted price of BDT 800,000,000) will be redeemed at the end of each year starting from 3rd year at Face Value including Principal and Coupon (Profit). Repayment schedule of the Zero-coupon Bonds is as under:

Year	Redemption (%)	Principal Redemption	Profit Redemption	Total Redemption	Outstanding Amount	Remaining Principal
0	0.0%	-	-	-	800,000,000	800,000,000
1	0.0%	-	-	-	874,400,000	800,000,000
2	0.0%	-	-	-	955,722,800	800,000,000
3	20.0%	160,000,000	47,204,640	207,204,640	837,408,250	640,000,000
4	20.0%	160,000,000	67,098,854	227,098,854	688,822,879	480,000,000
5	20.0%	160,000,000	89,586,328	249,586,328	504,334,089	320,000,000
6	20.0%	160,000,000	115,051,855	275,051,855	277,321,351	160,000,000
7	20.0%	160,000,000	143,944,201	303,944,201	-	-
	Total	800,000,000	462,885,878	1,262,885,878		

H) Call Option and Late Payment:

HRTML is issuing Non-Convertible Zero-coupon Bond (ZCB). These ZCB are payable on due dates agreed. However, in case of unavoidable circumstance, if payment to ZCB holders is delayed then they shall be compensated by an additional 2% per annum on the amount due for payment and shall be paid along with the redemption amount.

The issuer has the right to redeem (call) the ZCB earlier than maturity @ 0.25% premium. However, there is no put option (sold it back to the issuer) to this issue for investors. The bond is easily transferable. So, if a bond holder wishes to transfer the ownership, he/she can do so.

Particulars	Basis of Calculation	Amount in BDT
BSEC Fees		
Application Fee		10,000
Consent fee	0.10% of Total Face Value of BDT 1,262,885,878	1,262,886
Commission & Expenses		
Trustee Fee	BDT 250,000 every year excluding VAT	1,750,000
Issue Management Fee	0.75% on the Issue Amount (BDT 800,000,000) excluding Tax and VAT	6,000,000
Other/Legal/Regulatory Cost (if any): At actual		

The consent has been accorded subject to the condition that the Company shall comply with the relevant laws and regulatory requirements, and also shall adhere to the following conditions imposed under Section-2CC of the Securities and Exchange Ordinance, 1969:

1. The Issuer shall ensure the compliance of Bangladesh Securities and Exchange Commission (Debt Securities) Rules, 2021;
2. The proceeds or fund of the bond shall be placed in an escrow or specified bank account, and utilization of such proceeds or fund shall also be made from the escrow or specified bank account;
3. The report on utilization of proceeds as well as implementation status shall be submitted to the Commission, the trustee, the issue manager(s) and to the stock exchange(s) in which its securities are listed, on half-yearly basis within 10 (ten) days of close of the half year, till full utilization of proceeds;
4. The issuer shall not change or modify the submitted Approved Draft Information Memorandum (IM), Trust Deed & Subscription Agreement after consent to issue the debt securities without prior approval of the Commission in this regard;
5. The Company, the Issue Manager (arranger) and the Trustee shall published approved Information Memorandum (IM) in their own official websites, within 03 (Three) working days upon receipt of this consent of the Commission to the issuance of the bond;

Provided further that a notice regarding the publication of Information Memorandum in the websites mentioning web-addresses shall be circulated in the national daily newspaper at least one in Bangla and another in English by the Company;

6. Approved information memorandum (IM) shall be made available in the websites of the Company or the issue manager or the exchange(s), as applicable, till the closure of the subscription list;

