

ANNUAL REPORT

2021 - 22



H.R. TEXTILE MILLS LIMITED

An enterprise of PRIDE GROUP with public participation

Contents

Board of Directors & Corporate Information	1
Mission Statement	2
Photo Gallery of the 37th AGM	3
Letter of Transmittal	4
Notice of the 38th Annual General Meeting	5
Director's Profile	6
Five Years Statistics	8
Message from the Chairman	9
Report of the Board of Directors	10
Shareholding Pattern	20
Declaration of CEO and CFO	24
Corporate Governance Compliance Certificate	25
Corporate Governance Compliance Status	26
Audit Committee Report	29
Nomination and Remuneration Committee Report	31
Independent Auditors' Report to the shareholders	32
Statement of Financial Position	36
Statement of Profit or Loss and other Comprehensive Income	37
Statement of Changes in Shareholders' Equity	38
Statement of Cash Flows	39
Notes to the Financial Statements	40
Schedule of Property, Plant and Equipment	61
Proxy Form	63

Corporate Directory

Board of Directors

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

Corporate Information

Audit Committee

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

Nomination and Remuneration Committee (NRC)

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

Chief Financial Officer : Mr. Md. Abu Amur Naheel

Head of Internal Audit and Compliance : Mr. Sumnoon Moheb

Company Secretary : Md. Wali Ullah

Management Committee

Mr. Mohammad Abdul Moyeed	:	Managing Director / CEO
Mr. Md. Abu Amur Naheel	:	Chief Financial Officer (CFO)
Mr. Sumnoon Moheb	:	Head of Internal Audit and Compliance (HIAC)
Mr. Md. Wali Ullah	:	Company Secretary (CS)
Mr. Mohammad Karim Hossain	:	GM (MIS)
Mr. Nazmul Hossain Khan	:	DGM (Commercial)
Mr. Md. Sherajul Islam Khan	:	Head of Finance & Accounts
Mr. Monirul Islam	:	AGM (Admin)
Mr. Shohidul Islam	:	AGM (Compliance)
Mr. Muhammad Ali Chowdhury	:	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

Corporate Governance Auditor

M/s. N.M. Tareque and Associates : Cost and Management Accountants
Nakshi Homes (1st Floor), 6/1/A, Segunbagicha, Dhaka-1000

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.

Screenshot from 37th AGM held through Digital Platform

HR_Textile_Mills_Ltd._Zoom_VAGM_2022_RAW



Virtual Annual General Meeting held on 24th January 2022

AGM Invitation to Our Shareholders

Virtual AGM 2020-21

Through Digital Platform

24th January 2022, Time: 11:00 am

Record Date 29th November 2021

Helpline - AGM 2020-21

Md. Khaled Sifullah

Investor Relation Dept.

Cell: +8801990409190

E-mail: hrtex_cs@pride-grp.com

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 2022

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 2022 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 2022 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

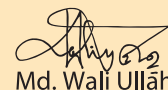
Notice of the 38th Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting (AGM) of the Shareholders of H.R. Textile Mills Limited will be held on Wednesday, 18th January 2023 at 11:30 am through "Digital Platform" the link being: <https://hrtextile-egm-agm.bdvirtual.com> to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30th June 2022 and the Reports of the Directors' and the Auditors' thereon;
2. To approve the proposal of dividend as recommended by the Board;
3. To elect / re-elect Directors;
4. To appoint Statutory Auditors of the Company for the year 2022-2023 and to fix their remuneration;
5. To appoint Corporate Governance Compliance Auditors for the year 2022-2023 and to fix their remuneration;
6. To consider approval of the contract for sale of fabrics to Related Party M/s. Fashion Knit Garments Limited.

By Order of the Board



Md. Wali Ullah

Company Secretary

Date: 27/10/2022

Notes

- a. The record/ book closure date was fixed on 22nd November 2022. The Shareholders, whose names appeared in CDS/ Company's Register on the 'Record/ Book Closure Date' on 22nd November 2022, will be entitled to attend/participate and vote in the 38th Annual General Meeting through "Digital Platform" and to receive the Dividend.
- b. A member entitled to attend/participate and vote in the Annual General Meeting through "Digital Platform", may appoint a proxy to attend and vote in his/her behalf. The scanned copy of 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 not later than 48 hours before the commencement of the AGM.
- c. Pursuant to the BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81: dated: 20th June 2018, soft copy of the Annual Report 2021-22 will be sent to the respective shareholders' email addresses as available with us. The Annual Report 2021-22 will be available in the Company's website at: www.pride-grp.com/hrt
- d. Link for joining in the "Digital Platform" (audio-visual meeting) will be mailed to the respective shareholders' email address and sent SMS to their mobile number as available with us.
- e. The Members will be able to submit their questions/comments and vote electronically before 24 hours of commencement of the AGM and during the AGM.
- f. In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154; dated: 24th October 2013, No Gift/Gift Coupon/Food Box shall be distributed at the upcoming AGM of the Company.

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 46 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 44 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 42 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.

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.

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 43 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 36 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 and Program Director, MBA (Evening Program), and the Chairman, Bureau of Business Research, Faculty of Business Studies, University of Dhaka. He is involved in different social development works through a host of social organizations.

H.R. Textile Mills Limited Operational Highlights

General Information			Financial Information			
1.	Year of Incorporation	1984	1.	Authorised Capital	1,000.00 Million	
2.	Converted into Public Ltd. Co.	1995	2.	Paid-up Capital	265.65 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 ended (Taka in million)				
		2021-22	2020-21	2019-20	2018-19	2017-18
Operations Results						
Turnover		2,993.61	3,051.91	2,249.51	2,358.17	2,046.49
Gross Profit		433.86	440.01	320.06	331.18	286.98
Operating Profit		101.07	106.53	50.37	67.87	66.55
Net Profit before tax		97.67	101.88	44.74	65.55	64.89
Net Profit after tax		74.18	73.03	28.16	46.47	43.09
Earnings Per Share (EPS) (Actual)		2.79	2.89	1.11	1.84	1.70
Earnings Per Share (EPS) (Actual) (Restated)		2.79	2.75	-	-	-
Cash Dividend		5%	5%	10%	10%	10%
Stock Dividend		10%	5%	-	-	-
Cash Inflows from Operating Activities		139.37	99.47	(186.57)	(148.88)	152.82
Financial Details		2021-22	2020-21	2019-20	2018-19	2017-18
Total Assets		3,979.54	3,760.59	3,525.17	2,771.66	1,624.21
Fixed Assets		2,352.34	2,201.96	1,556.04	1,475.40	742.81
Reserve and Surplus		939.16	890.12	829.32	813.49	135.71
Working Capital		523.29	223.33	204.46	220.23	(159.07)
Authorised Capital		1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Shareholders' Equity		1,204.81	1,143.12	1,082.32	1,066.49	388.71
Paid up Capital		265.65	253.00	253.00	253.00	253.00
Long-term Loan		1,615.93	1,186.63	1,175.51	705.83	128.04
Key Financial Ratios, Figures and Market Data						
Current Ratio (Actual)		1.51	1.17	1.18	1.25	0.85
Return on Investment (% in Actual)		1.86	1.94	0.80	1.68	2.65
Net Assets Value Per Share (NAV) (Actual)		45.35	45.18	42.78	42.15	15.36
Market value of share (at DSE)		127.50	Closing value per share			
Market value of share (at CSE)		125.50	Closing value per share			
Price Earnings Ratio (Based on DSE price) (Times)		1.18	The Financial Express on 22nd November 2022			
Price Earnings Ratio (Based on CSE price) (Times)		1.20	The Financial Express on 22nd November 2022			
Other						
Number of shares - Paid-up		26.57	25.30	25.30	25.30	25.30
Number of shareholders as on 30th June (Actual)		12,305	11,080	12,303	12,679	12,741

Message from the Chairman

For the year ended 30th June 2022

“Bismilla-Hir Rahmanir Rahim”

Distinguished Shareholders

As-salamu Alaykum Wa-rahmatullah!

I welcome all of you joined with us at this 38th Annual General Meeting of your company through zoom. The Regulators now prefer to have the meeting through Zoom which has been proved to be a good platform for meetings, in this connection a breed of new professionals is participating as Scrutinizers to oversee that the annual general meetings are conducted by complying with all related Rules and Regulations. Along with others, we also have with us today an official independent Scrutinizer who is required to a report to the BSEC that this AGM has been conducted ensuring complete compliance to the Companies Act along with BSEC and other Regulations.

As you know, we lost many of our near and dear ones at home and abroad. On behalf of the Board of Directors I express 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 Pandemic situation is still not over. Please take care at all sphere of your life to make it meaningful. At this stage of business and also in our daily life, we are affected by a new situation of Ukraine Russia war vis a vis many restrictions on

import to curve upward trend of foreign exchange. All these are going to have impact in our current and future business.

As per 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 2022, along with the report of the auditors for your consideration. The Board hopes that all of you are with the board 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 30th June 2022

“Bismilla-Hir Rahmanir Rahim”

Distinguished Shareholders

As-salamu Alaykum Wa-rahmatullah!
Alhamdu Lillahe Rabbil Aalamin

We are happy to welcome you to the 38th Annual General Meeting of the company. This is the third time we are conducting our meeting on a digital platform. We hope you are in good health and spirit. The whole world, including Bangladesh, is passing through a very tough time and at a high cost. The effects of Covid -19 continue to be felt, along with the war in Ukraine, which has complicated global supply chain issues further.

We are now placing before you, to receive and consider the Audited Financial Statements of the Company for the year ended on 30th June 2022, together with the Auditors' Report and Directors' Report herewith. Considering a good number of new shareholders, we have prepared our report with the facts and information of the company with related background.

1.0 The Company

You are aware that H.R Textile Mills Limited (HRTML) was established in 1983 on Dhaka Aricha highway with the main objective of operating as a composite knit 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 quite higher at that point in 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, 15% for the year ended 2011 and 5% for the year ended 2021. The paid-up capital of the company is now Tk. 265,650,000, and the company enjoys franchise value in the market and is listed with both bourses of the country. The sponsors hold 50% of the equity since the beginning.

