

# ANNUAL REPORT

## 2019 - 20



**H.R.TEXTILE MILLS LIMITED**  
An enterprise of PRIDE GROUP with public Participation

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# Corporate Directory

## Board of Directors

Chairman	:	Professor Dr. Muhammad Abdul Moyeen
Managing Director	:	Mr. Mohammad Abdul Moyeed
Directors	:	Professor Mohammad Abdul Momen Ms. Ruhey Rawa Ms. Sumbal Azwad Momen Ms. Sana Kainat Moyeen
Independent Directors	:	Professor Dr. A.H.M. Habibur Rahman Professor Dr. Md. Zakir Hossain Bhuiyan

## Corporate Information

### Audit Committee

Chairman	:	Professor Dr. A.H.M. Habibur Rahman
Members	:	Professor Dr. Muhammad Abdul Moyeen Professor Mohammad Abdul Momen Professor Dr. Md. Zakir Hossain Bhuiyan

### Nomination and Remuneration Committee (NRC)

Chairman	:	Professor Dr. Md. Zakir Hossain Bhuiyan
Members	:	Professor Dr. Muhammad Abdul Moyeen Professor Mohammad Abdul Momen

**Chief Financial Officer** : Mr. Md. Abu Amur Naheel

**Head of IA & Compliance** : Mr. Sumnoon Moheb

**Company Secretary** : Md. Wali Ullah

### Management Committee

Mr. Mohammad Abdul Moyeed	:	Managing Director / CEO
Mr. Md. Abu Amur Naheel	:	CFO & Head of Accounts and Finance
Mr. Sumnoon Moheb	:	Head of Internal Audit and Compliance
Mr. S.M. Asadun Nabi	:	GM (Strategy Planning & Development)
Mr. Md. Aminur Rahman	:	Factory Manager
Mr. Mohammad Karim Hossain	:	Manager (MIS)
Mr. Nazmul Hossain Khan	:	Manager, Commercial
Mr. Monirul Islam	:	Manager, Admin & Compliance
Mr. Mohammad Fakhru Bari	:	Head of Sales & Merchandizing
Mr. Sherajul Islam Khan	:	Asstt. Manager, Accounts
Mr. Muhammad Ali Chowdhury	:	Asstt. Manager, Taxes

### Auditors

M/s. Rahman Mostafa Alam & Co.	:	Chartered Accountants, Paramount Heights (7th Floor, D2 & C1) 65/2/1 Box Culvert Road, Purana Paltan, Dhaka-1000
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### Corporate Governance Auditor

M/s. N.M. Tareque and Associates	:	Cost and Management Accountants Nakshi Homes (1st Floor), 6/1/A, Segunbagicha, Dhaka-1000
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**Bankers** : Trust Bank Limited, Mutual Trust Bank Limited and  
The Hongkong and Shanghai Banking Corporation Limited

**Corporate Office & Share Office** : Pride Hamza (5th Floor), House # 54, Road # 1, Sector # 6, Uttara, Dhaka-1230  
Cell No.: 01990409190 (Share Dept.), Fax: (8802) 222299147  
E-mail: hrtex\_cs@pride-grp.com, web: www.pride-grp.com/hrt

**Operational Office & Factory** : 4, Karnapara, Savar, Dhaka

## **MISSION**

Be a caring company through enriching customer experiences  
by providing innovative solutions & process excellence.

## **VISION**

Be an industry thought leader.



## Photo Gallery of 35th AGM



## Letter of Transmittal

To  
The Valued Shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies and Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

### Annual Report for the year ended 30th June 2020

Dear Sir(s)/Madam(s)

Enclosed please find a copy of the Annual Report together with the Audited Accounts including Statement of Financial Position as at 30th June 2020 and Statement of Profit or Loss and Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30th June 2020 along with the notes thereon of the H.R. Textile Mills Limited for your kind information and record.

Thank you.

Sincerely,



Md. Wali Ullah  
Company Secretary

# Notice of the 36<sup>th</sup> Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of the Shareholders of H.R. Textile Mills Limited will be held on Sunday, 24th January 2021 at 11.00 am. The AGM will be held virtually by using digital platform through the link <https://hrtextile.bdvirtualagm.com> to transact the following businesses:

## Agenda

1. To receive, consider and adopt the Directors Report and the Audited Financial Statements of the Company for the year ended 30th June 2020 together with the Auditors Report thereon;
2. To approve cash dividend @ Tk. 1.00 per share (i.e. 10%) only for the general shareholders as recommended by the Board of Directors;
3. To elect / re-elect of the Directors;
4. To approve re-appointment of the Managing Director;
5. To approve the appointment of the Independent Director;
6. To appoint statutory Auditors and to fix their remuneration;
7. To appoint Corporate Governance Compliance Auditors and to fix their remuneration.

By Order of the Board



Md. Wali Ullah  
Company Secretary

Date: 28/10/2020

## Notes

- a. Shareholders whose names appeared in CDS/Company's Register on the Record date of 29th November 2020 will be eligible to attend the meeting and will be entitled for dividend for the year ended on 30th June 2020.
- b. Pursuant to the Bangladesh Securities and Exchange Commission's (BSEC) Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated June 20, 2018, soft copy of the Annual Report 2019-20 will be sent to shareholders respective email addresses as available in their Beneficiary Owner (BO) Accounts maintained with the CDBL. Soft copy of the Annual Report 2019-20 will also be available at the Company's website at: [www.pride-grp.com/hrt](http://www.pride-grp.com/hrt)
- c. A shareholder entitled to attend and vote at the Annual General Meeting may appoint a proxy in his stead. The proxy form, duly filled and stamped with a revenue stamp of Tk. 20/- and signed by the member must be sent by email to [hrtex\\_cs@pride-grp.com](mailto:hrtex_cs@pride-grp.com) not later than 48 hours before the commencement of the AGM.
- d. The shareholders will be able to submit their questions/comments and vote electronically 24 hours before commencement of the AGM i.e. from 10:30 am Saturday, January 23, 2021 and or during the AGM. For login to the system, the shareholders need to put their 16-digit Beneficial Owner (BO) ID number /Folio Number by visiting the link <https://hrtextile-bdvirtualagm.com>

## Directors' Profile

### **Mr. Mohammad Abdul Moyeed Managing Director**

Mr. Mohammad Abdul Moyeed obtained B.Sc Engineering (Chemical) from BUET. He started his business career early in life. Mr. Moyeed has 44 years of experience in trade and is now considered an authority in the field of textile processing and finishing in Bangladesh, with a proven and excellent entrepreneurial track record. Mr. Moyeed is the Managing Director of H.R. Textile Mills Limited and also Director of Dacca Textiles Limited, Fashion Knit Garments Limited, Pride Limited, Pride Spinning Limited and Pride Properties Limited and under his dynamic leadership all the industrial ventures of this group are marching towards progress and prosperity. He is involved in different social development works through a host of social organizations.

### **Professor Dr. Muhammad Abdul Moyeen Director**

Professor Dr. Muhammad Abdul Moyeen is a B.Com (Hons), M.Com in Management and Ph.D from the University of Glasgow. Dr. Moyeen has 42 years of professional and entrepreneurial experience and is now regarded as an Industry Thought Leader on operations, organization & strategic management. He has been involved with Pride Group as its director since inception. Dr. Moyeen is the Chairman of H.R. Textile Mills Limited and Director of Dacca Textiles Limited, Fashion Knit Garments Limited, Pride Limited and Pride Properties Limited. Dr. Moyeen is also the Chairman of Pride Spinning Limited. Dr. Moyeen additionally serves as a Professor at the University of Dhaka. He is the recipient of several international awards in his capacity as a professor & entrepreneur.

### **Professor Mohammad Abdul Momen Director**

Professor Mohammad Abdul Momen is a B.Com Hons M.Com in Finance and has obtained his MBA degree from Drake University, USA. He started his business career during his student life. Professor Momen has 40 years of experience in business and is also a renowned professor of the Institute of Business Administration (IBA) at the University of Dhaka for the last 3 decades and involved with Pride Group since its inception. Professor Momen is well known among the business community, the financial sector and amongst academicians. Professor Momen is also the Director of Dacca Textiles Limited, Pride Limited, Pride Spinning Limited and Pride Properties Limited. Additionally, he is the Chairman of Fashion Knit Garments Limited.

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

Professor Dr. A.H.M. Habibur Rahman obtained B.Com (Hons) and M.Com from University of Dhaka. He did his Ph.D in Industrial Finance from Durham University, England in 1969. Dr. Rahman also did Post Graduate Diploma in Business Management from Brunel, England.

Professor Dr. Rahman served the University of Dhaka for nearly 42 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 initiative



to introduce entrepreneurship in different levels of the education system in Bangladesh. He is the first author of almost all textbooks on entrepreneurship at different levels of the education system in Bangladesh.

Professor 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 and B.S.R.S. He is involved in different social development works through a host of social organizations.

#### **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.

#### **Ms. Ruhey Rawa** **Director**

Ms. Ruhey Rawa obtained her education from the United Kingdom. Ms. Ruhey Rawa is working with H.R. Textile Mills Limited since 2006. She is the daughter of Mr. Mohammad Abdul Moyeed, the Managing Director of H.R. Textile Mills Limited.

#### **Ms. Sumbal Azwad Momen** **Director**

Ms. Sumbal Azwad Momen obtained her BA (Hons) in Economics from Smith College, one of the highest ranking colleges in the USA. Ms. Sumbal joined H.R. Textile Mills Limited in 2006. She is the daughter of Professor Mohammad Abdul Momen, Director of H.R. Textile Mills Limited. She has been involved in the day to day activities of the group since 2011.

#### **Ms. Sana Kainat Moyeen** **Director**

Ms. Sana Kainat Moyeen has obtained her BA (Hons) UK, M. Phil (Oxford), UK. Ms. Sana Kainat Moyeen also oversees the business of H.R. Textile Mills Limited alongside her doctorate studies at the University of Oxford, one of the most prestigious institutions in the world. She is the daughter of Professor Dr. Muhammad Abdul Moyeen, Chairman of the company.

## H.R. Textile Mills Limited Operational Highlights

General		Financial			
1. Year of Incorporation	1984	1. Authorised Capital	1,000 Million		
2. Converted into Public Ltd. Co.	1995	2. Paid-up Capital	253 Million		
3. Initial Public Offering of Share	1996				
4. Enlistment with DSE and CSE	1997				
5. Member of BAPLC	2014				
6. Market Lot	1				
7. Market Category	A				
8. Electronic Share	Yes				
Five Years Statistics					
Particulars	For the year (Tk in million)				
	2019-20	2018-19	2017-18	2016-17	2015-16
Operations Results					
Revenue	2,249.51	2,358.17	2,046.49	1,658.25	1,474.80
Gross Profit	320.06	331.18	286.98	241.22	222.30
Operating Profit	50.37	67.87	66.55	56.51	54.34
Net Profit before tax	44.74	65.55	64.89	54.17	35.18
Net Profit after tax	28.16	46.47	43.09	36.29	31.63
Earnings Per Share (EPS) (Actual)	1.11	1.84	1.70	1.43	1.25
Cash Dividend per share (Actual)	1.00	1.00	1.00	1.00	1.00
Cash Inflows from Operating Activities	(186.57)	(148.88)	152.82	239.11	(47.41)
Financial Details					
Total Assets	3,525.17	2,771.66	1,624.21	1,508.26	1,541.98
Fixed Assets	2,149.18	1,656.30	742.81	654.96	622.44
Reserve and Surplus	829.32	813.49	135.71	117.92	106.93
Working Capital	247.00	220.23	(159.07)	(37.36)	(0.18)
Authorised Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Shareholders' Equity	1,082.32	1,066.49	388.71	370.92	359.93
Paid up Capital	253.00	253.00	253.00	253.00	253.00
Long-term Loan	1,208.06	705.83	128.04	181.75	199.05
Key Financial Ratios, Figures and Market Data					
Current Ratio (Actual)	1.22	1.25	0.85	0.96	1.00
Return on Investment (% in Actual)	0.80	1.68	2.65	2.41	2.05
Net Assets Value Per Share (NAV) (Actual)	42.78	42.15	15.36	14.66	14.23
Market value of share (at DSE)	36.50	Closing value per share			
Market value of share (at CSE)	36.50	Closing value per share			
Price Earnings Ratio (Based on DSE price) (Times)	4.11	The Financial Express on 29th November 2020			
Price Earnings Ratio (Based on CSE price) (Times)	4.11	The Financial Express on 29th November 2020			
Other					
Number of shares - Paid-up	25.30	25.30	25.30	25.30	25.30
Number of shareholders as on 30th June (Actual)	12,303	12,679	12,741	12,255	12,736

## Message from the Chairman

### For the year ended on 30th June 2020

"Bismillah Hir Rahmanir Rahim"

#### Distinguished Shareholders

Assalamu Alaikum Wa Rahmatullah!

I welcome you all to the 36th Annual General Meeting of H.R. Textile Mills Limited which is being conducted in the digital platform, for the first of its kind in the history of the company. The pandemic situation globally has forced us to follow an extraordinary path of doing business. In fact, we are passing through an unprecedented tough time due to the COVID-19 health crisis. Consequently, we are now faced with an economic, social, and humanitarian catastrophe of epic proportions not previously known to the humankind. By this time, we lost many of our near and dear ones at home and abroad. On behalf of the Board of Directors I convey my heartfelt condolence to the bereaved families, relatives and friends of those of who have passed away due to coronavirus. May the Almighty Allah rest the departed souls in eternal peace.

The COVID-19 pandemic has deeply impacted our lives and living, our economies, our life styles, our thoughts, actions and behaviours, our ways of socialization, and our needs, product preferences, and priorities both locally and globally. The RMG industry is one such industry that has been significantly affected by the COVID-19 outbreak. The industry was hard hit, among others, by the order cancellations, global restriction on physical

movements and local lockdown. Our workers could not come to their work place, thus we were forced to close the factory 38 days (26th March to 2nd May 2020) onward. This lockdown period covered the last quarter of the financial year under report. However, we tried our best to bring the business in operation and to keep it running. The Financials as we are presenting will reflect our efforts.