7. The Company shall disseminate the receipt of the Commission's approval along with the purpose of the issue, amount and price of the bond etc. as price sensitive information, as prescribed by the Commission;
8. The Company shall disseminate the above information to the stock exchanges within half an hour (30 minutes) of receipt of this letter;
9. The Trustee shall place the IM and the Deed of Trust in electronic form on the websites of the issuer or originator and the trustee and also shall make them available in the aforementioned websites up to the maturity of the securities;
10. As per submitted the Personal Guarantee of Shareholder Directors of H. R Textile Mills Limited and the Corporate Guarantee of Fashion Knit Garments Limited (FKGL) in favor of H. R. Textile Mills Limited against the issuance of Non-Convertible Callable Zero-coupon Bond, the Trustee shall enjoy all the rights and power to collect the due on behalf of the Bond Holders at the time of default of the said Bond;
11. After publication of information memorandum in the websites, subscription shall be received through designated Banker or Banker to the issue during subscription period not less than 05(five) working days and not more than 15 (fifteen) working days for public issue or not less than 30 (thirty) days and not more than 180 (one hundred eighty) days for private offer respectively.
12. The issue is rated by a credit rating company and its Periodical Surveillance Rating shall be done by the said rating company in line with the provisions of the Credit Rating Companies Rules, 1996 up to the full and final redemption or conversion of the issued securities;
13. The issue shall not be rated below the minimum investment grade of triple 'BBB' or equivalent rating in the long term and "ST-3" or equivalent rating in the short term;
14. The Company shall execute the Deed of Trust as approved by the Commission in favor of the Trustee and register the same under the Registration Act, 1908 (XVI of 1908) and shall submit a copy of the registered trust deed attested by the Chief Executive Officers of the issuer and the trustee to the Commission;
15. Auditors' report along with Audited Financial Statements of the issuer made up to a date not older than 270 (two hundred seventy) days from the date of issue of the Information Memorandum (IM) and shall be incorporated in IM before private offer.
16. This consent for issuance of debt securities shall remain valid for 06 (six) months from the date of consent failing which the permission will stand cancelled to the extent of unsubscribed portion;
17. The Company shall issue the aforesaid debt securities in dematerialized form and apply to the Stock Exchange(s) for listing in the Alternative Trading Board (ATB) preferably from the date of availing ATB facilities under Bangladesh Securities and Exchange Commission (Alternative Trading System) Rules, 2019 and respective regulations of the stock exchange(s) in this regard;

18. The Company shall submit a status report, containing the name and address of the bondholders along with number of bonds purchased and bank statements for the issue, to the Commission, within 10 (ten) days of closing of the subscription list or issue of the securities or expiry of the period mentioned above, whichever comes earlier;
19. The Company shall submit List of Subscribers, Bank Statement and Banker's Certificate for the amount of capital to be issued to the Commission upon completion of the subscription;
20. All transactions excluding petty cash expenditures shall be effected through the Company's Bank Accounts;
21. Financial Statements shall be prepared in accordance with International Accounting Standards (IAS) and Audit thereof shall be conducted in accordance with the International Standards on Auditing (ISA), as adopted in Bangladesh. The financial statements shall be audited within 120 days from the date of ending of the financial year;
22. Annual General Meeting (AGM) of the company shall be held in each year of the Gregorian Calendar;
23. A copy of audited financial statements and a copy of annual report and the minutes of Annual General Meeting shall be submitted to the Commission within fourteen days (14) of the completion of the audit or, as the case may be, holding of the Annual General Meeting;
24. The Company shall inform the Commission along with supporting documents and evidence about any change of its registered address, directors, managing director, business or any other material change that affects the affairs of the company;
25. Any further issue of capital shall require Commission's prior consent;
26. If there is any FDI or External Debt, the issuer shall report it to Bangladesh Bank; and
27. The Commission may impose conditions/restrictions from time to time as and when required.

If the Company fails to comply with any of the conditions as stated above, the Company would be penalized under penal provisions the Securities and Exchange Ordinance, 1969 or any other related securities laws.

The Company shall pay, within 05 (Five) working days of issuance of this letter, a fee at the rate of **0.10%** on the total face value of securities to be issued through a Bank Draft or Payment Order issued in favor of the "Bangladesh Securities and Exchange Commission". If the applicant fails to pay within the specified time, this consent shall not be accorded.