2.0 The Board

2.1 Composition

The Board of HRTML consisted of eight Directors, including two independent Directors. The Managing Director is looking after the overall operation under the overall broad guidance of the Board. The Board consists of members having extensive experience in the field, and are supported by a young generation of professionals, who are equipped with knowledge of modern business technology and sustainability. This Board is supported by two independent directors, who have a scholarly background and come with years of knowledge in business management. The highlights of the Directors' background are shown as Annexure-1.

2.2 Philosophy and Policy

The Board provides guidance on long-term strategy and policy issues, while the key decisions of the business operations remain with top management. However, in very specific cases, the non-executive board members assist the management in resolving those issues, in order to keep the company updated and to ensure promotion of business, through quality products and process excellence. More specifically, the Board members keep an eye on industry trends and broad policy issues, and suggest appropriate actions that need to be taken. The Board members maintain close liaison with buyers 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. The Directors maintain liaison with banks for funding and non-funded business at better terms. They also participate in the expansion programs, cost reduction strategies oversee the business expansion of programs, review of compliance related issues etc. The Independent Directors also contribute significantly, by taking part in the policy issues and guiding the management.

2.3 Independent Director

The two independent directors of the board are actively participating at the Board and Committee meetings. The selection of an independent director is done through extensive search. The persons having knowledge and experience as per the requirement of the company and by complying with the BSEC regulation are selected as independent directors. In keeping with the guidelines of the Bangladesh Securities and Exchange Commission (BSEC), one of the independent Directors is heading the Audit Committee while the other Independent Director is heading the Nomination and Remuneration Committee.

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 longest time in office since their last election, will retire every year. In pursuant to Article of the company, Professor Mohammad Abdul Momen and

Ms. Ruhey Rawa; Directors of the company, will retire and, being eligible, have offered themselves for re-election.

2.5 Meetings

The Board meetings are organized as and when required, keeping in view the minimum requirement specified law. During the year under report, the company organized 5 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	5	5	25,000
2	Mr. M. A Moyeed	5	5	25,000
3	Professor M. A Momen	5	5	25,000
4	Ms. Ruhey Rawa	5	5	25,000
5	Ms. Sumbal Azwad Momen	5	5	25,000
6	Ms. Sana Kainat Moyeen	5	3	15,000
7	Professor Dr. A.H.M. Habibur Rahman	5	5	25,000
8	Professor Dr. Md. Zakir Hossain Bhuiyan	5	5	25,000

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 regularly.

3.0 Business Operations

HRTM is a Knit Garments manufacturing unit. The Ready-Made Garments (RMG) sector has been passing through many challenges for the past two decades, especially during the last 3 years. 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 affected the entire world, including Bangladesh.

For the RMG sector, the adverse effects were tremendous. The business operations came to a halt due to this sudden shift, and maintained total closure for some time. 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. We resumed operations 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-fledged operation in order to meet our targets and we are continuing our operation with the maximum production capacity.

Our above efforts are reflected in the financials of the company and we were able to achieve revenue worth of Tk 2,993.61 million this year, against Tk 3,051.91 million in the previous year. Based on the above revenue, the company earned a net profit after tax of Tk 74.18 million against Tk 73.03 million in the last year, despite the challenges brought on by the pandemic. The above resulted in earnings per share of Tk 2.79 against Tk 2.89 in the last year.

4.0 Compliances

4.1 BSEC notification on Corporate Governance Code

In order to enhance the corporate governance excellence in the publicly listed companies, the BSEC has identified a number of issues initially on a voluntary basis and later as a 'comply or explain' basis. HRTML has been a publicly listed company since 1996, and is a company that complies strictly with Corporate Governance Rules. The compliance status is shown Annexure-C (page-26) of this Report.

4.2 Production Compliance Issues

In the changing environment vis a vis the changing requirement of the buyers the compliance issues are one of the major challenges in the hands of the management, more specifically, in the areas of stable production, Human Resource Management and eco-friendly measures. The management is working 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 in these areas.

4.3 Statement of Compliance as a Corporate PLC

As stated earlier, HRTML is listed with both the bourses of Bangladesh, and complies with all regulatory requirements. The reporting of required compliances thereon, appears in the following paragraph.

4.4 Accountability and Audit

HRTML, being a very known company in the knit sector, is under scanner of all stakeholders through payment to suppliers, bankers, shareholders which are looked to by the internal audit team, top management, regulators, financial institutions and the buyers. The buyers are careful throughout the year to see that the company is operating with full compliances. Therefore, the company has taken all out measures to be compliant in all corporate aspects.

4.5 Financial Reporting

The company is careful to see that the financial statements 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. The very recently introduced Document Verification System (DVS) by the ICAB has added value to the Finance management system of the companies. HRTML keeps itself always compliant.

4.6 Financial Review

The company carefully reviews its financial position through standard measures and set procedures. 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, monthly worker 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.

4.7 Statutory Audit

Annual Financial statement 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 guidelines to ensure independence of statutory auditors.

4.8 Compliance with other Rules and Regulations

The Company provides a 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 Limited (DSEL) and Chittagong Stock Exchange PLC (CSEP). The CFO and Company Secretary always accommodate any queries that are raised by regulators of the country.

4.9 Compliance with Bangladesh Labour Law

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

4.10 Restriction on dealings in HRTM Shares by Insiders

The Company has established policy relating to the trading of HRTML shares by Directors, Employees and other insiders. The securities laws also imposed restrictions on similar transactions. All the Insiders are prohibited from trading in HRTML 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.

4.11 Secretarial Standards

The Company has complied with all the Bangladesh Secretarial Standards (BSS) as issued by The Institute of Chartered Secretaries of Bangladesh (ICSB) and adopted by BSEC for the listed companies.

4.12 Scrutinizers

In order to maintain records of AGM. HRTML engages scrutinizers in order to report the same to BSEC as part of compliance.

5.0 Committee Reports

5.1 Board Committees

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

5.2 Audit Committee

The Audit Committee is a Sub-committee of the Board 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 four members and of them, two are independent directors. 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 as its Chairman. 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 consists of the senior management officials of the company who are assigned with specific responsibilities to assist the Managing Director in the management of 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

In order to maintain smooth performance and transparency, the Board has specified the role and responsibility of the Managing Director. To that end, HRTML has also adopted "Governance Guidelines" for the Managing Director. The Managing Director is the authoritative head for day to day management. 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 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 2021-22. At present the company does not have any plan for Repeat Public Offering (RPO), 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 2021-22 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 the company's performance and 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. 74,184,965. Out of the above the Board recommended 15% dividend (5% cash and 10% stock dividend), subject to approval of the BSEC and followed by approval in the AGM compared to 10% dividend (5% cash and 5% stock dividend) per share of Tk. 10 each to the shareholders in the last year. Objective of recommending a stock dividend (bonus share), is to keep a portion of the internal fund generation to increase paid up capital and to utilize the fund for business operation. The above would require a cash outflow of Tk. 39.84 million. The balance amount of Tk. 34.34 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 the 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 2021-22.

6.6 The company as Going Concern

The words "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 revenue to meet expenses connected with 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 the Going Concern Concept.

6.7 Related Party Transactions

Related party means 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 the 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, and other benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. In order 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

Your company believe that the employee's participation in the decision-making process gives employees mental and psychological satisfaction and thereby increases their involvement in the affairs of the organization, which contributed to the

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 is responsible for proper governance which includes setting out strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardships.

HRTML 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.

Corporate Governance and its focus remain 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

The BSEC now considers Good Corporate Governance practices as essential to keep the company in line with the business requirement. Your company 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 Policies and 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 BSEC's notification, the 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 is enclosed as Annexure-B.

8.0 Business Development

HRTML is engaged in export business and hence linked with the international market. Global market behavior is guided by fast fashion forecasts and technological domination every day. 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 pulse 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 buyers, suppliers and us. We moved forward with comprehensive dyeing and printing units. Eventually, digital print is going to play a dominant role in the future. We expect to match the fashion demand with our digital printing facilities with proficiency to meet those needs.

9.0 Environmental issues

The environmental issues as a part of ESG (Environment, Social responsibility and Governance) are playing a significant role in all the spheres of company operation. The above have been further intensified during the pandemic situation. We are working to bring every operation in the factory 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. 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 situation put additional requirements of using masks at the workplace, strictly maintaining physical distance, temperature measurement of workers and officers, and sanitization requirements of surfaces, which are all in place.

10.0 Financial Management

10.1 Monitoring

HRTML practices standard Internal control systems which are updated, adjusted and is being monitored regularly. Ongoing monitoring activities are conducted through regular management activities. The Internal Audit Team has been set throughout the year for the above purpose. 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 company has an Internal Audit Department which is independent of business operation. It operates with a risk-based methodology, ensuring that the key risk factors are appropriately taken care of. 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. Financial statements are also reviewed by the stock exchanges when it is published. They also raise various queries and the company uses them to satisfy them with appropriate explanations.

10.4 Related Party Transactions

In order to maximize the capacity utilization in the fabric section HRTML supplies fabric to Fashion Knit Garments Limited (FKGL) as "Deemed

Export". The FKGL is owned by three sponsor directors of the company. However, the transactions between HRTML and FKGL are being transacted on Arm's Length Basis and at market price. The above transactions are being guided by the agreement signed between the companies.

10.5 Accounting Policies

The company follows appropriate accounting policies 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

HRTML has been following the policy of informing 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 as per requirement. 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

The company follows the standard policy of publication of its information through timely publication of quarterly, half-yearly and annual reports 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

Your company management is always careful to maintain liaison 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 and 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

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 Managing Director is paid his monthly remuneration as shown in the Financial Statements. The non-executive directors, including the independent directors do not receive benefits of any other kind, from the company. 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

12.0 Corporate Social Responsibility

12.1 Customers

Your company takes care to maintain a good relationship with its stakeholders. The linkage with the customers plays a very important role in running any sustainable enterprise which is more important in the case of the 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 HRTML managements 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

HRTML is a corporate citizen and as such it 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 contributed capital to float this company and set up the management. 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. We believe that the company maintains high franchise value in the market and among the shareholders.

12.4 Suppliers

Under the present business environment, maintenance of good supply – chain management is very important. HRTML is working with a good number of suppliers. Some of them are in the 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 Regulations and the Regulators are the part of the operation of listed companies. HRTML is required to maintain close liaison with the regulators such as BSEC, RJSC and others vis a vis other quasi regulators like DSEL, CSEP, 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 is always in favor of complying with all rules and regulations of the business as well as satisfying other queries as when asked for.