As per the provision of the Articles of the company, I have the pleasure to present before you the Directors Report, the Audited Financial Statements of the company for the year ended 30th June 2020, along with the report of the auditors for your consideration.

Finally, it needs to be mentioned that the members of our organization, i.e., our workers and professionals, are our most valuable asset. The Board wishes to recognize their invaluable contribution in this troubled time and expresses its deepest gratitude and offers sincere most appreciation. The Board hopes that they will continue to keep the spirit of teamwork in the coming years for the smooth growth of the company.

With best wishes for the time ahead



Professor Dr. Muhammad Abdul Moyeen  
Chairman

## Report of the Board of Directors For the year ended on 30th June 2020

“Bismillah Hir Rahmanir Rahim”

### **Distinguished Shareholders**

Assalamu Alaikum Wa Rahmatullah!  
Alhamdu Lillahe Rabbil Aalamin

On behalf of the Board of Directors, we have the pleasure to welcome you to the 36th Annual General Meeting of H.R. Textile Mills Limited and present before you, to receive and consider the Audited Financial Statements of the Company for the year ended on 30th June 2020, together with the Auditors' Report and Directors Report therewith.

We express our gratitude to the Almighty Allah for the Company's business achievement in 2019-20.

### **1.0 The Company**

H.R Textile Mills Limited (HRTM) is a Public Limited Company (PLC) established in 1983 on Dhaka Nabi

Nagar highway road on 1.45 acres of land with the main objective of operating as a composite knit product manufacturing company for the export market, with a paid-up capital of Tk. 10 crores. The company went public in 1996 for raising additional Tk. 10 crores from the public without any premium, although the asset value of the company was higher at that point in time. It was oversubscribed 17 times by the public, which was record-setting at that time. The company has been paying cash dividends regularly in the range of 10 to 15%, except for one year when it declared a stock dividend of 10% for the year ended 2010, and 15% for the year ended 2011. The paid up capital of HRTM is now Tk. 25.30 crores, and the company enjoys franchise value in the market and is listed with both bourses of the country.

### **2.0 The Board**

#### **2.1 Composition**

The Board of the company is composed of eight Directors, who are main sponsors, independent Directors and next generation progeny of the main sponsors. The young directors, having high educational qualifications, have been selected to create succession, and are being trained for profitable operations and growth. The Managing Director, who is in charge of the day-to-day running



of the business, is a knowledgeable and experienced chemical engineer by qualification. The other two main sponsors directors are two professors of the University of Dhaka, Bangladesh, of significant renown and accolades. They bring with them three decades of knowledge and experience, specialising in finance and management. They are also very well known for their successes in the business sector. This Board is supported by two additional independent directors, who are also from a scholarly background and come with years of knowledge in business management. This selection of directors has made the Board a knowledge hub, with the ability and know-how to pursue success and transparency in the organisation. The highlights of the Directors background is Annexure-1.

## 2.2 Philosophy and Policy

Ordinarily, the Board deals with the management, execution and resolution of any policy issues. However, in very specific cases, the directors, who are essentially non-executive directors, assist the management in resolving those issues, in order to keep the company updated and to ensure procurement of further business, through quality products and process excellence. More specifically the Board members keep an eye on industry trends and broad policy issues, and suggest actions that need to be taken. The Board members maintain liaison with buyers and other stakeholders, and review the business developments nationally and internationally. The members of the Board identify the need for various equipment for further expansion of the product portfolio, in order to respond quickly to buyers' requirements. They also deal with availing financial assistance from banks and leasing companies, review the cost reduction programs, oversee the expansion of facilities, review of compliance related issues etc. The Independent Directors also contribute significantly, by taking part in the policy issues and guiding the management to keep the company on track.

## 2.3 Independent Director

The Board consists of two celebrated professors from the Finance and Marketing Departments of the University of Dhaka, who have graciously accepted the roles of Independent Directors, keeping with the

guidelines of the Bangladesh Securities and Exchange Commission. Earlier the existing Independent Director Mr. Md. Kabiruzzaman has completed six years (i.e. two tenure) and is not eligible for another tenure. The Board and the management of the company offered heartfelt thanked Mr. Md. Kabiruzzaman for his significant contribution as Independent Director during his tenure. Mr. Kabiruzzaman has been replaced by Professor Dr. Md. Zakir Hossain Bhuiyan.

Professor Dr. A.H.M. Habibur Rahman and Professor Dr. Md. Zakir Hossain Bhuiyan have made numerous contributions to the economy and educational sector as renowned professors, and have now joined the Board to lend their decades of expertise and knowledge for the success of the organisation. Dr. A.H.M. Habibur Rahman was once the Chairman of Sonali Bank Limited, the largest bank of the country. The appointment of Dr. Zakir Hossain needs to be approved in the 36th AGM.

## 2.4 Retirement and Re-election of Directors

As per the Articles of Association of the company, one-third of the directors, who have served the most time in office since their last election, must retire every year. In pursuant to Article 102, 103 and 104 of the company, Professor Mohammad A. Momen and Ms. Sumbal Azwad Momen, Directors of the company, will retire and, being eligible, have offered themselves for re-election.

## 2.5 Re-appointment of Managing Director

As per clause 136 of the Articles of Association of the Company and decision of the 31st Annual General Meeting, the tenure of the appointment of Mr. Mohammad Abdul Moyeed, Managing Director will expire on 24th January 2021. The Managing Director has expressed his desire to be re-appointed for a further period of 5 (five) years with effect from 25th January 2021. The re-appointment of the Managing Director of the company is required to be approved by the shareholders in this 36th Annual General Meeting as per Section 110(3) of the Companies Act 1994.

## 2.6 Meetings

The Board holds its meetings as and when required, with specific agenda. The agendas are circulated earlier along with working papers. During the year,

the company organized 7 meetings. The attendance of the Directors, along with the remuneration paid to them, appears as follows:

Sl No	Name of the Directors	No of meetings held	No of meetings attended	Fee Paid Taka
1	Professor Dr. M. A Moyeen	7	6	30,000
2	Mr. M. A Moyeed	7	7	35,000
3	Professor M. A Momen	7	7	35,000
4	Ms. Ruhey Rawa	7	7	35,000
5	Ms. Sumbal Azwad Momen	7	7	35,000
6	Ms. Sana Kainat Moyeen	7	3	15,000
7	Professor Dr. A.H.M. Habibur Rahman	7	6	30,000
8	Mr. Md. Kabiruzzaman	7	7	35,000

In addition to the board members, Mr. Md. Abu Amur Naheel, Chief Financial Officer, Mr. Sumnoon Moheb, Head of Internal Audit & Compliance, and Mr. Md. Wali Ullah, Company Secretary, attended the Board Meetings on a regular basis.

### 3.0 Business Operations

As one is acutely aware, the country's readymade garments (RMG) sector has endured passing challenges for the past two decades. Fast-paced changes, in terms of buyers requirements, required factory modifications, workers' safety issues, environmental compliance requirements and growing market and design trends, have all been major stressors of the sector. Some of the challenges are specific to individual factories, while many of them are macro-economic challenges of the industry as a whole, which is in large part due to the high cost of doing business in the country. While the above were on-going struggles, the Covid-19 pandemic hit and overhauled the entire world, including Bangladesh and its economy. For the RMG sector, the adverse effects were tremendous. From the beginning of March 2020, many orders were cancelled and the rest were deferred. The business operations came to a halt due to this sudden shift, and maintained total closure till June. With the expectation that we would be fully functional soon, we continued to work on keeping material stock in hand for finished goods material and other works in

process, along with keeping the costs as usual. In May, we resumed operations at a small scale, after implementing all necessary and sanctioned Covid-19 protocols, with due health care measures for all workers and officers. At the same time, we did our utmost to bring the entire business back to full functionality within the new normal conditions.

The results of these efforts to weather the pandemic and sustain the business during the year is reflected in our ability to achieve revenue of Tk. 2,249.51 million against Tk. 2,358.17 million in the previous year. Additionally, the company earned a net profit after tax of Tk. 28.16 million against Tk. 46.47 million in the last year, despite the challenges brought on by the pandemic. The above resulted in earnings per share of Tk. 1.11 against Tk. 1.84 in the last year.

The substantiated potential of a second Covid-19 wave will also have an enormous negative impact on the business in the current year. However, the management is trying to keep the business well on track. The management has always kept in mind that a large number of investors, and their family members, expect a small dividend from their company and have entrusted their full support and confidence in the management's running of their company.

### 4.0 Compliances

#### 4.1 Factory Compliance Issues

The compliance issues that are required by international buyers as previously mentioned, are one of the major concerns in the management's agenda; specifically in the areas of sustainable production, human resources and eco-friendly measures. The company is working hard to maintain compliance in all these areas. However, further new compliance requirements warrant major change in the building structure, and the company needs to invest a substantial amount to improve production facilities and to upgrade compliance standards in order to keep the buyers on board. The company has progressed significantly and still needs to invest further to remain fully compliant as per the requirement of the buyers.

#### 4.2 Statement of Compliance as a Corporate PLC

As stated earlier H.R. Textile Mills Ltd. is listed with the Stock Exchanges in Bangladesh, and complies with the Regulatory requirement of Bangladesh Securities and Exchange Commission. The reporting of required compliances thereon appears in the following areas:

#### 4.3 Accountability and Audit

In implementing and ensuring that the management places right governance and special attention to the necessary areas.

#### 4.4 Financial Reporting

The financial statements of the company are prepared in line with the requirements of Bangladesh Financial Reporting Standard (BFRS), Bangladesh Accounting Standard (BAS) and other related local legislations. The above covers the annual financial statements as well as quarterly unaudited financial statements.

#### 4.5 Financial Review

The Financial position of the company is carefully reviewed throughout the year. Since quite a good number of banks and financial institutions are involved with the company having specific repayment schedule, the management is required to keep the financials under everyday care in order to avoid mismatch of payment which warrants collecting the sale proceeds, repayment of liabilities, workers monthly payments and to keep the company's commitment with the suppliers. The above forms the basis for external reporting and presentations, and to also provide quality assurance for the financial reporting. In addition, internal review on financial results is conducted by management on a monthly basis. The financials are reviewed in terms of budgets and budget variations to keep the business on track.

#### 4.6 Statutory Audit

Statutory Audit of the Company is governed by the Companies Act 1994 and Securities and Exchange Rules 1987. As per these Regulations, auditors are appointed at each Annual General Meeting (AGM) and their remuneration is also fixed by the shareholders at the AGM. Appropriate attention is

placed as per corporate governance and best practices guideline to ensure independence of statutory auditors.

#### 4.7 Compliance with other Rules and Regulations

The Company provides complete set of financial statements and relevant documents to the BSEC, CDBL, National Board of Revenue (NBR), Registrar of Joint Stock Companies & Firms (RJSC), Dhaka Stock Exchange (DSE), Chittagong Stock Exchange (CSE). The CFO and Company Secretary always accommodate any queries that are raised by regulators of the country.

#### 4.8 Compliance with Bangladesh Labour Law

The Company has complied with the relevant conditions of Bangladesh Labour Act 2006 (as amended in 2013) in respect of Workers' Profit Participation Fund (WPPF), Provident Fund, and Gratuity etc.

#### 4.9 Restriction on dealings in HRTM Shares by Insiders

The Company has established policy relating to the trading of HRTM shares by Directors, Employees and other insiders. The securities laws also imposed restrictions on similar transactions. All the Insiders are prohibited from trading in HRTM shares, while in possession of unpublished price sensitive information in relation to the company during the prescribed restricted trading period. Directors and employees are also required to notify their intention to trade in HRTM shares prior to initiating the same.

#### 4.10 Secretarial Standards

The Company has complied with all the Secretarial Standards (BSS) as adopted by The Institute of Chartered Secretaries of Bangladesh (ICSB).

### 5.0 Committee Reports

#### 5.1 Board Committees

The Board has established three Board Committees to which it has delegated some of its responsibilities. They are the Audit Committee, Nomination and Remuneration Committee and the Management Committee.

#### 5.2 Audit Committee

The Audit Committee is a Sub-committee of the Board of Directors and is appointed and authorized by the Board, in pursuance of BSEC Circular, to review the activities of business from independent perspective which is headed by an independent

director. The role of the Audit Committee is to monitor the integrity of the financial statements of the company and review when appropriate, make recommendations to the Board of Directors on business risks, internal controls, governance issues and compliance. The committee satisfies itself by means of suitable steps and appropriate information, that proper and satisfactory internal control systems are in place to identify and contain business risks and that the company's business is conducted in a proper and prudent manner.

The Audit Committee comprises five members and of them, two are independent directors. The Chairman of the Audit Committee is an Independent Director. A detailed report of the Audit Committee is enclosed as Annexure - 2.

### **5.3 Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of three Directors including one Independent Director. Independent Director is the Chairman of the Nomination and Remuneration Committee. The Committee acts as per the terms and conditions of the Corporate Governance Code of BSEC. A report of the Committee is enclosed as Annexure - 3.

### **5.4 Executive Committee**

The Executive Committee of HRTM consists of the senior management officials of the company who are assigned with specific responsibilities to assist the Managing Director in day to day affairs. The Committee is headed by the Managing Director. The Executive Committee endeavors to achieve the strategic goals and mission of the Company set by the Board of Directors.

### **5.5 Division of work for the Board and Managing Director**

The role of the Board and Managing Director are separate, and delegation of responsibilities is clearly established, set out in writing and agreed by the Board to ensure transparency and better corporate governance. To that end, HRTM has also adopted "Governance Guidelines for Managing Director. The Managing Director is the authoritative head for

day-today management in HRTM. He acts to reasonably ensure that the company operates business as per the Articles of Association (AOA), decisions made by the Board and Shareholders, as well as according to HRTM Policies and Procedures and applicable regulatory legislations.

## **6.0 Company Policies and Declarations**

### **6.1 Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer**

The company has no Initial Public Offering (IPO) during the financial year 2019-20. At present the company does not have any plan for Repeat Public Offering (RPO), Rights Share Offer in the near future.

### **6.2 Utilization of proceeds from public issues, rights issues**

The company had no Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights issues during the financial year 2019-20 and as such no money was taken from the shareholders during the year.

### **6.3 Dividend Policy/ Dividend**

The Board of Directors has a Dividend Policy which is based on company's performance and company's long term objectives. The policy has been developed keeping in view the annual performance, its retained earning position, balance of dividend equalization fund vis a vis cash flow of the company to support the payment.

During the year under report, the company earned profit after tax of Tk. 28,156,514. Out of the above the Board recommended a cash dividend of Tk. 1.00 (i.e. 10%) per share of Tk. 10 for general shareholders other than sponsors/directors shareholders against 10% cash dividend per share of Tk. 10 to for general shareholders in the last year. The above would require a cash outflow of Tk. 12.49 million. The balance amount of Tk. 15.67 million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

### **6.4 Risk and Concerns**

H.R. Textile Mills Limited as a manufacturing unit in the garments and Textiles industry is vulnerable to



global and domestic adversities and threats. International trade tensions, concerns over BREXIT, working hazards of local textile industry indicate significant business risks. The country's exporters are accustomed to such risks and have learned how to cope with the situation. The Board of Directors assures its shareholders that the company has a competent risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. The audit committee supports the board in monitoring activities of management and deals with risk management issues also. As one of the pioneers of the sector, the company is confident in minimizing the risks and optimizing the benefits.

#### 6.5 Interim Dividend

No interim dividend was declared by the Board of Directors during the year 2019-20.

#### 6.6 The company as Going Concern

The concept of "Going Concern" means that the amount spent by a company in terms of assets are considered to be good, not for sale and expected that the assets will generate sufficient business. Your company has been in existence since 1983 and acquired adequate resources to continue its operational existence in the foreseeable future. Therefore the financial statements are prepared on the basis of Going Concern Concept.

#### 6.7 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party in making financial and operational decisions and include associated companies with or without common Directors and key management positions. The Company has entered into transactions with other related entities in normal course of business that fall within the definition of related party as per Bangladesh Accounting Standard 24: "Related Party Disclosures." Details of these transactions are set out under Notes to the Financial Statements.

#### 6.8 Employees' remuneration Policy:

The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Company, and do not give rise to conflicts between the objectives of the Company and the interests of individual Directors and key executives.

The total compensation package for employees comprises salary, contributory provident fund, gratuity scheme, and other benefits plans such as maternity benefits etc. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive, the Company regularly reviews its base salary ranges and benefits package based on market data.

#### 6.9 Policy on Employee's Participation in Management

HRTM believes that employee's participation in management's decision making process gives employees mental and psychological satisfaction and thereby increases their involvement in the affairs of the organization which contributed overall development of the Company. The objectives of employee participation in management are:

- ◆ To prevent the employees from being exploited by the superiors within the organization.
- ◆ To have democracy in the organization.
- ◆ To lead to effective growth and development of the workforce.
- ◆ To encourage the employees to express their ideas and suggestions.
- ◆ To make improvements in the overall working environmental conditions.
- ◆ To make provision of opportunities among the employees for self-expression leading to institutional peace, good relations and increased co-operation.

## 7.0 Corporate Governance

### 7.1 Corporate Governance Statement

The Board of Directors of H.R. Textile Mills Limited is responsible for proper governance which includes setting out Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardships.

HRTM is committed to continually reviewing all corporate governance policies and practices to ensure the ongoing transparency of the company's practices and the delivery of high standards and quality information to stakeholders.

The Corporate Governance and its focus remains as a priority of the Board. In order to exercise clarity about directors' responsibilities towards the shareholders, corporate governance must be dynamic and remain focused on the business objectives of the company. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of the Company's management have been designed.

### 7.2 CG Framework

Good Corporate Governance practices are essential to keep the company in line with the business requirement. HRTM operates within a comprehensive governance framework. The Board continuously reviews its corporate governance framework to ensure its relevance, effectiveness and sustainability in addressing the future business challenges.

### 7.3 Board Practices

The Directors of the Board are appointed by the Shareholders at the Annual General Meeting (AGM) and accountable to the shareholders. The Board is responsible for ensuring that the business activities are soundly administered and effectively controlled.

The Directors of the Board keep themselves

informed about the Company's financial position and ensure that its activities, accounts and asset management are subject to adequate control. The Board also ensures that HRTM Policies & Procedures and Codes of Conduct are implemented and maintained, and the Company adheres to generally accepted principles for good governance and effective control of Company activities.

### 7.4 Corporate Governance Compliance Audit

As per the BESC's notification, the compliance auditors are appointed at each Annual General Meeting (AGM) and their remuneration is also fixed by the shareholders at the AGM. The Report of the Auditors are enclosed as Annexure-B.

## 8.0 Business Development

HRTM is a 100% export oriented RMG factory. Global market behavior is guided by transformation of generation pulse, fast fashion forecast and technological domination on everyday lifecycle. These challenges were faced continuously in achieving our objectives to capture a greater market share amidst the advent of newer printing and dyeing houses. Our business development team is in close touch with the market pulses and keeps flexible policy to adopt these challenges with effective tools like innovation based on new trends and thoughts. We could seize greater market values implementing unique ideas, processes and the current trends. In attaining our goals, we ensured a good bonding language among the trio of buyer, suppliers and us. We moved forward with the image of a full package of dyeing and printing unit. Eventually, digital print is going to play a dominant role in the future market. We expect to match the fashion demand with our digital printing facilities with proficiency in future.

## 9.0 Environmental issues

Environmental issues are playing a significant role in all the spheres of company operations. The above have been further intensified during the current pandemic situation. We were required to bring every operation of the company under strict

environmental regulations. The knitting section has taken care of controlling dust emanating from the yarn in the knitting process, the effluent treatment plant (ETP) is responsible for treating wastewater to release treated water within the permissible limits set by the Department of Environment of Bangladesh. The factory generates its own electricity with power generators utilizing natural gas, which creates less pollution. Additionally, we are co-generating steam from the exhaust of our gas fired generators. The underground water table is also being recharged with harvested rainwater. We are recovering the heat from our waste water to preheat our process waters. We are soon to operate a fully automated biological effluent treatment plant. Our efforts at environmental sustainability also include reduction of our energy consumption by using LED lights and inverters in all the machineries that we use.

The Covid-19 requirements of using masks at the workplace, strictly maintaining physical distance, temperature measurement of workers and officers, and sanitization requirements of surfaces are all in place.

## **10.0 Financial Management**

### **10.1 Monitoring**

The Internal control system is monitored regularly through ongoing activities and separate evaluations. Ongoing monitoring activities are conducted through regular management activities. An Internal Audit Team has been set up during the year under review. The internal audit department is responsible to provide an objective and independent view of the effectiveness of operational and financial controls and procedures, as well as management action in dealing with issues of control. The internal audit function monitors the presence of the components of the internal control system and reports to the Audit Committee of the Board.

### **10.2 Internal Audit**

The Internal Audit department is independent of business operations. It operates a risk-based methodology, ensuring that the Company's key risks receive appropriate regular examination. Its responsibilities include reviewing and reporting on the effectiveness of risk management systems and internal control with the Executive Committee, the

Audit Committee and ultimately to the Board. Internal Audit facilitates oversight of risk and control systems across the company.

### **10.3 Fairness of Financial Statements**

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

### **10.4 Related Party Transactions**

HRTM exports garments and also fabric as "Deemed Export" to one concern, namely, Fashion Knit Garments Limited. Fashion Knit Garments Limited is owned by three sponsor directors of the company. The transactions between H.R. Textile Mills Limited and Fashion Knit Garments Limited are being transacted on Arm's Length Basis and at market price. In this connection an agreement was signed earlier between the company with the consent of the Board of Board the companies.

### **10.5 Accounting Policies**

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

### **10.6 Preparation of the financial statements**

The Financial Statements were prepared in accordance with the applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

## **11.0 Transparency**

### **11.1 Price Sensitive Information**

The Board of HRTM always ensures to inform all price sensitive information within 30 minutes of the decision or immediately upon getting such information to the BSEC and the Stock Exchanges. It also ensures immediate publication of such information/decision in two widely circulated daily newspapers, one in Bangla and the other in English and in one on-line news portal. The communication is done through E-mail/Fax and by special messenger, and through courier service in special cases.

### 11.2 Disclosure on the performance and prospect of the Company

HRTM attaches high priority on timely publication of quarterly, half-yearly and annual report with comprehensive details in excess of regulatory requirements. Mediums of publication include printed materials, newspapers and the website of the Company. Price Sensitive information is released to the regulators within half an hour of the decision. The Financial Statements are prepared in accordance with IAS and IFRS as adopted by Bangladesh Accounting Standards.

### 11.3 Communications with Shareholders

HRTM is continuously striving to improve relations with its shareholders. The Company encourages communications with shareholders throughout the year and welcomes their participation at the shareholders' meeting. The company also ensures that the queries are fully responded to their satisfaction throughout the year. The quarterly financial results and all other information are published. Annual Reports are sent to the shareholders by post. The soft copy of the Annual Report is also made available on the company's website.

### 11.4 Directors Remuneration

The Managing Director is paid his monthly remuneration as shown in the Financial Statements. Other than the Managing Director, none of the non-executive directors are paid any remuneration except the meeting attendance fee of Tk. 5,000 per attendance. The non-executive directors, including the independent directors do not receive benefits of any other kind from the organization. All information provided to the BSEC and Stock Exchanges are immediately made available to the Shareholders on our company website: [www.pride-grp.com/hrt](http://www.pride-grp.com/hrt)

## 12.0 Corporate Social Responsibility

### 12.1 Customers

The relationship with the Customers plays a very important role in running any sustainable enterprise which is more important in case of export market. A significant amount of time and efforts of the

Directors and senior management are placed to promote and develop the customer relationship. Having many stringent requirements of the customers HRTM management tries its best to keep the existing customers on board and also to bring new customers for the products with quality and innovation.

### 12.2 Community

As a corporate citizen, HRTM maintains healthy relationships with the local community, local political organizations, social organizations and poor family members and relations of the employees residing nearby. On special occasions, the company lends its hand for social welfare.

### 12.3 Shareholders

The shareholders of the company are the owners of the company. They have invested money in the company with full confidence in the management. Keeping the above in mind, the management always prefers not to deprive the shareholders and in many instances, the sponsors forgo their portion of dividend if the distributable profit is insufficient to pay dividend to all the shareholders.

### 12.4 Suppliers

Quite a good number of suppliers are working with the company, some of them are in supply-chain while many are involved in providing services as and when required. The company has good relations with all the suppliers and they are paid in due time. Before payment the quality of services and timely completion of the services are considered.

### 12.5 Regulators

The company maintains close liaison with the regulators such as BSEC, RJSC and others via other quasi regulators like DSE, CSE, CDBL, Trade associations like BGMEA, BKMEA, licensing organizations etc with the main objective of working as good corporate citizen with significant franchise value. The company management always in favour complying with all rules and regulation of the business as well as satisfying other queries as when asked for.



### 12.6 Financial Institutions

HRTM is financially involved with quite a good number of banks, non-banking financial institutions and enjoys funded and non-funded limits. They are our financial and development partners and work with us closely with their satisfaction. The relationship is always a win-win situation. In view of the above the company has strong financial flexibility for financial support in case of need or emergencies.

### 12.7 Protection of Minority Shareholders

HRTM has a large shareholder-base in view of the share fractional rule of BSEC at the time of its IPO in 1996. The board always keeps in mind that the HRTM has a high reputation of paying regular dividends, and the shareholders consider that the shares of HRTM is a regular income generating asset. Keeping the above in mind, the management always prefers to declare dividends for the shareholders. As stated earlier, there are instances when the dividend is paid only to the outside shareholders and the sponsors have foregone their portion of dividend to keep the small shareholders happy.

### 13.0 Appointment of Auditors

#### 13.1 Appointment of Financial Auditors

The existing Auditor M/s. Rahman Mostafa Alam & Co, Chartered Accountants, has been carrying out the audit of the company for the last one year. They are now retiring and being eligible for re-appointment have shown their interest to continue as auditors of the company. On the recommendation of the Board Audit Committee, the directors of the Company are proposing their appointment and fixing remuneration at the 36th Annual General Meeting.

#### 13.2 Appointment of Corporate Governance Auditors

As per condition No. 9 of the Corporate Governance Code dated 03 June 2018, M/s. N.M Tareque and Associates, a Firm of Professional Cost and Management Accountants was appointed in the 35th AGM as the Corporate Governance Auditors of the company for the year 2019-20 and to continue till conclusion of the upcoming AGM.

The Firm has expressed intention to be re-appointed for the next term. The Board of Directors recommend for re-appointment of M/s. N.M Tareque and Associates as Corporate Governance Auditors for the financial year 2020-21. This may be approved by the shareholders in this AGM.

### 14.0 Audit Committee

The Audit Committee held five meetings during the year. All the committee members attended the above meetings. The Audit Committee has been playing significant role in guiding the internal management. The Committee reviewed the draft financial statements, financial position of the company, and report of the Auditors and the operational results of the company from time to time. A separate report of the Audit Committee to the shareholders is enclosed at Annexure-2.

### 15.0 Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) has been formed with independent directors as a sub-committee of the board in order to assist the board in ensuring and fulfilling its responsibilities. Being non-executives and independent, all members of the committee have no conflicts of interest. The committee is to recommend remuneration and other facilities of the Directors and top level executives. They also recommend their appointment and removal. The NRC held one meeting during the year. All the committee members attended the above meetings. A separate report of the NRC to the shareholders is enclosed at Annexure-3.

### 16.0 Future Programs

Bangladesh is the second largest exporter of garments in the global market where knit garments are playing a vital and significant role. The company, with long years of experience in the field, has created tremendous value in the global market as a quality exporter. The directors, with their experience and acumen, have worked hard to create this value. The Board has the program to expand both horizontally and vertically but cautiously, so that the history created by the company with the support of general shareholders can be continued with confidence.