12.6 Financial Institutions

H.R. Textile Mills Limited (HRTML) maintains financial partnership with a good number of banks, non-banking financial institutions and enjoys funded and non-funded facilities for business operation. 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 if needed.

12.7 Protection of Minority Shareholders

HRTML has a large shareholder-base which is widely dispersed. The board always keeps in mind that the company has a high reputation of paying regular dividends, and the shareholders consider that the shares of HRTML 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 forfeited their portion of dividend to keep the small shareholders happy.

13.0 Appointment of Auditors

13.1 Appointment of Financial Auditors

As per section 210 of the Companies Act 1994, the Company's statutory Auditors M/s. Rahman Mostafa Alam & Co, Chartered Accountants retires at the 38th Annual General Meeting as auditors of the Company.

As per BSEC Order no. SEC/CMRRCD/2009-93/104/Admin dated July 27, 2011, the retiring Auditors M/s. Rahman Mostafa Alam & Co., Chartered Accountants, are not eligible for re-appointment as Statutory Auditors for 2022-2023.

We have received an application from M/s. S.K. Barua & Co., Chartered Accountants which has shown interest to work as the Statutory Auditors of the company. The Audit Committee reviewed and re-commended appointing above Auditors. The Board of Directors endorsed the recommendation of the Audit Committee for appointment of M/s. S.K. Barua & Co., Chartered Accountants as the auditors for the Company for the year 2022-2023 for a fee of Tk. 1,50,000.00 (One Lakhs fifty thousand) only subject to approval of the shareholders in the 38th Annual General Meeting.

13.2 Appointment of Corporate Governance Auditors

M/s. N.M Tareque and Associates, a Firm of Cost and Management Accountants was appointed in the 37th AGM as the Corporate Governance Auditors of the company for the year 2021-22 as per condition No. 9 of the Corporate Governance Code dated 03 June 2018, 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 re-appointment of M/s. N.M Tareque and Associates as Corporate Governance Auditors for the financial year 2022-23. 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 a 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 review and 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 Shareholding Pattern

The shareholding of the directors remained at 50.63% without any change during the year. Out of the balance shares, the institutions are holding 6.06%, which was 6.77% in the previous year. The shareholding of the general public has increased to 43.31% compared to 42.60% 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 2022 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	3,950,368	14.871
Professor Dr. Muhammad Abdul Moyeen, Chairman	3,950,366	14.871
Professor Mohammad Abdul Momen, Director	3,950,366	14.871
Ms. Ruhey Rawa, Director	532,649	2.005
Ms. Sumbal Azwad Momen, Director	532,649	2.005
Ms. Sana Kainat Moyeen, Director	532,649	2.005
Professor Dr. A.H.M. Habibur Rahman, Independent Director	Nil	-
Professor Dr. Md. Zakir Hossain Bhuiyan, Independent Director	Nil	-
Shareholdings of Sponsors/Directors	13,449,047	50.63
Mrs. Umbirin Moyeed	13,290	Shares, included in the slot of general shareholders
Dr. Shaheen Afroze	13,290	
Ms. Salsabil Abreshmi Momen	7,900	
Mr. Sharaf Awad Rahman Momen	5,390	
Mr. Md. Abu Amur Naheel, CFO	Nil	-
Mr. Sumnoon Moheb, HIA&C	Nil	-
Mr. Md. Wali Ullah, CS	Nil	-
Mr. Sherajul Islam Khan, HF&A	Nil	-
Minor Children	Nil	-

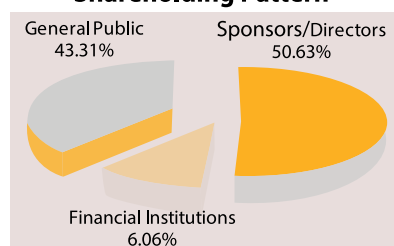
c) Voting Interest (Shareholders holding 10% or more shares have voting interest in the company):

Name	Designation	Shares	Percentage
Professor Dr. Muhammad Abdul Moyeen	Chairman	3,950,366	14.87
Mr. Mohammad Abdul Moyeed	MD & CEO	3,950,368	14.87
Professor Mohammad Abdul Momen	Director	3,950,366	14.87

d) Executives:

Name	Designation	Shares
Mr. Mohammad Karim Hossain	GM (MIS)	Nil
Mr. Tanvir Hayder Surov	GM (Lean Form)	Nil
Mr. Nazmul Hossain Khan	DGM (Commercial)	Nil
Mr. Shah Md Iqbal Hasan	Sr. AGM (Production)	Nil
Mr. Monirul Islam	AGM (Admin)	Nil
Mr. Rajib Deb	AGM (Human Resource)	Nil

Shareholding Pattern



17.0 Future Programs

Bangladesh RMG is passing through a critical time with good hope and expectations. Bangladesh is the second largest exporter of garments in the global market where knit garments are playing a vital and significant role. HRTML 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. The Market is changing and marching forward with technology-based production processes. But the industry needs direction and policy from the Government. The Government is to facilitate the market in terms of assisting import of raw material to give unhindered support. Both BKMEA and BGMEA are trying to coordinate with the government in all areas.

We are also confident of a new future where our next generation leaders will carry on and enhance this value. They are highly competent, extremely committed, and talented. With your help, we will guide them, enable them and empower them.

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, 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 is 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 2021-22;
- 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 and the remuneration of Directors has been mentioned in Note 37.1 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

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 Credit Rating

National Credit Rating Limited (NCRL) assigned Long Term A+ (Single A Plus) and 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 judged 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”.

21.8 Subsequent Events

The second wave of Covid-19 is still on and some of the European buyers are still changing the order pattern and, in some cases, they are moving for better prices. 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.

21.9 Information Technology

HRTML is an IT based production infrastructure company. We believe that 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.

21.10 Human Resources

Human Resources are considered as one of the main assets across the entire business model. The developments of HRTML 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. HRTML 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 harmonious 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	
	2022	2021
Net Profit before Tax	97.67	101.88
Income Tax Expenses	(23.49)	(28.85)
Net Profit after Tax	74.18	73.03
Retained earnings, Note-16	248.85	198.91
Profit Available for Appropriation	323.03	271.94
Recommended for Appropriations:		
Proposed Dividend (Cash)	(13.28)	(12.65)
Proposed Dividend (Bonus)	(26.56)	(12.65)
Un-appropriated Profit carried forward	283.19	246.64

Utilization of proceeds from public issues, rights issues and/or through any others Instruments

IPO of H.R. Textile Mills Limited was made in 1996 and the fund raised thereby has already been utilized for repayment the loan as reported to regulators.

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 3rd 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 acknowledges and expresses its sincere thanks and appreciation to the valued Shareholders and other stakeholders of the company for their persistent support and guidance that led to the cumulative achievements. The Board also expresses their gratitude to the Government of People's Republic of Bangladesh, National Board of Revenue (NBR), Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Central Depository Bangladesh Limited (CDBL), Dhaka Stock Exchange Limited (DSEL), Chittagong Stock Exchange PLC (CSEP), SATCOM IT Limited, Ahmed Faruk & Associates, 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.

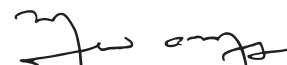
Finally, the Board offers its sincere thanks to the workers and professional administration, whom the management considers the most valuable asset of the company, and hopes that they will continue to keep the spirit of teamwork in the coming years for the smooth growth of the company.

Thank you all.

For and on behalf of the Board of Directors



Prof. Dr. Muhammad A Moyeen
Chairman



Mr. Mohammad A Moyeed
Managing Director & CEO

Declaration of CEO and CFO to the Board of Directors

Dated: 27th October 2022

The Board of Directors
H.R. Textile Mills Limited
Pride Hamza, House # 54, Road # 1
Sector # 6, Uttara, Dhaka-1230

Subject: Declaration on Financial Statements for the year ended on 30th June 2022

Dear Sirs,

Pursuant to the Condition No. 1(5)(xxvi) imposed vide the Bangladesh and Exchange Commission's Notification No. BSEC/CMRRCD/ 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 2022 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- 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 according 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 2022 and that 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 Amur Naheel
 Chief Financial Officer

Corporate Governance Compliance CertificateAnnexure - 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**

Dear to the shareholders

We have reviewed and examined the compliance status to the Corporate Governance Code by H.R. Textile Mills Limited for the year ended on 30th June 2022. This Code relates to the Notification No. BSEC/CMRRCD-2006-158/207/Admin/80, dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code 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 conditions of above Code.

This is a scrutiny and verification and 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.

We 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 14, 2022



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	
1	Board of Directors:			
1.1	Board Size: Board members should not be less than 5 and more than 20	✓		
1.2 (a)	Independent Directors: 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	✓		
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	✓		
2	The Board of Directors of all condition of subsidiary Company		N/A	
3	MD/CEO, CFO, HIAC and CS:			
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	✓		
4	Board of Directors' Committee			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
5	Audit Committee			
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	✓		
6	Responsibility of Nomination and Remuneration Committee to the Board:			
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	✓		
7	External/Statutory Auditor:			
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	✓		
8	Maintaining a website the Company:			
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	✓		
9	Reporting and Compliance of Corporate Governance:			
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

Audit Committee Report to the Shareholders For the year ended 30th June 2022

As the Chairman of the Audit Committee of H.R. Textile Mills Limited I have the pleasure to place before the shareholders of the company this Report for the information of the shareholders. As you are aware that the Audit Committee is a sub-committee of the Board formed to look after the financial affairs of the company in a closure view and to assist the Board in ensuring that the financial statements reflect a true and fair view of the state of affairs of the company. Internal control and monitoring systems of the company are also the prime concern of the committee. Besides, it advises the Board in various matters like internal control system, risk management and other strategic issues in terms of the policies and procedures.

The Audit Committee is comprised of 4 (Four) members 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

Mr. Md. Wali Ullah, Company Secretary acted as Secretary to this Committee. In addition to the secretary, The Chief Financial Officer (CFO), the Head of Internal Audit and Compliance (HIAC) attend the meeting regularly. During the financial year 30th June 2022, the committee held 5 (Five) meetings and the proceedings of the Audit Committee have been duly reported to the Board.