## 17.0 Shareholding Pattern

The shareholding of the director and their spouses remained at 50.64% without any change during the year. Out of the balance shares, the institutions are holding 10.84%, which was 13.23% in the previous year. The shareholding of the general public has increased to 38.52% compared to 36.13% in the previous year, on the date of year closing. The above change was mainly due to sell of shares by some institutions. The shareholding pattern of the company for the year closing on 30th June 2020 stands as follows:

Name of Shareholders	No. of Shares	Percentage
1.5) (xxiii) a) Parent Company/Subsidiary/Associated Companies/ Other Related Parties:	Nil	-
1.5) (xxiii) b) Directors, Chief Executive Officer, Chief Financial Officer, Head of Finance & Accounts, Company Secretary and their Spouse and Minor Children:		
Mr. Mohammad Abdul Moyeed, MD & CEO	3,762,256	14.87
Professor Dr. Muhammad Abdul Moyeen, Chairman	3,762,254	14.87
Professor Mohammad Abdul Momen, Director	3,762,254	14.87
Ms. Ruhey Rawa, Director	507,285	2.01
Ms. Sumbal Azwad Momen, Director	507,285	2.01
Ms. Sana Kainat Moyeen, Director	507,285	2.01
Professor Dr. A.H.M. Habibur Rahman, Independent Director	Nil	-
Professor Dr. Md. Zakir Hossain Bhuiyan, Independent Director	Nil	-
Shareholdings of Sponsors/Directors	12,808,619	50.64
Mrs. Umbirin Moyeed	15,812	Shares, included in the slot of general shareholders
Dr. Shaheen Afroz	15,812	
Ms. Salsabil Abreshmi Momen	8,000	
Mr. Sharaf Awad Rahman Momen	7,812	
Mr. Md. Abu Amur Naheel, CFO	Nil	-
Mr. Sumnoon Moheb, HF&A	Nil	-
Mr. Md. Wali Ullah, CS	Nil	-
Minor Children	Nil	-

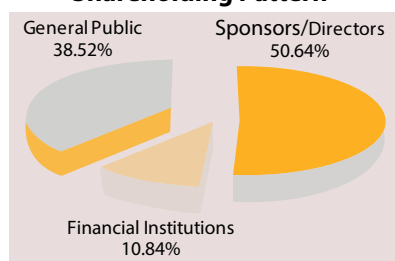
c) Voting Interest (Shareholders holding 10% or more shares have voting interest in the company):

Name	Designation	Shares	Percentage
Professor Dr. Muhammad Abdul Moyeen	Chairman	3,762,254	14.87
Mr. Mohammad Abdul Moyeed	MD & CEO	3,762,256	14.87
Professor Mohammad Abdul Momen	Director	3,762,254	14.87

d) Executives:

Name	Designation	Shares
Mr. S.M. Asadun Nabi	GM (Strategy Planning & Development)	Nil
Mr. Md. Aminur Rahman	Factory Manager	Nil
Mr. Mohammad Karim Hossain	Manager (MIS)	Nil
Mr. Nazmul Hossain Khan	Manager, Commercial	Nil
Mr. Monirul Islam	Manager, Admin & Compliance	Nil
Mr. Sherajul Islam Khan	Asstt. Manager, Accounts	Nil

### Shareholding Pattern



**18.0 Declaration by the CEO and CFO**

Declaration of CEO and CFO has been provided in Annexure-A.

**19.0 Corporate Governance Compliance Report**

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Notification No: BSEC/ CMRRCD/ 2006-158/207/ Admin/80 dated 3rd June 2018, the Certificate on Compliance of Corporate Governance Code and Directors Report on Compliance of Corporate Governance Code are enclosed at Annexure-B and Annexure-C respectively.

**20.0 Financial Reporting framework declaration**

The Board of Directors being responsible for governance of the company, the preparation and presentation of financial statements, confirm to the best of their knowledge that:

- a. The entire business operation is being conducted in accordance with the laws, rules, regulations, agreements, guidelines and standards governed in the country;
- b. All the judgments and decision taken by management are reasonable and sensible;
- c. Accurate accounting policies have been systematically followed in formulating the financial statements and accounting estimates were reasonable;
- d. The financial statements present rationally the company's state of affairs, the result of its operations, cash flow and changes in equity with the Companies Act, 1994 and Securities and Exchange Rules, 1987;
- e. The system of internal Control is sound in design and has been effectively implemented and monitored;
- f. The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- g. There is no momentous suspicion about the ability or the company to continue as going concern;

- h. Proper books of accounts of the Company have been maintained according to the law;
- i. The Financial Statements were prepared in accordance with the applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- j. No transaction has been entered into by the company which are fraudulent, illegal, or in violation of the company's code of conduct.

**21. Other Regulatory Disclosures****21.1 Financial**

- a) The key operating and financial data for the last five years have been disclosed in Directors Reports;
- b) The Company is aware of its various risks and concerns, mainly from the policy and regulatory fronts, and is prepared to meet those by systematic control. Different type of risk management has been disclosed in the director's report;
- c) No significant difference has occurred between quarterly and final results of the company during 2019-20;
- d) All significant detachment from the previous year in operating results of the company has been highlighted and reasons thereof have been explained;
- e) As per IAS 1 Presentation of Financial Statements, no items of income and expense are to be presented as extraordinary gain or losses in the financial statements. As such no extraordinary gain or loss has been recognized in the financial statements;
- f) All transactions with related parties have been made on a commercial basis and the basis was the principle of "Arm's Length Transaction". Details of related party and transactions have been disclosed in Note 44 of Notes to the Financial Statements;
- g) During the year, the Company has paid Board meeting attendance fees of directors has been mentioned page-11 of the director's report and the remuneration of Directors has been mentioned in Note 37 of Notes to the Financial Statements.

## 21.2 Directorship in other companies

Mr. Mohammad Abdul Moyeed	Prof. Dr. Muhammad Abdul Moyeen	Prof. Mohammad Abdul Momen
Dacca Textiles Limited	Dacca Textiles Limited	Dacca Textiles Limited
Fashion Knit Garments Ltd.	Fashion Knit Garments Ltd.	Fashion Knit Garments Ltd.
Pride Limited	Pride Limited	Pride Limited
Pride Spinning Limited	Pride Spinning Limited	Pride Spinning Limited
Pride Properties Limited	Pride Properties Limited	Pride Properties Limited

## 21.3 Website of the Company

The company has an official website linked with the website of the stock exchange and it is functional from the date of listing. All detailed disclosures of the company are available on it. The web address is: [www.pride-grp.com/hrt](http://www.pride-grp.com/hrt)

## 21.4 Subsidiary Company

H.R. Textile Mills Limited does not have any subsidiary company.

## 21.5 Significant Variance between Quarterly and Period Ended Report

There were no significant differences between quarterly performance and overall period ended performance of the Company. Throughout the period, the Company was able to maintain a judicious performance both in operational and financial perspective.

## 21.6 Significant Deviation in Operating Results Compared to Previous Period

There is no such deviation in operating results compared to the previous period.

## 21.7 Appointment of Independent Director

As per provision of Corporate Governance Guidelines of BSEC Professor Dr. Md. Zakir Hossain Bhuiyan has been appointed as Independent Director of the Company for a period of 3 (three) years. Short bio-data of the said director is enclosed herewith in the section of Director's Profile is enclosed at Annexure-1.

## 21.8 Credit Rating

National Credit Rating Limited (NCRL) assigned Long Term A+ ST-2 Short Term rating for your company with the rationale "Above rating have

been assigned on the basis of good fundamental such as good profitability, sound infrastructural arrangement with market leader in Textile and Garment industry, experienced management. Entities rated in this category are adjudged to be of high quality, offer higher safety and have credit quality. Your Company in the evaluation of Credit Rating Company was also placed with "Stable".

## 21.9 Subsequent Events

The second wave of Covis-19 is still on and some of the European buyers are cancelling some placed orders. However, we believe that the situation will improve in a few months. We believe that the users of these financial statements are still valid for appropriate evaluation and decision making.

## 21.10 Information Technology

HRTM is a company having IT based production infrastructure. We believe that now accurate business planning, effective marketing, global sales, systematic management, real time monitoring, instant customer support and long-term business growth cannot be achieved without appropriate IT.

## 21.11 Human Resources

Human Resources are a fundamental asset across the entire business model. The developments of HRTM have been built on its competitive advantage on the skills and commitment of its employees, promoting and rewarding pro-activity, goal orientation and teamwork. The Human Resource Department of your company operates with specific policy, manual and plan designed and approved by the Board of Directors.



We provide on-the-job training and development opportunities to enhance our employees' career progression. Through different training, the professional knowledge in corporate operations, occupational and management skills are enhanced. HRTM is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Company has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees' rights and benefits. We establish and implement policies that promote a harmony and respectful workplace.

## 22.0 Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million) for the year ended 30th June	
	2020	2019
Net Profit before Tax	44.74	65.55
Income Tax Expenses	(16.58)	(19.08)
Net Profit after Tax	28.16	46.47
Retained earnings, Note-16	109.06	74.03
Profit Available for Appropriation	137.22	120.50
<b>Recommended for Appropriations:</b>		
Proposed Dividend (Cash)	(12.49)	(12.49)
Un-appropriated Profit carried forward	124.73	108.01

## Code of Conduct

This Code of Conduct for Chairperson of the Board of Directors is prepared in accordance with Condition 1(7)(a) of the Corporate Governance Code notified by the Bangladesh Securities and Exchange Commission (BSEC) dated 3 June 2018. For the purpose of this Code, "Chairperson" shall mean the Chairperson of the Board of Directors of the Company. The Company is committed to being an ethical and responsible member of the business communities in which it operates. The Company always endeavors to ensure that the highest standards of honesty, integrity and ethics are maintained. This Code is intended to serve as a source of guiding principles for the Chairperson even though no code or policy can anticipate every situation that may arise. The standards contained in this Code are neither exclusive nor comprehensive. The Chairperson of the

Board of Directors is required to comply with all applicable laws, rules and regulations, whether or not specifically addressed in this Code.

## Report on the compliance of the conditions of BSEC's notification

In accordance with the BSEC's Notification dated 3rd June 2018, the Board of Directors are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern of the company is enclosed at Annexure-4.

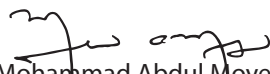
## Acknowledgement

The Board of Directors of the company takes the opportunity to express its sincere thanks and appreciation to its valued shareholders, the Bangladesh Securities and Exchange Commission, Registrar of Joint Stock Companies and Firms (RJSC), Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Central Depository Bangladesh Limited (CDBL), SATCom IT Limited, Government Agencies, Banks, Financial Institutions, Contractors, Suppliers and Auditors for their co-operation and active support in discharging the responsibilities given on me and the Board. We offer our heartfelt thanks to our valued international buyers and local buying houses who have contributed significantly as our strategic partners.

Finally, the Board offers its sincere thanks to the workers and professional administration, whom the management considers the most valuable asset of the company, and hopes that they will continue to keep the spirit of teamwork in the coming years for the smooth growth of the company.

Thank you all.

For and on behalf of the Board of Directors,

  
Mohammad Abdul Moyeed  
Managing Director & CEO

## Audit Committee Report to the Shareholders For the year ended 30th June 2020

I am one of the Independent Directors in the board and the Board appointed me as the Chairman of the Committee. I have the pleasure to report before you as the Chairman of the Audit Committee of your esteemed company. As you are aware that the Audit Committee of your company is one of the very important sub-committee of the board formed with the objective of assisting the Board in discharging its governance responsibilities. A brief of the Audit Committee and its roles, responsibilities and observations during the year ending on 30th June 2020 are as follows:

### Composition of the Audit Committee

During the year the composition of the Audit Committee were as follows:

Names	Designation	Position
Professor Dr. A.H.M. Habibur Rahman	Independent Director	Chairman
Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	Member
Professor Dr. Muhamamd Abdul Moyeen	Chairman	Member
Professor Mohammad Abdul Momen	Director	Member

As per regulatory guidelines, the Company Secretary Mr. Md. Wali Ullah acts as secretary to the Committee.

- a) The Board defined Terms of Reference (TOR) of the Audit Committee. Activities of the Committee are performed as per the said TOR.
- b) The Committee submits its report directly to the Board of Directors.

### Activities

During the year the Audit Committee,

- a) Reviewed the financial statements of all the quarters before those were finalized and published. The Committee also reviews the annual financials at the draft stage and compares the same with the quarterly unaudited accounts to review as to whether the annual Accounts have any significant differences with the quarterly trend as reflected in the published quarterly Accounts.
- b) Reviewed the work of the Internal Audit & Compliance Department and made suggestions for improvement;
- c) Reviewed the observations of the Internal Audit and Compliance Department regarding internal control and suggestions were made to improve operational systems and procedures and their implementation;
- d) Reviewed the integrity of the financial statements of the Company to ensure that these reflect a true and fair view of the Company's state of affairs for the year ended 30th June, 2020;
- e) Ensured, while reviewing the financial statements, that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable to textile industries;
- f) Discussed with the statutory auditors about the nature and scope of audit as well as had post-audit discussions to address areas of concern;
- g) Approved the internal audit plan and gave direction to the Internal Auditor where appropriate for carrying out in depth audit to ensure that the Company or its assets are not exposed to undue risk;
- h) Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation;
- i) Reviewed the profiles of the audit firms and proposed to the Board for recommendation;
- j) Reviewed the Internal Control System and Financial Statements.

### Reporting

- 1) Pursuant to Condition # 5.6 of the Corporate Governance Guidelines issued by BSEC, the Committee reports that it did not find any conflict of interest or any fraud, irregularity, material defect in the Internal Control System. There are no infringement of laws, rules and regulations also;
- 2) The Committee is of the view that risks associated with the business of the Company are adequately controlled.

On behalf of the Audit Committee



Professor Dr. A.H.M. Habibur Rahman  
Chairman of the Audit Committee  
Date: October 28, 2020

## Nomination and Remuneration Committee Report to the Shareholders For the year ended 30th June 2020

This Nomination and Remuneration Policy has been formulated in compliance with Notification No. BSEC/CMRRCD/2006-158/ 207/Admin /80, Date: June 03, 2018 on Corporate Governance Code of BSEC. This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board..

### Terms of Reference

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as policy for formal process of considering remuneration of director, top level executive.

### Compositing and Meeting

The NRC consists of 01 (One) Independent Director and 02 (two) Directors. All members possess adequate qualification as determined in the Corporate Governance Code promulgated by BSEC. The Committee Includes:

Names	Designation	Position
Professor Dr. Md. Zakir Hossain Bhuiyan	Independent Director	Chairman
Professor Dr. Muhammad Abdul Moyeen	Director	Member
Professor Mohammad Abdul Momen	Director	Member

As per regulatory guidelines, the company secretary Mr. Md. Wali Ullah acts as secretary to the committee. The NRC performs in coherence and ensures compliance with the Corporate Governance Guidelines promulgated by the BSEC.

The committee hold 01 (one) meetings on September 16, 2020 during 2019-20.

### Role of the NRC

- a) NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- b) To oversee, among others, the following matters and make report with recommendation to the Board:
  - i) Formulate the criteria for determining qualification, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
    - a) that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
    - b) that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - c) that the remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background;
  - iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
  - iv) formulating the criteria for evaluation of performance of independent director (s) and the Board;
  - v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
  - vi) developing, recommending and reviewing annually the company's human resources and training policies;

### Meeting of NRC

The Committee formally met for the first time in November 2018 after constitution of the NRC ensured/observed the following activities:

1. Reviewed the set-up of the organization structure where reporting line is clearly defined for the directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirement.
2. Reviewed the set-up of standard pay structure for each job level based on education, experience and competency;
3. Reviewed that a target based on-line performance Management System to evaluate performance of employees is there. This KPI based PMS leads to yearly increment, Promotion of individual employees.

4. Reviewed the Employee Benefit policy to attract the job seekers and retain internal talents. Succession planning of the company to have our future leaders ready according to the requirements. Ensuring extensive training and development plan for the individual or group of people.
5. Reviewed that a transparent recruitment and selection policy is in existence where competent candidates get hired.
6. Reviewed that practicing a clear career path system for employees which reflect in organization structure.

#### **Objective and Policy of the NRC**

The BSEC identified the objectives of NRC as follows:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/top management team required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

#### **On Appointment and Removal of Director, Top Level Executives and Senior Management, the BSEC provided that**

- a) Extension of service tenure of Mr. Mohammad Abdul Moyeed as Managing Director:  
It was placed in the meeting that the tenure of Mr. Mohammad Abdul Moyeed, Managing Director has expired. The committee unanimously recommend to extend the tenure of Mr. Mohammad Abdul Moyeed for another five years. The matter was placed for approval of the company Board and now placed in this Annual General Meeting;
- b) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executives or at Senior Management level and recommend his/ her appointment, as per Company's Policy.
- c) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person are sufficient /satisfactory for the position.

On Evaluation, the NRC policy suggest that NRC shall carry out evaluation of performance of Director and top level executives yearly or at such intervals as may be considered necessary.

On removal, the NRC policy suggests that the MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange(s).

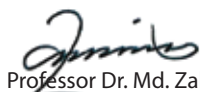
On retirement the NRC policy suggests that the Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director of any top level executive even after attaining the retirement age, for the benefit of the Company.

#### **Policy for Remuneration to Directors/Top Level Executives:**

- a) The Remuneration to be paid to Managing Director / Other directors as approved by the NRC Committee.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive / Independent Director may receive meeting fees and such other remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- d) The remuneration to top level executives shall be fixed consideration their performances and in accordance with the Company's Policy.

Nomination and Remuneration Committee expressed their sincere thanks to the members of the Board of Directors, management of the Company for their outstanding support and Co-operation.

On behalf of the NRC



Professor Dr. Md. Zakir Hossain Bhuiyan  
Chairman of the NRC  
Dated: October 28, 2020

Annexure - A  
[As per condition No. 1(5)(xxvi)]

## Declaration of CEO and CFO to the Board of Directors

Dated: 28th October 2020

[Issued under Condition 1(5)(xxvi) of Corporate Governance Code of BSEC's Notification No. SEC/CMRRC-D/2006-158/207/Admin/80: dated 3rd June 2018]

The Board of Directors  
H.R. Textile Mills Limited  
House # 3, Road # 5, Block # J  
Baridhara, Dhaka-1212

### Subject: Declaration on Financial Statements for the year ended on 30th June 2020

Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRC-D/2006-158/207/Admin/80: dated 3rd June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of H.R. Textile Mills Limited for the year ended on 30th June 2020 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure therefrom has been adequately disclosed;1
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on 30th June 2020 and to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting statements and applicable laws;
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours

  
Mohammad Abdul Moyeed  
Managing Director & CEO

  
Md. Abu Amir Naheel  
Chief Financial Officer



**Corporate Governance Compliance Certificate**Annexure - B  
[Certificate as per condition No. 1(5)(xxvii)]**N.M Tareque & Associates**  
Cost and Management AccountantsNakshi Homes (1st Floor)  
6/1/A, Segunbagicha, Dhaka  
Phone: +8801552111811**Report to the Shareholders of H.R. Textile Mills Limited  
on compliance of Corporate Governance Code**

[Issued under Condition No. 1(5)(xxvii) of Corporate Governance Code of BSEC's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80: dated 3rd June 2018]

Dear to the shareholders

We have examined the areas of Compliance of H.R. Textile Mills Limited as required by the Corporate Governance Code for the year ended on 30th June 2020. This Code relates to the Notification No. BSEC/CMRRCD-2016-158/207/Admin/80, dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission and its updates from time to time.

The Compliance with the Corporate Governance Code as referred above is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the condition of above Code.

Our areas of responsibilities were scrutiny and verification and carrying out an independent audit on compliance of the conditions of the Corporate Governance Code as well as the Provision of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

To the best of the information and explanations given to us we like to state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the Provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

Dated Dhaka: November 12, 2020



*N.M. Tareque & Associates*  
For N.M Tareque & Associates  
Cost and Management Accountants

**Corporate Governance Compliance Status**

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission's, Notification No. BSEC/CMRRCD/ 2006-158/207/Admin/80, dated 3rd June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969 is presented below:

**Report under Condition No. 9.00**

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
<b>1</b>	<b>Board of Directors:</b>			
1.1	Board Size: Board members should not be less than 5 and more than 20	✓		
1.2 (a)	<b>Independent Directors:</b> Independent Director at least 1/5th of the total number of directors	✓		
1.2 (b) (i)	Does not hold any share or holds less than 1% shares of the paid-up	✓		
1.2 (b) (ii)	Not connected with any sponsor/director/shareholders who holds or	✓		
1.2 (b) (iii)	Not an executive of the company in immediately preceding two financial years	✓		
1.2 (b) (iv)	Does not have any relationship, whether pecuniary or otherwise,	✓		
1.2 (b) (v)	Not a member or TREC holder, director or officer of any stock exchange	✓		
1.2 (b) (vi)	Not a shareholder, director or officer of any member of stock exchange	✓		
1.2 (b) (vii)	Not a partner or an executive or was not a partner or an executive	✓		
1.2 (b) (viii)	Not be an independent director in more than 5 (three) listed companies	✓		
1.2 (b) (ix)	Not been convicted by a court of competent jurisdiction as a defaulter	✓		
1.2 (b) (x)	Not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (c)	Independent Directors has been appointed by the board and approved by the shareholders	✓		
1.2 (d)	Not remain vacant for more than 90 (ninety) days	✓		
1.2 (e)	Tenure of office of an independent director shall be for a period of 3 (three) year's, which may be extended for 1 (one) term only	✓		
1.3 (a)	Independent Directors Knowledgeable individual with integrity to ensure compliance	✓		
1.3 (b) (i)	Business Leader who is or was a promoter or director of an unlisted company	✓		
1.3 (b) (ii)	Higher position in an unlisted company having minimum paid-up capital of TK. 100.00 million	✓		
1.3 (b) (iii)	Former official of government or statutory ...		N/A	
1.3 (b) (iv)	University Teacher with educational background in Commerce or Business Studies or Law.	✓		
1.3 (b) (v)	Professional who is or was an advocate practicing at least		N/A	
1.3 (c)	The independent director shall have at least 10 years of experiences ...	✓		
1.3 (d)	Special cases, the above qualification or experience ...		N/A	
1.4 (a)	Individual Chairman of the Board and Chief Executive Officer (CEO)	✓		
1.4 (b)	Not hold the same position in another listed company of MD/CEO	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the ...	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one		N/A	
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performances	✓		
1.5 (iii)	Risks and concerns including internal and external risk	✓		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-ordinary gain or loss	✓		
1.5 (vi)	A detailed discussion on related party transactions	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and or through any others		N/A	
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO etc.		N/A	
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial		N/A	
1.5 (x)	Remuneration to the directors including independent directors	✓		
1.5 (xi)	The financial statements present fairly its state of affairs, result of its operation	✓		
1.5 (xii)	Maintenance of proper books of accounts	✓		
1.5 (xiii)	Appropriate Accounting Policies and estimates have been applied	✓		
1.5 (xiv)	Followed IAS/IFRS in preparation of Financial Reporting Statements	✓		
1.5 (xv)	Internal Control System has been effectively implemented and monitored	✓		
1.5 (xvi)	Minority shareholders have been protected from abusive action		N/A	
1.5 (xvii)	Ability to continue as a going concern	✓		
1.5 (xviii)	Significant deviations from last year's in operation results	✓		
1.5 (xix)	Key operation and financial summarized data of at last preceding five year's	✓		
1.5 (xx)	Reasons for not declared dividend		N/A	
1.5 (xxi)	Declaration of no bonus share or stock dividend as interim dividend	✓		

N/A = Not Applicable

## Annexure - C (Contd..)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.5 (xxii)	Number of Board Meetings held during the year and attendance by the Directors	✓		
1.5 (xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	✓		
1.5 (xxiii)(b)	Directors, CEO, CS, CFO, HIA&C and their spouses and minor children	✓		
1.5 (xxiii)(c)	Executives	✓		
1.5 (xxiii)(d)	Shareholders holding ten percent or more voting interest	✓		
1.5 (xxiv)(a)	Resume of the director	✓		
1.5 (xxiv)(b)	Expertise in specific functional areas	✓		
1.5 (xxiv)(c)	Name of companies in which the person also holds the directorship	✓		
1.5 (xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1.5 (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing		N/A	
1.5 (xxv)(c)	Comparative analysis of financial performance	✓		
1.5 (xxv)(d)	Compare such financial performance	✓		
1.5 (xxv)(e)	Explain the financial and economic scenario of the country	✓		
1.5 (xxv)(f)	Risks and concerns issues related to the financial statements	✓		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation	✓		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO	✓		
1.5 (xxvii)	Disclosing the report and as well as certificate as per Annexure-A & B	✓		
1.6	Meeting of the Board of Directors	✓		
1.7 (a)	Code of conduct based on recommendation of the NRC	✓		
1.7 (b)	Position code of conduct on the website determined by the NRC	✓		
<b>2</b>	<b>The Board of Directors of all condition of subsidiary Company</b>		N/A	
<b>3</b>	<b>MD/CEO, CFO, HIAC and CS:</b>			
3.1(a)	Appointment of MD/CEO, CS, CFO and HIAC	✓		
3.1(b)	Individuals filled of MD or CEO, CS, CFO and HIAC	✓		
3.1(c)	don't hold any executive position in any other company	✓		
3.1(d)	The Board shall clearly define respective roles of the CFO, HIAC and CS	✓		
3.1(e)	Rules of removing from their position without approval of the Board	✓		
3.2	MD or CEO, CS, CFO and HIAC shall attend the meeting of the Board of Directors	✓		
3.3(a)(i)	Reviewed the materially untrue statement	✓		
3.3(a)(ii)	Reviewed about compliance of the accounting standards	✓		
3.3(b)	The MD or CEO and CFO shall also certify	✓		
3.3(c)	Disclosed the certificate of the MD or CEO and CFO	✓		
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
<b>5</b>	<b>Audit Committee</b>			
5.1(a)	Audit committee as a sub-committee of the Board	✓		
5.1(b)	The Audit Committee shall assist the Board in ensured	✓		
5.1(c)	The Audit Committee shall responsible of the Board	✓		
5.2 (a)	Audit Committee composed of at least 3 (Three) members	✓		
5.2 (b)	Members of the audit committee have been appointed by the Board of Directors	✓		
5.2 (c)	Qualified members in audit committee	✓		
5.2 (d)	Term and conditions of service of audit committee members	✓		
5.2 (e)	Secretary of the audit committee	✓		
5.2 (f)	Quorum of the audit committee	✓		
5.3 (a)	The Chairman has been selected by the Board of Directors	✓		
5.3(b)	Absence of the Chairperson of the Audit Committee	✓		
5.3 (c)	The Chairman of the audit committee present in the AGM	✓		
5.4(a)	The Audit Committee shall conduct at least four meeting	✓		
5.4(b)	The quorum of the Audit Committee meeting	✓		
5.5(a)	Oversee the financial reporting process	✓		
5.5 (b)	Monitor choice of the accounting policy and principals	✓		
5.5 (c)	Monitor Internal Audit and Compliance Process	✓		
5.5 (d)	Oversee hiring and performance of external auditors	✓		
5.5(e)	The external auditors and Review the annual financial statements	✓		
5.5 (f)	Review the annual financial statements before submission to the board for approval	✓		
5.5 (g)	Review of quarterly and half yearly financial statements before submission	✓		
5.5 (h)	Review of adequacy of internal audit function	✓		
5.5(i)	Review the discussion and analysis	✓		
5.5 (j)	Review statement of significant related party transaction	✓		
5.5 (k)	Review Management letters/Letter of internal control weakness		N/A	
5.5 (l)	Oversee the determination of audit fees based	✓		