Activities carried out during the year were:

- 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 annual financial statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures were in compliance with the Securities Laws, provision of the Companies Act 1994, International Financial Reporting Standards (IFRS) as applicable in Bangladesh;
- c) Reviewed the work of the Internal Audit Department and made suggestions for improvement;
- d) Reviewed the observations of the Internal Audit Department regarding internal control and suggestions were made to improve operational systems and procedures and their implementation;
- e) 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 2022;
- f) 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;

- g) Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation;
- h) Reviewed the profiles of the audit firms and proposed to the Board for recommendation;
- i) Reviewed the Internal Control System and Financial Statements;
- j) Reviewed statement of all related party transactions submitted by the management.

The committee is of the opinion that adequate controls and procedures are there to provide reasonable assurance that the company's assets are safeguarded, the liabilities are properly accounted for and financial activities of the company is well managed.

Acknowledgment Statement

The Audit Committee has performed all its activities satisfactorily during the financial year 2021-22 and took necessary steps including reporting to the Board. The Committee expresses its sincere acknowledgement to the Board, the management and statutory and internal auditors for their continuous support and assistance in enabling effectively discharge its duties and responsibilities for the period.

On behalf of the Audit Committee



Professor Dr. A.H.M. Habibur Rahman
Chairman of the Audit Committee
Date: October 27, 2022

Nomination and Remuneration Committee Report to the Shareholders For the year ended 30th June 2022

As per the requirements of the BSEC Code of Corporate Governance, The Board has constituted a Nomination and Remuneration Committee (NRC) in July 2018 with the following terms of Reference that the NRC would assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executives as well as policy for the formal process of considering remuneration of director and top level executives.

Composition of the Committee

The NRC consist of three Directors including one Independent Director who is the Chairman of the Committee. The Committee acts as per the terms and condition of the Corporate Governance Code of BSEC. The Committee members as follows:

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

Company Secretary Mr. Md. Wali Ullah act as the Secretary of the Committee.

The Managing Director, Chief Financial Officer (CFO) and Head of HR, attend the meeting as and when required by invitation.

Major Role and responsibilities of the Committee

1. The Committee is an independent sub-committee of the Board and responsible or accountable to the Board and to the shareholders of the Company;
2. The Committee discharges the responsibilities and acts as stipulated in the Terms of Reference (ToR) of the Nomination and Remuneration Committee adopted by the Board in line with the Corporate Governance Code 2018.

The activities of the NRC during the year were as follows:

1. During the year under review the Committee met once. The Managing Director, the Chief Financial Officer and the Head of Human Resources attended the meeting by invitation of the Committee;
2. Reviewed the management's proposals for the annual increment/ enhancement of salary and renewal of contract appointments of Senior Management of the Company;
3. 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;
4. Reviewed the set-up of standard pay structure for each job level based on education, experience and competency;
5. 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;
6. Reviewed that a transparent recruitment and selection policy is in existence where competent candidates get hired;
7. Reviewed that practicing a clear career path system for employees which reflect in organization structure.

The committee acknowledges the cooperation it received from related professionals of the senior Management and members of the Board of Directors.

On behalf of the Committee



Professor Dr. Md. Zakir Hossain Bhuiyan
Chairman
Nomination and Remuneration Committee
Date: October 27, 2022

Rahman Mostafa Alam & CO.
Chartered Accountants

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

Report on the Audit of the Financial Statements:

Opinion

We have audited the Financial Statements of H.R. Textile Mills Limited (the "Company"), which comprise Statement of Financial Position as at June 30, 2022, and the 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 summary of significant accounting policies and other explanatory information disclosed in notes 1 to 45 and Annexure-A & B.

In our opinion, the accompanying Financial Statements presents fairly in all material respects, the Financial Position of the Company as at June 30, 2022, and 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 2020 and other applicable laws and regulations.

Basis for Opinion

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

Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p>Revenue</p> <p>As at June 30, 2022, the company has made total revenue amounting Tk. 2,953,308,668 reported in the financial statements which are 100% exported of Knit Fabrics and Garments product amounting Tk. 1,310,002,517 and 1,643,306,151 respectively.</p> <p>This matter is considered a key matter due to the level of judgment required to determine the timing of revenue recognition and measurement.</p>	<p>Our procedure includes:</p> <ol style="list-style-type: none"> 1. Reviewing the director's assessment of selecting the major customer, ensuring the veracity of the data presented and assessing management's consideration of this process; 2. Assessing completeness and accuracy of the data used for recognition of revenue; 3. Considering the adequacy of the financial statement disclosures contained in relation with revenue during the year; 4. Evaluating the appropriateness of the notes related to the company's revenue; and 5. Examining the long-term contracts with major customers, long-term contracts make it more difficult for customers to switch vendors suddenly.

Refer note no. 29.00 to the Statement of Profit or Loss and other Comprehensive Income.

Acquisition of Property, Plant & Equipment

Refer note no. 4.00 to the Statement of Financial Position.

At the end of the year the company recorded total Property, Plant & Equipment Tk. 2,352,342,968 (Carrying Amount). The company made a number of significant acquisitions for Tk. 256,181,386 the year.

There is a risk that the assets being overvalued, either by inflating cost or valuation.

Our procedure includes:

1. Testing relevant controls within the purchase and measurement process of the non-current assets;
2. Recalculating the depreciation and amortization of the non-current assets;
3. Evaluating the basis for the rate of charging amortization and depreciation and determination of useful life;
4. Identifying if there is any impairment indicator; and
5. Assessing the justification of the valuation.

Stock and Stores

Refer note no. 7.00 to the Statement of Financial Position.

The company had inventory of Tk. 707,745,180 at June 30, 2022 held in the factory, store house and across multiple product lines. Inventories are carried at the lower of cost and net realizable value. As a result, the management applies judgment in determining the appropriate values for slow-moving or obsolete items.

Our procedure includes:

1. Evaluating the design and implementation of key inventory controls operating across the company, including stock in the factory and in the store house;
2. Checking the management's inventory count sheet and reconciling the count result to the inventory listing to test the completeness of data;
3. Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories;

Long Term Loan

Refer note no. 17 to the Statement of Financial Position

Long term loans were taken from Mutual Trust Bank Ltd, IPDC Finance Limited and United Commercial Bank Ltd under various terms and conditions, applicable interest rate, repayment time and fund utilization make it complex audit issue.

Our procedure includes:

1. Testing the effectiveness of the company's control around the recording of loan, interest, and repayments;
2. 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 the correct period;
3. Test interest rates application, calculation, and repayments for carrying amount and current and non-current distinguish;
4. Considering the adequacy of the company's disclosure regarding the Loan; and the result of our testing is satisfactory and we considered the carrying amount of the loan recognized to be acceptable and recorded correctly.

Measurement and Recognition Deferred Tax Liability

Refer note no. 20.00 to the Statement of Financial Position.

The Company reported net deferred tax liability total Tk. 88,584,586 as at 30 June 2022. Because of reduction in the rate of tax during the year there has been Expenses in deferred tax for Tk. 3,394,227.

Significant judgment is required in relation to deferred tax liability as their adjustability is dependent on forecasts of future.

Our procedure includes:

1. Evaluating the design and tested the operational effectiveness of the Company's key controls over the recognition and measurement of Deferred Tax Assets and Liabilities and the assumptions used in estimating the future taxable expense of the company;
2. Assessing the completeness and accuracy of the data used for the estimations of future taxable expense/income;
3. Evaluating the reasonableness of key assumptions, timing of reversal of temporary differences and expiration of tax loss carry forwards, recognition and measurement of Deferred Tax Liability;
4. Testing the tax implications, the reasonableness of estimates and calculations determined by management; and
5. Finally assessed the appropriateness and presentation of disclosures against IAS 12 Income Tax.

Provision for Current Income Tax

Refer note no. 25.00 to the Statement of Financial Position.	
Provision for the income tax requires the consideration of income from Export Sales and other income also consider the previous year's shortfall provision.	<p>Our procedure includes:</p> <ol style="list-style-type: none"> 1. Reviewing the tax calculation work flows and related details. To be specific, our substantive testing procedures included the following; 2. Current tax has been calculated on the basis of add and back some inadmissible and admissible expenses respectively as per ITO 1984; 3. Tax on income from export was derived properly; and 3. Exclusions as allowable by the 6th Schedule- (Part A, Para 28) of ITO 1984 were applied duly.

Other Information

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 other applicable laws and regulation and the Securities and Exchange Rules 2020 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

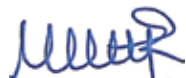
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 and the Securities and Exchange Rules 2020 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, as records and other statutory books as required by law have been kept by the H.R. Textile Mills Limited so far as it appeared from our examination of these books;
- c) The statements of Financial Position and Statement of Profit or Loss and other Comprehensive Income dealt with by the report are in agreement with the books of accounts and returns; and
- d) The expenditure incurred was for the purposes of the Company's business.

Firms' Name : Rahman Mostafa Alam & Co., Chartered Accountants

Signature : 

Auditor's Name : Mohammad Mofizul Haque Rinku FCA, Partner/Enr No: 1204

Date : 6th November 2022

Place : Dhaka


DVC : 2211061204AS550169

H.R. Textile Mills Limited
Statement of Financial Position
As at 30th June 2022


Particulars	Notes	As at 30/06/2022 Taka	As at 30/06/2021 Taka
ASSETS			
Non-Current Assets		2,431,739,472	2,217,858,108
Property, Plant and Equipment	4	2,352,342,968	2,201,960,608
Investment in FDR	6	79,396,504	15,897,500
Current Assets		1,547,796,055	1,542,734,838
Stocks and Stores	7	707,745,180	661,701,780
Trade and Other Debtors	8	682,049,353	695,013,076
Advances, Deposits and Prepayments	9	102,534,585	94,425,853
Cash and Bank Balances	10	55,466,937	91,594,129
Total Assets		3,979,535,527	3,760,592,946
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity		1,204,810,774	1,143,117,653
Share Capital	11	265,650,000	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	650,971,582	651,867,794
Retained Earnings	16	248,853,452	198,914,119
Non-Current Liabilities		1,750,216,851	1,298,074,637
Long-term Loans - Secured, Future Maturity	17	1,615,926,934	1,186,629,941
Non-Convertible Callable Zero-coupon Bond	18	21,309,644	-
Provision for Gratuity	19	24,395,687	26,096,182
Deferred Tax Liability	20	88,584,586	85,348,514
Current Liabilities		1,024,507,902	1,319,400,656
Short-term Loans	21	368,516,487	663,423,051
Trade and Other Creditors	22	543,564,553	535,577,546
Unclaimed Dividend Account	23	5,698,781	9,507,557
Accrued Expenses	24	35,474,895	30,841,035
Provision for Current Taxation	25	42,980,558	49,803,043
Bills Receivable Discounted	26	16,898,858	16,945,349
Workers' Participation/ Welfare Funds	27	11,373,770	13,303,075
Total Liabilities		2,774,724,753	2,617,475,293
Total Shareholders' Equity & Liabilities		3,979,535,527	3,760,592,946
Net Assets Value (NAV) per share	28	45.35	45.18

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


 Mr. M. A. Moyeed
 Managing Director


 Mr. M. A. Momen
 Director


 Mr. M. A. A. Naheel
 CFO


 Mr. Md. Wali Ullah
 Company Secretary

Dated: Dhaka
 Meeting: October 27, 2022

Signed in terms of our annexed report of even date.
 Dated: Dhaka: November 6, 2022
 DVC: 2211061204AS550169


 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 2022

Particulars	Notes	30/06/2022 Taka	30/06/2021 Taka
Sales Revenue	29	2,953,308,668	3,000,573,880
Export Incentive	30	40,297,350	51,340,341
Turnover		2,993,606,018	3,051,914,221
Cost of Goods Sold	31	(2,559,743,057)	(2,611,906,767)
Gross Profit		433,862,961	440,007,454
Administrative, Selling and General Expenses	32	(103,472,082)	(104,076,740)
Financial Expenses	33	(229,316,557)	(229,404,084)
Operating Profit		101,074,322	106,526,630
Other Income	34	1,484,289	446,545
Profit before contribution to WPPF		102,558,611	106,973,175
Contribution to WPPF	27	(4,883,743)	(5,093,960)
Net Profit before Tax		97,674,868	101,879,215
Income Tax Expenses		(23,489,903)	(28,847,609)
Current Tax	36	(18,910,163)	(21,237,141)
Deferred Tax	20	(3,394,227)	(6,923,372)
Prior Tax		(1,185,513)	(687,096)
Net Profit after Tax		74,184,965	73,031,606
Earning Per Share (EPS)	38	2.79	2.89
Earning Per Share (EPS) (Restated)	38	2.79	2.75

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


 Mr. M. A. Moyeed
 Managing Director


 Mr. M. A. Momen
 Director


 Mr. M. A. Naheel
 CFO


 Mr. Md. Wali Ullah
 Company Secretary

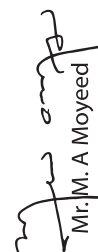
Dated: Dhaka
 Meeting: October 27, 2022

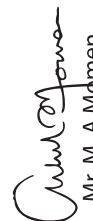
Signed in terms of our annexed report of even date .
 Dated: Dhaka: November 6, 2022
 DVC: 2211061204AS550169


 Rahman Mostafa Alam & CO.
 Chartered Accountants

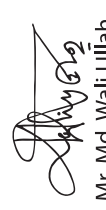
H.R. Textile Mills Limited
Statement of Changes in Shareholders' Equity
For the year ended 30th June 2022

Particulars	Share Capital	General Reserve	Tax holiday Reserve	Revaluation Surplus	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at June 30, 2021	253,000,000	6,956,752	22,378,988	651,867,794	10,000,000	198,914,119	1,143,117,653
Revaluation reserve realised	-	-	-	(896,212)	-	1,054,368	158,156
Cash Dividend declared 2021	-	-	-	-	-	(12,650,000)	(12,650,000)
Bonus Shares Issued 2021	12,650,000	-	-	-	-	(12,650,000)	-
Net profit after tax	-	-	-	-	-	74,184,965	74,184,965
Balance as at 30th June 2022	265,650,000	6,956,752	22,378,988	650,971,582	10,000,000	248,853,452	1,204,810,774
Balance as at June 30, 2020	253,000,000	6,956,752	22,378,988	652,764,006	10,000,000	137,216,290	1,082,316,036
Revaluation reserve realised	-	-	-	(896,212)	-	1,054,368	158,156
Net profit after tax	-	-	-	-	-	73,031,606	73,031,606
Cash Dividend declared 2020	-	-	-	-	-	(12,388,145)	(12,388,145)
Balance as on 30th June 2021	253,000,000	6,956,752	22,378,988	651,867,794	10,000,000	198,914,119	1,143,117,653


 Mr. M. A. Moyeed
 Managing Director


 Mr. M. A. Momen
 Director


 Mr. M. A. Naheel
 CFO


 Mr. Md. Wali Ullah
 Company Secretary

H.R. Textile Mills Limited
Statement of Cash Flows
For the year ended 30th June 2022

Particulars	Notes	30/06/2022 Taka	30/06/2021 Taka
Cash Flows from Operating Activities:			
Cash received from Sales and export incentives		3,006,724,266	3,007,414,163
Receipts from Other Income		1,329,764	331,094
Cash paid for goods and services		(2,643,589,739)	(2,683,048,133)
Cash from operation		364,464,291	324,697,124
Interest paid		(206,079,881)	(203,985,706)
Income tax paid/deducted at sources		(19,010,163)	(21,237,141)
Net Cash inflows from operating activities		139,374,247	99,474,277
Cash Flows from Investing Activities:			
Acquisition of property, plant and equipment	4	(256,181,386)	(144,320,883)
Investment in FDR	6	(63,499,004)	(5,897,500)
Net Cash outflows from investing activities		(319,680,390)	(150,218,383)
Cash Flows from Financing Activities:			
Long Term Loans Received/(Repaid)	17	429,296,993	11,117,223
Non-Convertible Callable Zero-coupon Bond Received/(Repaid)	18	21,309,644	-
Short-term Loans Received/(Repaid)	21	(294,906,564)	129,532,471
Cash Dividend Paid	23	(11,629,157)	(10,278,263)
Bills Receivable Discounted Received/(Repaid)	26	(46,491)	(8,659,747)
Net Cash inflow from financing activities		144,024,425	121,711,684
Net increase/(decrease) in cash and bank balances		(36,281,717)	70,967,578
Cash and Bank balances on opening		91,594,129	20,511,100
Effects of exchange rate changes on cash and cash equivalents		154,525	115,451
Cash and Bank balances at closing	10	55,466,937	91,594,129
Net Operating Cash Flows Per Share (NOCFPS)	39	5.25	3.93


 Mr. M. A. Moyeed
 Managing Director


 Mr. M. A. Momen
 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, 2022

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, 2020 and other related regulations. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgments

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

2.5 Reporting period

The financial reporting period of the company covers three months from 01 July 2021 to June 30, 2022.

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 Cash Flows Statement	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

- i) Statement of Financial Position as at June 30, 2022;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended on June 30, 2022;
- iii) Statements of Changes in Shareholders' Equity for the year ended on June 30, 2022;
- iv) Statement of Cash Flows for the year ended on June 30, 2022; and
- v) Notes to the Financial Statements for the year ended on June 30, 2022.

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 Straight Line 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

a) 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.

b) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset treated as a revaluation decrease. During the year no impaired loss occurred to recognize in the Financial Statements.

3.2 Inventories

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

3.3 Provisions

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

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

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

3.4 Earnings Per Share (EPS)

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

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

*This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents number of ordinary share outstanding during the period.

Diluted Earnings per share

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

3.5 Revenue

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

3.6 Trade receivables

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

3.7 Finance income and expenses

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

3.8 Cash and cash equivalents

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

3.9 Taxation

Current tax

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

Deferred tax

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

3.10 Foreign Currency Transaction

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

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

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

3.11 Employee Benefits:

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

Retrial Benefits (Gratuity):

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

3.12 Related party disclosure

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

3.13 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the requirements of IAS 7 "Statement of Cash Flows". The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules, 2020 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.14 Events after the Reporting Period

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

3.15 Risk Exposure

Interest Rate Risk

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

Management Perception

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

Exchange Rate Risk

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

Management Perception

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

Industry Risks

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

Management Perception

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

Market risks

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

Management Perception

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

Operational Risks

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

Management Perception

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

Liquidity Risk

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

Management Perception

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

Financial risk management (IFRS 7)

Introduction

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

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

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

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, 2022.

Maturity analysis

Particulars	Current	>30 days	>90 days	>1 year	Total
Loans and receivables:					
Cash and cash equivalents	55,466,937	-	-	-	55,466,937
Accounts Receivable	-	-	682,049,353	-	682,049,353
Balance at June 30, 2022	55,466,937	-	682,049,353	-	737,516,290
Financial liabilities measured at amortized Cost:					
Bank Loan	368,516,487	-	-	1,615,926,934	1,984,443,421
Sundry Creditors	-	-	543,564,553	-	543,564,553
Balance at June 30, 2022	368,516,487	-	543,564,553	1,615,926,934	2,528,007,974

Credit risks:

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

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

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

Market risks

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

Interest rate risk

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

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

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

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

Liquidity risk

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

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

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	Total
Non-derivative financial liabilities	-	-	-	-	-
Bank Loan	-	-	-	-	1,615,926,934
Sundry Creditors	-	-	543,564,553	-	-
Balance at June 30, 2022	-	-	543,564,553	-	1,615,926,934

3.16 COVID-19 disclosure in the financial statements

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

4. Property, Plant and Equipment

a) Cost:

Opening balance

Add: Addition during the year

Less: Adjustmet during the year

Sub Total (a)

b) Accumulated depreciation

Opening balance

Add: Charged during the year

Less: Adjustment during the year

Sub Total (b)

Written down value (a - b)

(Details Schedule of PPE are shown in Annexure-A)

5. Capital Works in Progress

Opening balance

Less: Transfer to Property, Plant and Equipment

Closing balance

6. Investment in FDR

Opening balance

Add: Addition this year

Add Interest charges during the year

Closing balance

	2022	2021
	Taka	Taka
Opening balance	3,401,814,481	2,664,361,072
Add: Addition during the year	256,181,386	737,453,409
	3,657,995,867	3,401,814,481
Less: Adjustmet during the year	-	-
Sub Total (a)	3,657,995,867	3,401,814,481
b) Accumulated depreciation		
Opening balance	1,199,853,873	1,108,317,843
Add: Charged during the year	105,799,026	91,536,030
	1,305,652,899	1,199,853,873
Less: Adjustment during the year	-	-
Sub Total (b)	1,305,652,899	1,199,853,873
Written down value (a - b)	2,352,342,968	2,201,960,608
Opening balance	-	593,132,526
Less: Transfer to Property, Plant and Equipment	-	(593,132,526)
Closing balance	-	-
Opening balance	15,897,500	15,897,500
Add: Addition this year	62,500,000	-
Add Interest charges during the year	999,004	-
Closing balance	79,396,504	15,897,500

These above mentioned amount of the FDR's are liened against Five years IPDC Finance Ltd, Guarantees amounting Tk. 78,397,500 which have been issued by IPDC Finance Limited in favor of IPDC Finance Limited. Hence, the same have been shown as non-current asset.