## Annexure - C (Contd..)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
5.5 (m)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue		N/A	
5.6(a)(i)	Activities of Audit Committee shall be reported to the Board	✓		
5.6(a)(ii) (a)	Conflicts of interests		N/A	
5.6(a)(ii)(b)	Suspected or presumed fraud of irregularity or material defect in the internal control system		N/A	
5.6(a)(ii)(c)	Infringement of laws, rules and regulations		N/A	
5.6(a)(ii)(d)	Any other matter disclosed to the Board of Directors		N/A	
5.6(b)	Reporting to the Authorities		N/A	
5.7	Reporting to the Shareholders and General Investors	✓		
<b>6</b>	<b>Responsibility of Nomination and Remuneration Committee to the Board:</b>			
6.1(a)	The NRC as sub-committee of the Board	✓		
6.1(b)	The NRC assist the Board in formulation of the nomination criteria	✓		
6.1(c)	The NRC Recommendation to the Board	✓		
6.2	Constitution of the NRC:			
6.2(a)	The Committee size with at least 3 (three) members	✓		
6.2(b)	Non-executive directors would be the members of the committee	✓		
6.2(c)	Members of the Committee would be nominated and appointed by the Board	✓		
6.2(d)	Board would be authority to remove and appoint any member of the Committee	✓		
6.2(e)	Any vacancy in the committee should be filled within 180 days by the Board		N/A	
6.2(f)	External expert or member can be included in the committee by the Chairman if necessary		N/A	
6.2(g)	CS shall act as the secretary of the Committee	✓		
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an ID	✓		
6.2(i)	Fee or remuneration is not applicable for any member of NRC	✓		
6.3	Chairperson of the NRC:			
6.3(a)	Selection of the chairperson of the committee by the board	✓		
6.3(b)	In absence of the Chairperson of the NRC		N/A	
6.3(c)	Presence of the chairman in the AGM		N/A	
6.4(a)	At least one meeting in a financial year	✓		
6.4(b)	Convening any emergency meeting if necessary		N/A	
6.4(c)	Constitution of the quorum of the meeting in presence of two or two third members	✓		
6.4(d)	Recording the proceedings of each meeting in the minutes	✓		
6.5(a)	Independence and responsibility or accountability of NRC	✓		
6.5(b)(i)(a)	Overseeing the level and composition of remuneration and reporting with recommendation to the Board	✓		
6.5(b)(i)(b)	Overseeing the relationship between remuneration to performance	✓		
6.5(b)(i)(c)	Balance of remuneration of directors and top level executive	✓		
6.5(b)(ii)	Devising a policy on Board's diversity	✓		
6.5(b)(iii)	Identifying the qualified persons and recommend them to the board	✓		
6.5(b)(iv)	Formulating the criteria for evaluation of performance of I.Directors and the Board	✓		
6.5(b)(v)	Identifying the needs for employees and determine their selection	✓		
6.5(b)(vi)	Developing, recommendation and reviewing annually human resources and	✓		
6.5(c)	Disclosing the nomination and remuneration policy and	✓		
<b>7</b>	<b>External/Statutory Auditor:</b>			
7(1)(i)	Appraisal/valuation services or fairness opinions	✓		
7(1)(ii)	Financial information system design and implementation	✓		
7(1)(iii)	Book-keeping or other services related to the accounting and financial statements	✓		
7(1)(iv)	Broker-dealer services	✓		
7(1)(v)	Actuarial services	✓		
7(1)(vi)	Internal Audit Services	✓		
7(1)(vii)	Services that the Audit Committee determines	✓		
7(1)(viii)	Audit/certification services	✓		
7(1)(ix)	Service that creates conflict or interest	✓		
7(2)	Audit firm could not hold any share of the company they audit	✓		
7(3)	Presence of representative of the auditors in the AGM	✓		
<b>8</b>	<b>Maintaining a website the Company:</b>			
8(1)	An official website linked with the website of the stock exchange	✓		
8(2)	Keeping the website functional from the date of listing	✓		
8(3)	Detailed disclosures on the company's website	✓		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
9(1)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	✓		
9(2)	Appointment of certificate provider regarding compliance of conditions of Corporate Governance Code	✓		
9(3)	Annexure attached in the Director's Report	✓		

N/A = Not Applicable

**Rahman Mostafa Alam & CO.**  
**Chartered Accountants**

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

**Report on the Audit of the Financial Statements:**

**Opinion**

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

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

**Basis for Opinion**

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

**Our Key Audit Matters**

Risk	Our response to the risk
<b>Capital Work-in-Progress (CWIP)</b> Refer note no. 4 to the Statement of Financial Position	
<p>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 extent judgmental in nature.</p> <p>Moreover, transfer of capital work in progress to PPE is also judgmental requires estimation.</p>	<p>Our procedure includes:</p> <p>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.</p> <p>Test of details: obtaining supporting documents of capitalization transaction recorded either side of the year and debit notes issued after the year end to determine whether the amount is recorded in correct period. 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>



**Term Loan**

Refer note no. 16 to the Statement of Financial Position	
Long term loans taken from Mutual Trust Bank Ltd., HSBC Bangladesh, IPDC Finance Ltd.	<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 year and credit notes issued after the year end to determine whether the amount recorded in correct period.</p> <p>Test interest rates application, calculation nad 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>

**Other Information**

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

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

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

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

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

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

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

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

**Auditors' Responsibilities for the Audit of the Financial Statements:**

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

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

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

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

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

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

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

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

#### **Report on other Legal and Regulatory Requirements:**

In accordance with the Companies Act 1994, the Securities and Exchange Rules 1987 and relevant notifications issued 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 purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Statement of Financial Position, Statements of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- d) The expenditure was incurred for the purpose of the Company's business.

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

Dated: Dhaka,  
October 28, 2020

  
Rahman Mostafa Alam & CO.  
Chartered Accountants

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

Particulars	Notes	30/06/2020 Taka	30/06/2019 Taka <b>*Restated</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>2,149,175,755</b>	<b>1,656,302,759</b>
Property, Plant and Equipment	4	1,556,043,229	1,475,400,167
Capital Work In Progress	5	593,132,526	180,902,592
<b>Current Assets</b>		<b>1,375,994,306</b>	<b>1,115,358,265</b>
Stocks and Stores	6	606,834,155	393,277,250
Trade and Other Debtors	7	610,274,903	574,533,283
Export Incentive Receivables	8	40,353,566	55,458,792
Advances, Deposits and Prepayments	9	88,020,582	67,318,628
Cash and Bank Balances	10	30,511,100	24,770,312
<b>Total Assets</b>		<b>3,525,170,061</b>	<b>2,771,661,024</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>1,082,316,036</b>	<b>1,066,491,976</b>
Share Capital	11	253,000,000	253,000,000
General Reserve	12	6,956,752	6,956,752
Tax Holiday Reserve	13	22,378,988	22,378,988
Dividend Equalisation Reserve	14	10,000,000	10,000,000
Revaluation Surplus	15	652,764,006	653,660,218
Retained Earnings	16	137,216,290	120,496,018
<b>Long-term Liabilities</b>		<b>1,313,863,764</b>	<b>810,036,776</b>
Long-term Loans - Secured, Future Maturity	17	1,208,061,584	705,830,468
Provision for Gratuity	18	27,218,882	28,392,064
Provision for Deferred Taxation	19	78,583,298	75,814,244
<b>Current Liabilities</b>		<b>1,128,990,261</b>	<b>895,132,272</b>
Bank Overdrafts - Secured	20	103,070,844	79,251,108
Time Loan - Secured	21	367,249,038	-
Trade Creditors	22	499,176,489	630,941,433
Accrued Expenses	23	44,352,811	27,136,943
Provision for Current Taxation	24	44,069,406	30,415,148
Bills Receivable Discounted	25	25,558,605	38,658,707
Workers' Participation/Welfare Funds	26	14,491,236	18,386,925
Current Maturity of Long-term Loans	27	31,021,832	70,342,008
<b>Total Equity and Liabilities</b>		<b>3,525,170,061</b>	<b>2,771,661,024</b>
<b>Net Assets Value (NAV) per share</b>	28	<b>42.78</b>	<b>42.15</b>

\* Last year's figures have been restated. Details disclosed in note no. 3.17 of the Financial Statements.


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

  
 Dr. M.A. Moyeen  
 Chairman

  
 Mr. M. A. Moyeed  
 Managing Director

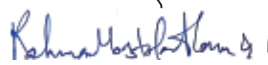
  
 Mr. M. A. Monem  
 Director

  
 Mr. M.A.A. Naheel  
 CFO

  
 Mr. Md. Wali Ullah  
 Company Secretary

Signed in terms of our annexed report of even date

Dated: Dhaka  
 October 28, 2020

  
 Rahman Mostafa Alam & CO.  
 Chartered Accountants

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

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


\* Last year's figures have been restated. Details disclosed in note no. 3.17 of the Financial Statements.  
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Dr. M.A. Moyeen  
Chairman

  
Mr. M. A. Moyeed  
Managing Director

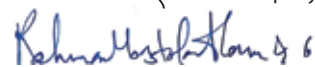
  
Mr. M. A. Monjen  
Director

  
Mr. M.A.A. Naheel  
CFO

  
Mr. Md. Wali Ullah  
Company Secretary

Signed in terms of our annexed report of even date

Dated: Dhaka  
October 28, 2020

  
Rahman Mostafa Alam & CO.  
Chartered Accountants


## H.R. Textile Mills Limited

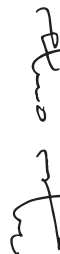
### Statement of Changes in Shareholders' Equity


#### For the year ended 30th June 2020

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


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

  
Dr. M.A. Moyeen  
Chairman

  
Mr. M. A. Moyeed  
Managing Director

  
Mr. M. A. Mdmen  
Director

  
Mr. M.A.A. Naheel  
CFO

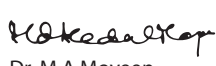
  
Mr. Md. Wali Ullah  
Company Secretary




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

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

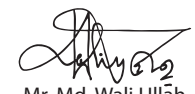
The annexed notes from 1 to 45 and Annexure-A form an integral part of these financial statements.

  
Dr. M.A. Moyeen  
Chairman

  
Mr. M. A. Moyeed  
Managing Director

  
Mr. M. A. Monjen  
Director

  
Mr. M.A.A. Naheel  
CFO

  
Mr. Md. Wali Ullah  
Company Secretary

## H.R. Textile Mills Limited

### Notes to the Financial Statements

#### For the year ended June 30, 2020

#### Forming an Integral Part of the Financial Statements

##### 1. Notes - General

###### (a) Status and Activities:

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

##### 2. Basis of preparation

###### 2.1 Statement of compliance

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

###### 2.2 Basis of measurement

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

###### 2.3 Functional and presentational currency

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

###### 2.4 Use of estimates and judgments

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

###### 2.5 Reporting period

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

###### 2.6 Comparative Information and Rearrangement Thereof

In accordance with the provisions of IAS-1: Presentation of Financial Statements, Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

###### 2.7 Corporate Accounting Standards Practiced

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

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

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

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

**3.00 Significant accounting policies**

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

**3.01 Property, plant and equipment****3.01.1 Recognition and measurement**

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

**3.01.2 Subsequent costs**

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

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

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

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

### 3.01.4 Impairment of assets

#### I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc.

#### II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication 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 realisable value. The cost of inventories is valued at weighted average cost method and includes costs for acquiring the inventories and bringing them to their existing locations and conditions.

### 3.3 Provisions

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

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

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

### 3.4 Earnings per share (EPS)

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

Basic Earnings per share (Numerator /Denominator )

Earnings (Numerator)

\*This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents number of ordinary share outstanding during the year.

#### **Diluted Earnings per share**

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

### 3.5 Revenue

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

### 3.6 Trade receivables

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

### 3.7 Finance income and expenses

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

### 3.8 Cash and cash equivalents

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

### 3.9 Taxation

#### Current tax

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

#### Deferred tax

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

### 3.10 Foreign Currency Transaction

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

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

- Foreign currency monetary items are translated using the closing rate.
- 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.
- 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.
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the year or in previous financial statements is recognized in profit or loss in the year in which they arise.

### 3.11 Employee Benefits:

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

#### Retrial Benefits (Gratuity):

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

### 3.12 Related party disclosure

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

### 3.13 Statement of Cash Flows

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



### 3.14 Events after the Reporting Period

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

### 3.15 Risk Exposure

#### Interest Rate Risk

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

#### Management Perception

The company has mostly fixed rate loans; although the leasing companies are charging a bit higher rate but management expects that the rates will not increase further and accordingly, adverse, impact of interest rate fluctuation is insignificant.

#### Exchange Rate Risk

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

#### Management Perception

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

#### Industry Risks

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margin, and 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 are untapped international market.

#### Market risks

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

#### Management Perception

Management is fully aware of the market risk and takes action as and when required accordingly. Moreover the company has a strong marketing and brand image for its quality products. Based on the above the demand is in increase.

#### Operational Risks

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

#### Management Perception

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

#### Liquidity Risk

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

#### Management Perception

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

## Financial risk management (IFRS 7)

## Introduction

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

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

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

## Carrying amounts of financial instruments by category

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

## Maturity analysis

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

## Credit risks:

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

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

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

**Market risks**

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

**Interest rate risk**

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

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

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

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

**Liquidity risk**

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

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

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

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

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

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

**3.17 Restatement**

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

**4. Property, Plant and Equipment**

	2020 Taka	2019 Taka
Opening Balance	2,494,358,742	2,367,610,882
Add: Addition during the year	170,002,330	126,747,860
Less: Accumulated Depreciation	(1,108,317,843)	(1,018,958,575)
Closing Balance	<u>1,556,043,229</u>	<u>1,475,400,167</u>

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

Cost of Goods Sold - Note 31.1	71,487,414	64,280,555
Administrative, Selling and General Expenses - Note 32.1	17,871,854	16,070,139
	<u>89,359,268</u>	<u>80,350,694</u>

**5. Capital Works in Progress**

Opening Balance	180,902,592	-
Add: Addition this year	412,229,934	180,902,592
Closing Balance	<u>593,132,526</u>	<u>180,902,592</u>

**6. Stocks and Stores****6.1 The make-up is as below:**

	2020 Quantity (In Kg.)	Amount Taka	2019 Quantity (In Kg.)	Amount Taka
Stock of Yarn - Note 6.2	<u>1,096,298</u>	305,195,048	<u>823,473</u>	211,701,754
Stock of Dyes and Chemicals - Note 6.3	<u>438,527</u>	78,071,491	<u>375,288</u>	65,547,814
Stock of Work-in-Process - Note 6.4		93,354,996		44,367,516
Stock of Finished Goods - Note 6.5		84,784,030		41,029,893
Stock of Accessories		10,893,146		9,456,443
Goods in Transit		21,485,623		12,062,410
		<u>593,784,334</u>		<u>384,165,830</u>
Stock of Spares		13,049,821		9,111,420
		<u>606,834,155</u>		<u>393,277,250</u>

**6.2 Stock of Yarn**

Stock of Yarn	<u>1,096,298</u>	305,195,048	<u>823,473</u>	211,701,754
	<u>1,096,298</u>	<u>305,195,048</u>	<u>823,473</u>	<u>211,701,754</u>

**6.3 Stock of Dyes and Chemicals**

Dyes	39,827	40,432,279	36,488	29,750,874
Chemicals	<u>398,700</u>	<u>37,639,212</u>	<u>338,800</u>	<u>35,796,940</u>
	<u>438,527</u>	<u>78,071,491</u>	<u>375,288</u>	<u>65,547,814</u>

**6.4 Stock in Work in Process**

Cost of Materials		57,328,297		23,556,383
Cost of Conversion		<u>36,026,699</u>		<u>20,811,133</u>
		<u>93,354,996</u>		<u>44,367,516</u>

**6.5 Stock of Finished Products**

Finished Garments	-	26,158,748	-	22,073,256
Knitted Fabrics	<u>135,979</u>	<u>58,625,282</u>	<u>45,487</u>	<u>18,956,637</u>
	<u>135,979</u>	<u>84,784,030</u>	<u>45,487</u>	<u>41,029,893</u>

**7. Trade and Others Debtors**

	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 days)	6,206,165	519,766,306	6,234,634	519,033,283
Others Debtors	<u>1,080,700</u>	<u>90,508,597</u>	<u>666,667</u>	<u>55,500,000</u>
	<u>7,286,865</u>	<u>610,274,903</u>	<u>6,901,301</u>	<u>574,533,283</u>

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

These are unsecured but considered good.

**8. Export Incentives Receivable**

Opening Balance  
Received during the year

For the year  
Closing Balance

The receivables are unsecured but considered good.

**9. Advances, Deposits and Prepayments**

Advances:

Salary Advance  
Advance Tax  
Factory Insurance Advance  
Operational Advance  
Eltech Engineering Co. Ltd  
Tax deducted at source

Deposits :

Security deposits  
Bank Guarantee Margin

The advances are unsecured but considered good.

**10. Cash and Bank Balances**

Cash at Banks with Banks on Current Account:

BRAC Bank Ltd, Dhanmondi Branch, CD A/c  
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c  
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c  
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c  
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c  
HSBC, Anchor Tower Branch, MDA Margin A/c  
HSBC, Anchor Tower Branch, FCY A/c  
Trust Bank Ltd, SKB Branch, Dollar A/c  
Trust Bank Ltd, SKB Branch, FCAD A/c  
Trust Bank Ltd, SKB Branch, CD A/c  
IPDC Finance  
United Commercial Bank Ltd., CD A/c  
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c  
AB Bank Ltd, Motijheel Branch, CD A/c  
AB Bank Ltd, Motijheel Branch, Notice A/c

With Bank on Short-term Deposit Account:

Trust Bank Ltd, SKB Branch, SND A/c  
Southeast Bank Ltd, Principal Branch, STD A/c

Cash at Banks  
Cash in Hand

**11. Share Capital**

11.1 Authorized:

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

11.2 Issued, Subscribed and Paid-up:

25,300,000 Ordinary Shares of Tk. 10 each fully paid-up  
14,000,000 Ordinary Shares of Tk. 10 each fully paid-up in cash  
11,300,000 Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares  
25,300,000

	2020 Taka	2019 Taka
Opening Balance	55,458,792	75,406,776
Received during the year	(46,360,100)	(49,832,562)
	9,098,692	25,574,214
For the year	31,254,874	29,884,578
Closing Balance	40,353,566	55,458,792
Advances:		
Salary Advance	1,126,209	1,131,166
Advance Tax	460,000	210,000
Factory Insurance Advance	998,986	1,039,705
Operational Advance	7,902,846	7,185,690
Eltech Engineering Co. Ltd	6,600,000	3,600,000
Tax deducted at source	40,376,790	26,786,476
	57,464,831	39,953,037
Deposits :		
Security deposits	20,571,731	17,381,571
Bank Guarantee Margin	9,984,020	9,984,020
	30,555,751	27,365,591
	88,020,582	67,318,628
Cash at Banks with Banks on Current Account:		
BRAC Bank Ltd, Dhanmondi Branch, CD A/c	13,916	211,760
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	563,161	118,752
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	5,900,861	807,270
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	342,152	337,615
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	1,189,241	569,135
HSBC, Anchor Tower Branch, MDA Margin A/c	99	259,082
HSBC, Anchor Tower Branch, FCY A/c	3,242,894	192,318
Trust Bank Ltd, SKB Branch, Dollar A/c	1,100,349	10,117,969
Trust Bank Ltd, SKB Branch, FCAD A/c	18,003	672,191
Trust Bank Ltd, SKB Branch, CD A/c	3,183	114,169
IPDC Finance	10,000,000	-
United Commercial Bank Ltd., CD A/c	2,325,680	-
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	36,872	3,737
AB Bank Ltd, Motijheel Branch, CD A/c	330,692	7,301,646
AB Bank Ltd, Motijheel Branch, Notice A/c	936,012	918,064
	26,003,115	21,623,708
With Bank on Short-term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	180,141	21,401
Southeast Bank Ltd, Principal Branch, STD A/c	1,039,104	1,020,619
	1,219,245	1,042,020
Cash at Banks	27,222,360	22,665,728
Cash in Hand	3,288,740	2,104,584
	30,511,100	24,770,312
11.1 Authorized:		
100,000,000 Ordinary Shares of Tk. 10 each	1,000,000,000	1,000,000,000
11.2 Issued, Subscribed and Paid-up:		
25,300,000 Ordinary Shares of Tk. 10 each fully paid-up	253,000,000	253,000,000
14,000,000 Ordinary Shares of Tk. 10 each fully paid-up in cash	140,000,000	140,000,000
11,300,000 Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	113,000,000	113,000,000
25,300,000	253,000,000	253,000,000



## 11.3 Composition of Shareholdings:

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

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

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

Shareholdings range in number of shares	2020			2019		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
00000000001 - 00000000499	6,932	1,938,961	7.66	7,203	1,986,649	7.85
00000000500 - 00000000500	3,754	1,877,000	7.42	3,704	1,852,000	7.32
00000000501 - 00000002000	915	2,025,543	8.00	1,063	2,351,143	9.29
00000002001 - 00000005000	520	1,664,000	6.58	527	1,686,400	6.67
00000005001 - 00000010000	118	832,136	3.29	124	874,448	3.45
00000010001 - 00000050000	46	1,518,000	6.00	41	1,353,000	5.35
00000050001 - 00000100000	4	352,000	1.39	6	528,000	2.09
00000100001 - 00000250000	6	1,272,000	5.03	4	848,000	3.35
00000250001 - 00000500000	2	1,011,741	4.00	1	1,011,741	4.00
00000500001 and above	6	12,808,619	50.63	6	12,808,619	50.63
Total	12,303	25,300,000	100.00	12,679	25,300,000	100.00

## 11.4 Option on unissued shares:

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

## 12. General Reserve

Opening & Closing Balance

2020 Taka	2019 Taka
6,956,752	6,956,752

## 13. Tax Holiday Reserve

Opening & Closing balance

22,378,988	22,378,988
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## 14. Dividend Equalisation Reserve

Opening & Closing balance

10,000,000	10,000,000
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## 15. Revaluation Surplus

Revaluation Surplus  
Transfer to Deferred Tax on revaluation surplus  
Revaluation reserve realised  
Closing Balance

653,660,218	686,195,360
-	(32,087,035)
(896,212)	(448,107)
652,764,006	653,660,218

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

**16. Retained earnings**

	2020 Taka	2019 Taka
Balance as on June 30, 2019	120,496,018	96,374,242
Prior adjustment of deferred tax	-	553,543
Total Comprehensive income for the year:		
Profit for the year	28,156,514	48,341,049
Revaluation reserve realized	1,054,368	527,184
	<u>149,706,900</u>	<u>145,796,018</u>
Dividend during the year:		
Final dividend for previous year	(12,490,610)	(25,300,000)
Balance as on June 30, 2020	<u>137,216,290</u>	<u>120,496,018</u>

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

9% Loan - Note 17.1	981,018,475	530,485,517
5% Loan - Note 17.2	8,577,655	39,178,786
15% Loan - Note 17.3	156,548,999	-
Deferred L/C Liabilities - Note 17.4	61,916,455	136,166,165
	<u>1,208,061,584</u>	<u>705,830,468</u>

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

Opening Balance	530,485,517	2,516,705
Loan received this year	450,532,958	527,968,812
Closing Balance	<u>981,018,475</u>	<u>530,485,517</u>

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

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

	2020 Taka	2019 Taka
Opening balance	39,178,786	102,892,400
Loan received this year	-	-
	<u>39,178,786</u>	<u>102,892,400</u>
Current Maturity	(31,021,832)	(63,713,614)
Unrealised Loss	420,701	-
Closing balance	<u>8,577,655</u>	<u>39,178,786</u>

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

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

	2020 Taka	2019 Taka
Opening Balance	-	-
Loan received this period	150,000,000	-
Add: Interest	6,548,999	-
Closing Balance	<u>156,548,999</u>	<u>-</u>

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

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

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

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

**18. Provision for Gratuity**

	2020 Taka	2019 Taka
Opening balance	28,392,064	27,852,964
Contribution during this year	3,822,463	4,797,845
	<u>32,214,527</u>	<u>32,650,809</u>
Paid during this year	(4,995,645)	(4,258,745)
Closing balance	<u>27,218,882</u>	<u>28,392,064</u>

**19. Provision for Deferred Taxation**

Opening Balance	75,814,244	39,128,378
Adjustment for overcharged in prior years	-	(2,428,528)
Restated opening balance	<u>75,814,244</u>	<u>36,699,850</u>
Charged to profit or loss account during the year	2,927,209	7,106,436
Deferred tax on revalued asset	-	32,087,035
Adjustment for depreciation of revalued asset	(158,155)	(79,077)
Closing balance	<u>78,583,298</u>	<u>75,814,244</u>

**A. Property, plant and equipment (PPE)**

WDV of Accounting Base	871,429,421	789,731,991
WDV of Tax Base	<u>532,653,908</u>	<u>469,298,017</u>
Taxable temporary difference	338,775,513	320,433,974
Tax rate	15%	15%
Deferred tax liability/(asset)	<u>50,816,327</u>	<u>48,065,096</u>

**B. Deferred Tax on Gratuity Provision**

Opening balance of deferred tax liability for gratuity provision	(4,258,810)	(4,177,945)
Addition during the year	175,978	(80,865)
Deferred tax liability/(asset)	<u>(4,082,832)</u>	<u>(4,258,810)</u>

**C. Calculation of deferred tax**

Revalued value of land	644,020,625	644,020,625
Revalued value of other than land	<u>40,593,183</u>	<u>41,647,551</u>

**Tax Rate**

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

**Deferred tax liabilities**

For land	25,760,825	25,760,825
For other than land	<u>6,088,978</u>	<u>6,247,133</u>
Deferred tax liability/(asset)	<u>31,849,803</u>	<u>32,007,958</u>
Total (A+B+C)	<u>78,583,298</u>	<u>75,814,244</u>

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

Deferred tax liability other than revalued asset as on June 30, 2019	43,806,286	36,699,850
Deferred tax liability other than revalued asset as on June 30, 2020	<u>46,733,495</u>	<u>43,806,286</u>
Deferred tax expense/(income) during the year	<u>2,927,209</u>	<u>7,106,436</u>

**20. Bank Overdraft**

Trust Bank Ltd, SKB Branch	53,535,858	51,519,908
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	49,534,986	18,201,386
Mutual Trust Bank Ltd., Gulshan Branch	-	9,529,814
	<u>103,070,844</u>	<u>79,251,108</u>

These are secured

**21. Time Loan Bank**

9% Loan - Note 21.1	367,249,038	-
	<u>367,249,038</u>	<u>-</u>

These are secured

## 21.1 The movement of loan is as follows:

	2020 Taka	2019 Taka
Opening balance	-	-
Loan received this year	350,000,000	-
Add Interest	17,249,038	-
Closing Balance	<u>367,249,038</u>	<u>-</u>

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

## 22. Creditors

	2020		2019	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>5,680,649</u>	482,003,067	<u>6,678,196</u>	558,096,871
For Local Purchases		8,843,614		11,187,416
For Dividend Payable		7,397,675		60,955,973
For Staff Income Tax		560,664		329,704
For Refund Warrant		371,469		371,469
		<u>499,176,489</u>		<u>630,941,433</u>

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

## 23. Accrued Expenses

	2020 Taka	2019 Taka
Gas Expenses (Factory)	31,782,536	12,494,102
Electricity bill	18,430	290,262
Telephone	129,577	75,629
Salaries, Wages and Allowances	11,843,768	13,548,450
Security bill	96,000	96,000
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	250,000	400,000
	<u>44,352,811</u>	<u>27,136,943</u>