7. Stocks and Stores

7.1 The make-up is as below:

	2022		2021	
	Quantity (Kg.)	Amount (Taka)	Quantity (Kg.)	Amount (Taka)
Stock of Yarn - Note 7.2	664,167	263,525,152	964,335	257,522,055
Stock of Dyes and Chemicals - Note 7.3	255,459	84,628,140	538,876	84,808,306
Stock of Work-in-Process - Note 7.4		184,171,796		170,047,725
Stock of Finished Goods - Note 7.5		129,658,287		105,640,861
Stock of Accessories		17,865,357		17,587,458
Goods in Transit		13,659,858		12,214,521
		693,508,590		647,820,926
Stock of Spares		14,236,590		13,880,854
		707,745,180		661,701,780

7.2 Stock of Yarn

Stock of Yarn

7.3 Stock of Dyes and Chemicals

Dyes

Chemicals

7.4 Stock in Work in Process

Cost of Materials

Cost of Conversion

	2022		2021	
	Quantity (Kg.)	Amount (Taka)	Quantity (Kg.)	Amount (Taka)
Stock of Yarn	664,167	263,525,152	964,335	257,522,055
Stock of Yarn	664,167	263,525,152	964,335	257,522,055
Stock of Dyes and Chemicals				
Dyes	56,957	42,105,783	58,789	41,694,405
Chemicals	198,502	42,522,357	480,087	43,113,901
	255,459	84,628,140	538,876	84,808,306
Stock in Work in Process				
Cost of Materials		105,936,538		119,645,444
Cost of Conversion		78,235,258		50,402,281
		184,171,796		170,047,725

7.5 Stock of Finished Products

	2022		2021	
	Quantity (Kg.)	Amount (Taka)	Quantity (Kg.)	Amount (Taka)
Finished Garments	-	43,354,766	-	38,637,394
Knitted Fabrics	126,733	86,303,521	130,247	67,003,467
	<u>126,733</u>	<u>129,658,287</u>	<u>130,247</u>	<u>105,640,861</u>

8. Trade and Others Debtors

	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 days)	7,129,448	648,499,353	7,991,211	670,063,076
Others Debtors	400,119	33,550,000	297,555	24,950,000
	<u>7,529,567</u>	<u>682,049,353</u>	<u>8,288,766</u>	<u>695,013,076</u>

These include a sum of Tk. 33,550,000 (2021: Tk. 24,950,000) due from Associates Companies, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered good.

9. Advances, Deposits and Prepayments

	2022 Taka	2021 Taka
Advances:		
Salary Advance	1,252,650	1,066,770
Advance Tax	923,000	1,150,000
Factory Insurance Advance	1,168,166	1,124,816
IPDC Finance Advance	8,709,484	3,190,160
Operational Advance	8,554,510	8,441,240
Eltech Engineering Co. Ltd	6,600,000	6,600,000
Tax deducted at source	40,147,304	45,487,276
	<u>67,355,114</u>	<u>67,060,262</u>
Deposits :		
Security deposits	17,381,571	17,381,571
Bank Guarantee Margin	17,797,900	9,984,020
	<u>35,179,471</u>	<u>27,365,591</u>
	<u>102,534,585</u>	<u>94,425,853</u>

The advances are unsecured but considered good.

10. Cash and Bank Balances

Cash at Banks with Banks/ Financial Institutions on Current Account:

BRAC Bank Ltd, Dhanmondi Branch, CD A/c	14,763	48,418
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	217,707	498,342
Mutual Trust Bank Ltd, Gulshan Branch, Fund builup A/c	2,432,069	3,700,371
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	122,486	17,231,255
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	88,501	80,307
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	5,836	8,137
HSBC, Anchor Tower Branch, MDA Margin A/c	-	146,695
HSBC, Anchor Tower Branch, FCY A/c	97,718	1,621,248
HSBC, Anchor Tower Branch, CD A/c	422,572	-
Trust Bank Ltd, SKB Branch, Dollar A/c	6,856,936	18,570,432
Trust Bank Ltd, SKB Branch, FCAD A/c	318,086	7,301
Trust Bank Ltd, SKB Branch, CD A/c	1,306,972	19,573,484
United Commercial Bank Ltd., CD A/c	965	-
AL-Arafa Islami Bank Ltd, CD A/c	227,956	-
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	109,344	385,674
AB Bank Ltd, Motijheel Branch, CD A/c	144,290	691,143
AB Bank Ltd, Motijheel Branch, Notice A/c	509,112	3,046,756
	<u>12,875,313</u>	<u>65,609,563</u>
With Bank on Short-term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	39,078,137	21,238,894
Southeast Bank Ltd, Principal Branch, STD A/c	58,867	1,055,211
	<u>39,137,004</u>	<u>22,294,105</u>
Cash at Banks	52,012,317	87,903,668
Cash in Hand	3,454,620	3,690,461
	<u>55,466,937</u>	<u>91,594,129</u>

11. Share Capital

11.1 Authorized:
100,000,000 Ordinary Shares of Tk. 10 each

11.2 Issued, Subscribed and Paid-up:
26,565,000 Ordinary Shares of Tk. 10 each fully paid-up

11.3 Composition of Shareholdings:

Classes of Holdings

Sponsor/Directors
 Financial Institutions
 General Public
 Total

June 30, 2022

No. of Shares	%
13,449,047	50.63
1,610,080	6.06
11,505,873	43.31
<u>26,565,000</u>	<u>100.00</u>

June 30, 2021

No. of Shares	%
12,808,619	50.63
1,712,981	6.77
10,778,400	42.60
<u>25,300,000</u>	<u>100.00</u>

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	2022			2021		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
0000000001 - 00000000499	6,929	1,916,330	7.21	6,278	1,760,957	6.96
00000000500 - 00000000500	3,746	1,873,000	7.05	3,264	1,632,000	6.45
00000000501 - 000000002000	917	2,017,400	7.59	710	1,574,543	6.22
000000002001 - 000000005000	523	1,478,521	5.57	565	1,808,000	7.15
000000005001 - 000000010000	121	877,492	3.30	195	1,375,140	5.44
000000010001 - 000000050000	47	1,598,000	6.02	49	1,617,000	6.39
000000050001 - 000000100000	5	445,000	1.67	5	440,000	1.73
000000100001 - 000000250000	9	1,899,000	7.15	6	1,272,000	5.03
000000250001 - 000000500000	2	1,011,210	3.81	2	1,011,741	4.00
000000500001 and above	6	13,449,047	50.63	6	12,808,619	50.63
Total	<u>12,305</u>	<u>26,565,000</u>	<u>100.00</u>	<u>11,080</u>	<u>25,300,000</u>	<u>100.00</u>

11.4 Year wise break-up of the issue:

Date	Particulars	Shares	2022 (Taka)	2021 (Taka)
03/12/1984	Subscribed capital as per Memorandum and Articles of Association at the time of Incorporation (4,000 of Tk 100 each)	4,000	400,000	400,000
25/06/1987	28,100 Bonus shares of Tk. 100 each issued	28,100	2,810,000	2,810,000
10/02/1995	1,500 Bonus shares of Tk. 100 each issued	1,500	150,000	150,000
27/03/1995	366,400 Bonus shares of Tk. 100 each issued	366,400	36,640,000	36,640,000
06/04/1995	400,000 Bonus shares of Tk. 100 each issued	400,000	40,000,000	40,000,000
14/12/1995	200,000 Bonus shares of Tk. 100 each issued	200,000	20,000,000	20,000,000
19/12/1996	1,000,000 shares issued through public offering (1,000,000 shares of Tk. 100 each)	1,000,000	100,000,000	100,000,000
28/03/2011	10% shares issued as Bonus (200,000 shares of Tk. 100 each)	200,000	20,000,000	20,000,000
29/03/2012	15% shares issued as Bonus (330,000 shares of Tk. 100 each)	330,000	33,000,000	33,000,000
24/01/2022	5% shares issued as Bonus (126,500 shares of Tk. 100 each)	126,500	12,650,000	-
	Total (Taka 100 per share)	<u>2,656,500</u>	<u>265,650,000</u>	<u>253,000,000</u>
	Total (Taka 10 per share)	<u>26,565,000</u>	<u>265,650,000</u>	<u>253,000,000</u>

11.5 Option on unissued shares:

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

12. General Reserve

Opening & Closing balance

2022
Taka
6,956,7522021
Taka
6,956,752**13. Tax Holiday Reserve**

Opening & Closing balance

22,378,988

22,378,988

14. Dividend Equalisation Reserve

Opening & Closing balance

10,000,000

10,000,000

15. Revaluation Surplus

Revaluation Surplus

651,867,794

652,764,006

Transferred to retained earnings

(896,212)

(896,212)

Closing balance

650,971,582

651,867,794

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

16. Retained earnings

Balance as on June 30, 2021

198,914,119

137,216,290

Total Comprehensive income for the year:

Profit for the year

74,184,965

73,031,606

Revaluation reserve realized

1,054,368

1,054,368

274,153,452

211,302,264

Dividend during the year:

Final dividend for previous year (Bonus share)

(12,650,000)

-

Final dividend for previous year (Cash)

(12,650,000)

(12,388,145)