## 24. Provision for Current Taxation

Opening balance	30,415,148	32,518,992
Addition during the year	13,654,258	11,978,390
	<u>44,069,406</u>	<u>44,497,382</u>
Paid during the year	-	(14,082,234)
Closing Balance	<u>44,069,406</u>	<u>30,415,148</u>

## 25 Bills Receivable Discounted

Opening balance	38,658,707	37,667,941
Discounted during the year	235,845,740	245,845,640
	<u>274,504,447</u>	<u>283,513,581</u>
Collected during the year	(248,945,842)	(244,854,874)
Closing balance	<u>25,558,605</u>	<u>38,658,707</u>

## 26. Workers' Participation/Welfare Funds

Opening balance	18,386,925	20,910,081
Payment during this year	(6,987,542)	(6,854,844)
	<u>11,399,383</u>	<u>14,055,237</u>
Contributions for the year	2,236,899	3,277,545
Interest during the year	854,954	1,054,143
Closing balance	<u>14,491,236</u>	<u>18,386,925</u>

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

**27. Current Maturity of Long-term Loans**

	2020 Taka	2019 Taka
Opening balance	70,342,008	79,147,685
Current Maturity this year	31,021,832	63,713,614
	101,363,840	142,861,299
Paid during this year	(70,342,008)	(72,519,291)
Closing Balance	31,021,832	70,342,008

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

**28. Net Assets Value (NAV) Per Share**

	2020 Taka	2019 Taka
Total Assets	3,525,170,061	2,771,661,024
Total Liabilities	(2,442,854,025)	(1,705,169,048)
A. Net Assets	1,082,316,035	1,066,491,976
	25,300,000	25,300,000
B. Number of ordinary of shares		
Net Assets Value (NAV) Per Share (A/B)	42.78	42.15

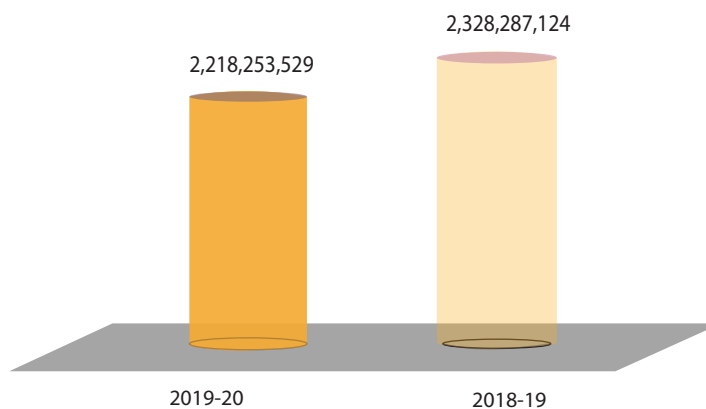
The NAV Per Share increased mainly due to revaluation surplus detailed in note 15.

**29. Sales**

Item	Quantity	2020 Amount (in US\$)	Amount Taka	Quantity	2019 Amount (in US\$)	Amount Taka
Export sales:						
Knit Fabrics (Kgs)	2,586,173	13,885,709	1,164,403,732	3,098,578	15,928,598	1,328,928,729
Garments (Pcs)	5,454,906	12,579,282	1,053,849,797	5,613,538	12,017,881	999,358,395
Total		26,464,991	2,218,253,529		27,946,479	2,328,287,124

**30. Export Incentives**

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

**Export Sales in Taka**



**31. Cost of Goods Sold**

31.1 The break-up is as follows:

	2020 Taka	2019 Taka
Materials Consumed - Note-31.2	1,609,765,128	1,611,592,058
Salary, Wages and Allowances - Note 31.3	211,727,847	209,446,229
Tiffin & Entertainment expenses	985,745	964,251
Depreciation - Note 4.1	71,487,414	64,280,555
Stores and Spares Consumed	1,652,658	1,445,845
Factory Conveyance	988,542	974,587
Power and Gas	96,669,822	104,050,211
Gratuity	2,853,985	3,648,643
Vehicle expenses	1,862,547	1,857,985
Repairs and Maintenance	1,455,848	1,497,148
Packing & Loading expenses	1,546,535	1,154,871
Import Landing, Clearing and Insurance	1,550,531	1,547,895
Factory Stationery expenses	1,205,475	1,179,875
Carriage Inward & Outward	2,542,384	2,497,458
Knitting, Sewing & Processing charge	11,558,458	9,258,565
Factory Insurance	3,184,080	3,465,176
Sewing Machine Rental	795,480	758,942
Miscellaneous	362,458	358,745
Total Manufacturing Costs for the year	2,022,194,937	2,019,979,039
Add: Opening Work in Process	44,367,516	43,464,295
Total Manufacturing Costs	2,066,562,453	2,063,443,334
Less: Closing Work in Process	93,354,996	44,367,516
Cost of Goods Manufactured	1,973,207,457	2,019,075,818
Add: Opening Finished Goods	41,029,893	48,948,923
Cost of Goods available for use	2,014,237,350	2,068,024,741
Less: Closing Finished Goods	84,784,030	41,029,893
Cost of Goods Sold	1,929,453,320	2,026,994,848

## 31.2 Materials Consumed

	2020		2019	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	4,052,966	1,143,787,458	4,074,551	1,134,232,814
Dyes	274,247	178,147,852	279,090	180,844,651
Chemicals	1,458,363	174,245,231	1,517,251	178,959,748
Accessories		113,584,587		117,554,845
Total Materials Consumption		1,609,765,128		1,611,592,058

## 31.3 Salaries, Wages and Allowances

	2020		2019	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk.8,000 or more per month	1,867	211,727,847	1,879	209,446,229
Employees drawing less than Tk.8,000 per month	-	-	-	-
Total	1,867	211,727,847	1,879	209,446,229

**32. Administrative, Selling and General Expenses**

32.1 The break-up is as below:

Directors' Remuneration - Note 32.2
Salaries and Allowances - Note 32.3
Security Service charge
Depreciation - Note 4.1
Electricity expenses
Postage, Courier, Telephone and Fax
Form & Stamp
Gratuity
Traveling and Conveyance
Legal and Professional expenses
Auditors' Fee - Note 32.2
A.G.M expenses
Registration and Fees
Staff welfare
Stationery expenses
Office Repairs and Maintenance
Vehicle expenses
Entertainment expenses
Central fund for RMG
Buying House Commission
Freight Charges & Freight out
Garments Testing & Inspection Charges
Miscellaneous
Total

2020 Taka	2019 Taka
2,600,000	2,600,000
58,154,872	58,345,145
1,152,000	1,152,000
17,871,854	16,070,139
2,091,943	3,613,759
1,158,457	1,524,524
954,874	1,025,412
968,478	1,149,202
864,355	912,542
60,000	60,000
172,500	172,500
285,875	414,845
875,254	874,584
924,872	1,105,875
938,452	985,484
728,453	845,874
1,868,323	2,487,652
1,048,589	1,245,847
318,810	353,030
2,658,000	3,450,000
4,258,452	6,754,580
3,254,640	5,371,635
325,842	440,250
<u>103,534,895</u>	<u>110,954,879</u>

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:

	2020		2019	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 8,000 or more p/m	145	58,154,872	147	58,345,145
Employees drawing less than Tk. 8,000 p/m	-	-	-	-
	<u>145</u>	<u>58,154,872</u>	<u>147</u>	<u>58,345,145</u>

**33. Financial Expenses**

Interest Expenses
Bank Charges

2020 Taka	2019 Taka
146,701,028	127,600,192
19,448,414	24,755,188
<u>166,149,442</u>	<u>152,355,380</u>

33.1 Interest expense is as follows:

Interest on Workers' Participation/Welfare Funds	854,954	1,054,143
Interest on Long-term Loans	78,338,061	19,328,602
Interest on Bills Discounted	30,559,905	68,005,735
Interest on Bank Overdraft	7,753,130	11,049,016
Interest on Time Loan	22,645,979	28,162,696
Interest on Lease Finance	6,548,999	-
	<u>146,701,028</u>	<u>127,600,192</u>

**34. Others Income**

Rental income	
Exchange Fluctuation Gain/(Loss)	34.01

2020 Taka	2019 Taka
365,400	365,400
(3,761,266)	596,440
<u>(3,395,866)</u>	<u>961,840</u>

34.01

Unrealised gain/(loss) on receivables	233,772	596,440
Unrealised gain/(loss) on payables	(3,703,892)	-
Unrealised gain/(loss) on FC accounts balances	129,555	-
Unrealised gain/(loss) on loans	(420,701)	-
	<u>(3,761,266)</u>	<u>596,440</u>

**35. Event after Balance Sheet Data:**

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

**36. Current Tax**

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

**37. Remuneration/Payments to Directors/Officers:**

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

	2020		2019	
Particulars	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary		34,859,864	-	35,024,587
House rent allowance		17,359,875	-	17,485,487
Other benefits and perquisites		5,935,133	-	5,835,071
	2,600,000	58,154,872	2,600,000	58,345,145

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

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

**38. Earnings Per Share****38.1 Basic Earnings Per Share**

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

	2020 Taka	2019 Taka
A. Earnings attributable to the Ordinary Shareholders (Net Profit after tax)	28,156,514	46,466,064
B. Number of ordinary of shares outstanding during the year	25,300,000	25,300,000
Earnings Per Share (A/B)	1.11	1.84

**38.2 Diluted earnings per share**

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

**39. Net Operating Cash Flows Per Share (NOCFPS)**

Cash flows from Operating Activities:  
 Cash received from Sales, Export incentive and Others  
 Receipts from Other Income  
 Cash paid for goods and services  
 Cash from operation  
 Interest paid  
 Income tax paid/deducted at sources  
 Net Cash inflows from operating activities

Divided by number of ordinary of shares

Net operating cash flows per share (NOCFPS)

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

NOCFPS became negative mainly due to adverse credit terms.

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

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

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

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

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

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

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

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

**44. Related Parties Disclosures**

A. The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24; "Related party Disclosure". Total exposure with the related parties during the year ended as at June 30, 2020 is as under:

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

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

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

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

**45. General**


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

  
Dr. M.A. Moyeen  
Chairman

  
Mr. M. A. Moyeed  
Managing Director

  
Mr. M. A. Momen  
Director

  
Mr. M.A.A. Naheel  
CFO

  
Mr. Md. Wali Ullah  
Company Secretary

## Annexure-A

**H.R. Textile Mills Limited**  
**Schedule of Property, Plant and Equipment**

Particulars	Cost or valuation		Rate	Depreciation		(Amount in Taka)
	As on 1 July 2019	Additions/ (Deletions)		As on 1 July 2019	During the year 2020	Written down value As on 30 June 2020
Factory Land and Development						
Factory Building	8,479,375	-	0.00%	-	-	8,479,375
Factory Shed	336,957,885	-	2.50%	74,211,216	8,423,947	254,322,722
Plant and Machinery	6,823,475	-	7.50%	6,823,470	-	5
Electric Installation	1,296,955,367	167,083,365	7.00%	818,027,261	67,882,026	578,129,445
Gas Installation	33,799,439	481,365	10.00%	20,192,968	3,428,080	10,659,756
Water Installation	6,476,035	1,350,000	10.00%	6,476,025	135,000	1,215,010
Steam Installation	8,465,520	525,000	10.00%	6,753,287	899,052	1,338,181
Furniture and Fixtures	2,563,352	-	10.00%	2,563,342	-	10
Telephone Installation	9,955,127	211,600	10.00%	9,955,117	21,160	190,450
Motor Vehicles	46,192,122	-	10.00%	1,027,851	-	10
Office Equipment	37,957,447	59,000	15.00%	31,066,229	3,290,440	11,835,453
Loose Tools	183,875	-	10.00%	32,357,916	2,963,345	2,695,186
Factory Equipment	12,326,502	292,000	10.00%	183,865	-	10
A. Total	1,808,163,382	170,002,330		8,792,844	1,261,850	2,563,808
				1,018,431,391	88,304,900	871,429,421
Revaluation						
Factory Land and Development						
Factory Building	644,020,625	-	2.50%	-	-	644,020,625
Factory Building	42,174,735	-		527,184	1,054,368	40,593,183
B. Total	686,195,360	-		527,184	1,054,368	684,613,808
Total (A+B) as on June 30, 2020	2,494,358,742	170,002,330	-	1,018,958,575	89,359,268	1,556,043,229
Total Taka as on June 30, 2019	2,367,610,882	126,747,860	-	938,607,881	80,350,694	1,475,400,167



**H.R. Textile Mills Limited**  
**Pride Hamza (5th Floor), House # 54, Road # 1**  
**Sector # 6, Uttara, Dhaka-1230**

**PROXY FORM**

I/We.....of.....  
 ..... being a shareholder of H.R. Textile Mills Limited here by appoint  
 Mr./Mrs/Ms..... of .....

as my proxy to attend and vote for me on my behalf at the 36th Annual General Meeting of the company to be held on Sunday, 24th January 2021 at 11:00 am at the Digital Platform and at any adjournment thereof.

As witness my hands this ..... day of January 2021

Signature of Proxy .....

Signature of Shareholder.....

Registered Folio / BO No. ....

**Revenue  
Stamp  
Tk 20.00**

**Importants:**

1. This Form of Proxy duly completed must be deposited at the Company's Dhaka Office at least 48 (forty eight) hours before the meeting. The proxy will not be valid if it is not duly stamped and signed. Signature of the Shareholder(s) and the Proxy must agree with the respective specimen signatures recorded with the Company.
2. A member of the Company may only be appointed as Proxy.

**ATTENDANCE SLIP**

Mr./Mrs. .... Folio / BO No. ....

I hereby record my presence of the 36th Annual General Meeting of H.R. Textile Mills Limited to be held on Sunday, 24th January 2021 at 11:00 am at the Digital Platform, astana Dhaka.

Signature Verified By .....  
 Authorized Signature of the Company

.....  
 Signature of Shareholder / Proxy

Note: A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be sent by email to [hrtex\\_cs@pride-grp.com](mailto:hrtex_cs@pride-grp.com) not later than 48 hours before the commencement of the AGM.



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