Balance as on June 30, 2022

248,853,452

198,914,119

17. Long-term Loans - Secured Future Maturity

Mutual Trust Bank Ltd, Gulshan Branch, Dhaka

17.01

956,293,060

987,768,518

The Honkong and Shanghai Banking Corporation Plc, Anchor Tower Dhaka

17.02

-

-

IPDC Finance Ltd, Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka

17.03

343,541,632

143,787,678

United Commercial Bank Ltd., Gulshan Corporate Branch, Dhaka

17.04

316,092,242

-

Deferred L/C Liabilities

17.05

-

55,073,745

1,615,926,934

1,186,629,941

17.1 The movement of loans is as follows:

Opening balance

987,768,518

957,660,813

Received this year

55,073,745

188,313,701

Add: Interest during the year

97,502,431

-

1,140,344,694

1,145,974,514

Current Maturity during the year

(184,051,634)

(158,205,996)

Closing balance

956,293,060

987,768,518

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

17.2 The movement of loans is as follows:

Opening balance

-

8,577,655

Current Maturity

-

(8,577,655)

Unrealised Loss

-

-

Closing balance

-

-

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

17.3 The movement of loan is as follows:

	2022 Taka	2021 Taka
Opening balance	143,787,678	147,357,795
Received this year	250,000,000	-
Add: Interest	23,297,040	21,232,503
	417,084,718	168,590,298
Current Maturity	(73,543,086)	(24,802,620)
Closing balance	343,541,632	143,787,678

The term loan facility has been taken from IPDC Finance Limited, Head Office: Hosna Centre (4th Floor), 106 Gulshan Avenue, Dhaka-1212, Bangladesh, for construction of effluent treatment plant. The loan carries interest at 11% and is repayable in 72 equal monthly installments, starting from 25th November 2019.

17.4 The movement of loan is as follows:

	2022 Taka	2021 Taka
Opening balance	359,397,739	-
Paid this year	(10,031,911)	-
Accrued Interest	45,308,209	-
	394,674,037	-
Current Maturity	(78,581,795)	-
Closing balance	316,092,242	-

The lone 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 54 Installments. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

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

	2022 Taka	2021 Taka
Opening balance	55,073,745	61,916,455
Addition this year	-	55,073,745
Paid this year	(55,073,745)	(61,916,455)
Closing balance	-	55,073,745

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. Non-Convertible Callable Zero-coupon Bond

	2022 Taka	2021 Taka
Received this year	20,000,000	-
Accrued Interest	1,309,644	-
Closing balance	21,309,644	-

The Bond amount was received pursuant to BSEC Sanction No. BSEC/CI/DS-146/2021/454 Date 15 July 2021.

19. Provision for Gratuity

	2022 Taka	2021 Taka
Opening balance	26,096,182	27,218,882
Contribution during this year	3,955,180	4,002,800
	30,051,362	31,221,682
Paid during this year	(5,655,675)	(5,125,500)
Closing balance	24,395,687	26,096,182

20. Deferred Tax Liability

	2022 Taka	2021 Taka
Opening balance	85,348,514	78,583,298
Charged to profit or loss account during the year	3,394,227	6,923,372
Adjustment for depreciation of revalued assets	(158,156)	(158,156)
Closing balance	<u>88,584,586</u>	<u>85,348,514</u>
A. Property, Plant and Equipment (PPE)		
WDV of Accounting Base	1,669,837,896	1,518,401,168
WDV of Tax Base	<u>1,265,101,585</u>	<u>1,134,592,541</u>
Taxable temporary difference	404,736,311	383,808,627
Tax rate	15%	15%
Deferred tax liability/(asset)	<u>60,710,447</u>	<u>57,571,294</u>
B. Deferred Tax on Gratuity Provision		
Opening balance of deferred tax liability for gratuity provision	(3,914,427)	(4,082,832)
Addition during the year	255,074	168,405
Deferred tax liability/(asset)	<u>(3,659,353)</u>	<u>(3,914,427)</u>
C. Deferred Tax on Revaluation		
Revalued value of land	644,020,625	644,020,625
Revalued value of other than land	38,484,447	39,538,815
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>5,772,667</u>	<u>5,930,822</u>
Deferred tax liability/(asset)	<u>31,533,492</u>	<u>31,691,647</u>
Total (A+B+C)	<u>88,584,586</u>	<u>85,348,514</u>
Calculation of deferred tax charged on Profit or Loss Account:		
Deferred tax liability other than revalued asset as on June 30, 2021	53,656,867	46,733,495
Deferred tax liability other than revalued asset as on June 30, 2022	<u>57,051,094</u>	<u>53,656,867</u>
	<u>3,394,227</u>	<u>6,923,372</u>
21. Short-term Loans		
Bank Overdrafts - Note 21.01	51,160,682	73,932,455
Time Loan - Note 21.02	25,586,681	388,546,435
Loan against Trust Receipts - Note 21.03	27,848,526	9,357,890
Current Maturity of long-term loans - Note 21.04	<u>263,920,598</u>	<u>191,586,271</u>
	<u>368,516,487</u>	<u>663,423,051</u>
21.01. Bank Overdraft		
Trust Bank Ltd, SKB Branch	51,160,682	50,933,128
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	-	22,999,327
	<u>51,160,682</u>	<u>73,932,455</u>
These are secured.		
21.02. Time Loan		
9% Loan - Note 21.02.1	-	359,397,739
9% Loan - Note 21.02.2	<u>25,586,681</u>	<u>29,148,696</u>
	<u>25,586,681</u>	<u>388,546,435</u>

21.02.1 The movement of loan is as follows:

	2022 Taka	2021 Taka
Openining balance	359,397,739	367,249,038
Paid this year	-	(36,077,375)
Accrued Interest	-	28,226,076
	<u>359,397,739</u>	<u>359,397,739</u>
Transfer to Loan term loan	(359,397,739)	-
Closing balance	<u>-</u>	<u>359,397,739</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.

21.02.2 The movement of loan is as follows:

Openining balance	29,148,696	28,500,000
Received this year	-	-
Paid this year	(4,298,696)	(320,671)
Accrued Interest	736,681	969,367
Closing balance	<u>25,586,681</u>	<u>29,148,696</u>

The loan has been taken from Trust Bank Ltd, SKB Branch, 195 Motijheel C/A, Dhaka-1000 for Working Capital requirement. The loan carries interest at 9% and is repayable in 12 months.

21.03 Loan against Trust Receipts

Openining balance	9,357,890	9,357,890
Loan received this year	27,848,526	-
Less: Paid during this year	(9,357,890)	-
Closing balance	<u>27,848,526</u>	<u>9,357,890</u>

21.04 Current Maturity of long-term loans

Mutual Trust Bank Ltd, Gulshan Branch, Dhaka	21.04.1	133,380,745	158,205,996
The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Dhaka	21.04.2	-	8,577,655
IPDC Finance Ltd, Hosna Centre (4th Floor), 06 Gulshan Avenue, Dhaka	21.04.3	51,958,058	24,802,620
United Commercial Bank Ltd., Gulshan Corporate Branch, Dhaka	21.04.4	78,581,795	-
Closing balance		<u>263,920,598</u>	<u>191,586,271</u>

21.04.1 The movement of loan is as follows:

Openining balance	158,205,996	23,357,662
Current Maturity this year	184,051,634	158,205,996
	<u>342,257,630</u>	<u>181,563,658</u>
Paid during this year	(208,876,885)	(23,357,662)
Closing balance	<u>133,380,745</u>	<u>158,205,996</u>

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

21.04.2 The movement of loan is as follows:

Openining balance	8,577,655	31,021,832
Current Maturity this year	-	8,577,655
	<u>8,577,655</u>	<u>39,599,487</u>
Paid during this year	(8,577,655)	(31,021,832)
Closing balance	<u>-</u>	<u>8,577,655</u>

The offshore facility has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Biruttam, CR Dutta Road, Dhaka-1205, Bangladesh for import of Plant and machinery.

21.04.3 The movement of loan is as follows:

	2022 Taka	2021 Taka
Opening balance	24,802,620	9,191,204
Current Maturity this year	73,543,086	24,802,620
	<u>98,345,706</u>	<u>33,993,824</u>
Paid during this year	(46,387,648)	(9,191,204)
Closing balance	<u>51,958,058</u>	<u>24,802,620</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 treatment plant. The loan carries interest at 11% and is repayable in 72 equal monthly installments, starting from 25th November 2019.

21.04.4 The movement of loan is as follows:

Opening balance	-	-
Current Maturity this year	78,581,795	-
	<u>78,581,795</u>	<u>-</u>
Paid during this year	-	-
Closing balance	<u>78,581,795</u>	<u>-</u>

The lone 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 lone carries interest at 9% and is repayable in 54 Installments. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

22. Trade and Other Creditors Creditors

	2022		2021	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>5,744,216</u>	533,445,314	<u>6,243,975</u>	525,430,493
For Local Purchases		9,450,190		9,158,254
For Staff Income Tax		669,049		617,330
For Refund Warrant		-		371,469
		<u>543,564,653</u>		<u>535,577,546</u>

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

23. Unclaimed Dividend Account

	2022 Taka	2021 Taka
Opening balance	9,507,557	7,397,675
Refund Warrant	371,469	-
Addition during this year	12,650,000	12,388,145
Sale of Fractional Bonus share	276,369	-
	<u>22,805,395</u>	<u>19,785,820</u>
Less: Transfer to Capital Market Stabilization Fund (CMSF)	(5,477,457)	-
	<u>17,327,938</u>	<u>19,785,820</u>
Payment during this period	(11,629,157)	(10,278,263)
	<u>5,698,781</u>	<u>9,507,557</u>

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

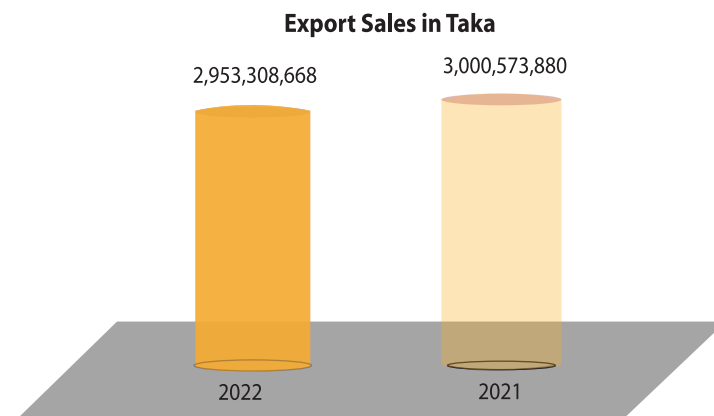
24. Accrued Expenses

Gas Expenses (Factory)	15,125,133	15,192,692
Electricity bill	188,289	76,102
Telephone	145,240	135,450
Salaries, Wages and Allowances	19,533,733	14,879,016
Security bill	-	75,275
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	250,000	250,000
	<u>35,474,895</u>	<u>30,841,035</u>

25. Provision for Current Taxation	2022 Taka	2021 Taka
Opening balance	49,803,043	44,069,406
Addition during the year	18,910,163	21,924,237
	<u>68,713,206</u>	<u>65,993,643</u>
Paid during the year	(25,732,648)	(16,190,600)
Closing balance	<u>42,980,558</u>	<u>49,803,043</u>
26. Bills Receivable Discounted		
Opening balance	16,945,349	25,558,605
Discounted during the year	156,985,430	169,845,684
	<u>173,930,779</u>	<u>195,404,289</u>
Collected during the year	(157,031,921)	(178,458,940)
Closing balance	<u>16,898,958</u>	<u>16,945,349</u>
27. Workers' Participation/Welfare Funds		
Opening balance	13,303,076	14,491,236
Payment during this year	(7,265,842)	(6,854,850)
	<u>6,037,234</u>	<u>7,636,386</u>
Contributions for the year	4,883,743	5,093,961
Interest during the year	452,793	572,729
Closing balance	<u>11,373,770</u>	<u>13,303,076</u>
Interest has been provided on the funds balance in terms of the Bangladesh Labour Law.		
28. Net Assets Value (NAV) Per Share		
Total Assets	3,979,535,527	3,760,592,946
Total Liabilities	(2,774,724,753)	(2,617,475,293)
A. Net Assets	<u>1,204,810,774</u>	<u>1,143,117,653</u>
B. Number of ordinary of shares	<u>26,565,000</u>	<u>25,300,000</u>
Net Assets Value (NAV) Per Share (A/B)	<u>45.35</u>	<u>45.18</u>

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

29. Sales	2022			2021		
Item	Quantity	Amount (in US\$)	Amount (In Taka)	Quantity	Amount (In US\$)	Amount (In Taka)
Export sales:						
Knit Fabrics (Kgs)	2,316,971	15,106,652	1,310,002,517	1,761,282	10,937,560	918,329,200
Garments (Pcs)	5,928,880	19,150,282	1,643,306,151	10,609,820	24,826,979	2,082,244,680
Total		<u>34,256,934</u>	<u>2,953,308,668</u>		<u>35,764,539</u>	<u>3,000,573,880</u>



30. Export Incentives

Cash Incentive

2022
Taka

40,297,350

40,297,350

2021
Taka

51,340,341

51,340,341

31. Cost of Goods Sold

31.1 The break-up is as follows:

Materials Consumed - Note-31.2

2,150,078,451

2,271,063,462

Salary, Wages and Allowances - Note 31.3

240,859,851

244,422,140

Tiffin & Entertainment expenses

912,251

992,450

Depreciation - Annexure-A

84,639,221

73,228,824

Stores and Spares Consumed

932,568

1,258,770

Factory Conveyance

976,016

984,545

Power and Gas

99,156,418

96,193,104

Gratuity

2,932,540

2,987,580

Vehicle expenses

1,886,073

1,695,875

Repairs and Maintenance

1,165,842

1,465,985

Packing & Loading expenses

1,358,954

1,557,394

Import Landing, Clearing and Insurance

1,462,548

1,558,533

Factory Stationery expenses

1,270,889

1,229,792

Carriage Inward & Outward

3,346,754

3,084,500

Knitting, Sewing & Processing charge

3,045,852

3,659,754

Factory Insurance

3,279,826

3,100,629

Sewing Machine Rental

425,500

685,450

Miscellaneous

155,000

287,540

Total Manufacturing Costs for the year

2,597,884,554

2,709,456,327

Add: Opening Work in Process

170,047,725

93,354,996

Total Manufacturing Costs

2,767,932,279

2,802,811,323

Less: Closing Work in Process

184,171,796

170,047,725

Cost of Goods Manufactured

2,583,760,483

2,632,763,598

Add: Opening Finished Goods

105,640,861

84,784,030

Cost of Goods available for use

2,689,401,344

2,717,547,628

Less: Closing Finished Goods

129,658,287

105,640,861

Cost of Goods Sold

2,559,743,057

2,611,906,767

31.2 Materials Consumed

2022

Quantity (Kg)

Taka

Yarn

4,131,229

1,565,384,556

Dyes

307,009

218,186,320

Chemicals

1,316,832

213,958,921

Accessories

152,548,654

Total Materials Consumption

2,150,078,451

2021

Quantity (Kg)

Taka

5,259,671

1,609,459,218

344,590

230,875,243

1,495,955

226,053,754

204,675,247

2,271,063,462

31.3 Salaries, Wages and Allowances

No. of Employee

Taka

Employees drawing Tk. 8,000 or more per month

1,897

240,859,851

Employees drawing less than Tk. 8,000 per month

-

-

Total

1,897

240,859,851

No. of Employee

Taka

1,915

244,422,140

-

-

1,915

244,422,140

32. Administrative, Selling and General Expenses

32.1 The break-up is as below:

	2022 (Taka)	2021 (Taka)
Directors' Remuneration - Note 32.2	2,600,000	2,600,000
Salaries and Allowances - Note 32.3	60,165,874	60,370,283
Security Service charge	-	894,541
Depreciation - Annexure-A	21,159,805	18,307,206
Electricity expenses	2,826,376	2,291,654
Postage, Courier, Telephone and Fax	1,052,650	1,063,540
Form & Stamp	845,698	983,455
Gratuity	1,022,640	1,015,220
Traveling and Conveyance	872,540	875,840
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 32.2	172,500	172,500
A.G.M expenses	255,452	275,250
Registration and Fees	758,540	885,505
Staff welfare	556,850	781,287
Stationery expenses	867,009	945,102
Office Repairs and Maintenance	685,245	703,955
Vehicle expenses	1,512,214	1,683,478
Entertainment expenses	864,908	952,540
Central fund for RMG	480,585	622,767
Buying House Commission	1,565,000	1,656,500
Freight Charges & Freight out	2,003,528	3,755,455
Garments Testing & Inspection Charges	2,879,668	2,892,162
Miscellaneous	265,000	288,500
Total	103,472,082	104,076,740

32.2 No remuneration or fee, other than that specified in note 37 was paid to directors and auditors.

32.3 Salaries and Allowances:

	2022		2021	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 8,000 or more p/m	169	60,165,874	167	60,370,283
Employees drawing less than Tk. 8,000 p/m	-	-	-	-
	169	60,165,874	167	60,370,283

33. Financial Expenses

Interest Expenses- Note-33.1

Bank Charges

	2022 Taka	2021 Taka
Interest Expenses- Note-33.1	207,842,318	203,985,706
Bank Charges	21,474,239	25,418,378
	229,316,557	229,404,084

33.1 Interest expense is as follows:

Interest on Workers' Participation/Welfare Funds	452,793	572,729
Interest on Long-term Loans	142,810,641	115,297,408
Interest on Non-Convertible Callable Zero-coupon Bond	1,309,644	-
Interest on Bills Discounted	33,582,526	12,174,125
Interest on Bank Overdraft	5,111,360	6,073,345
Interest on Time Loan	736,681	38,065,438
Interest on Trust Receipts	561,633	117,300
Interest on Lease Finance	23,277,040	31,685,361
	207,842,318	203,985,706

34. Others Income

Interest in FDR

Exchange Fluctuation Gain/(Loss)- Note-34.1

Interest in FDR	999,004	-
Exchange Fluctuation Gain/(Loss)- Note-34.1	485,285	446,545
	1,484,289	446,545

34.1 Exchange Fluctuation Gain/(Loss)

Unrealised gain/(loss) on receivables	856,450	740,503
Unrealised gain/(loss) on payables	(525,690)	(342,140)
Unrealised gain/(loss) FC accounts balances	154,525	115,451
Unrealised gain/(loss) on loans	-	(67,269)
	485,285	446,545

35. Event after Balance Sheet Date:

The Board of Directors of the Company in its meeting held on October 27, 2022 (2021: October 27, 2021) recommended 5% cash dividend i.e. Tk. 0.50 per share of Tk. 10.00 each & 10% stock dividend (2021: 5% cash dividend and 5% stock dividend) for all shareholders of the company subject to their approval in the AGM.

36. Current Tax

	2022 Taka	2021 Taka
A. Regular Tax		
Profit before tax	97,674,868	101,879,215
Depreciation as per accounting base	105,799,026	91,536,030
	203,473,894	193,415,245
Depreciation as per Tax base	(125,672,342)	(139,774,025)
	77,801,552	53,641,220
Provision for Gratuity for the year	3,955,180	4,002,800
	81,756,732	57,644,020
Other income (Separate calculation)	1,484,289	-
	83,241,021	57,644,020
Payment for Gratuity	(5,655,675)	(5,125,500)
	77,585,346	52,518,520
Tax Rate @ 15%	11,637,802	7,877,778
B. Minimum Tax on gross receipt @ 0.30%	8,864,379	9,157,082
C. Tax Deducted at source U/S-52	18,910,163	21,237,141
Current tax expense (Higher of A, B & C)	18,910,163	21,237,141

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, 2020 are disclosed below:

Particulars	2022		2021	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary		35,869,854		36,574,263
House rent allowance		17,789,540		17,789,540
Other benefits and perquisites		6,506,480		6,006,480
	2,600,000	60,165,874	2,600,000	60,370,283

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 International Accounting Standard (IAS) 33: Earnings Per Share. The composition of EPS is given below:

	2022 (Taka)	2021 (Taka)
A. Earnings attributable to the Ordinary Shareholders (Net Profit after tax)	74,184,965	73,031,606
B. Number of ordinary shares outstanding during the year	26,565,000	25,300,000
Earnings Per Share (EPS) (A/B)	2.79	2.89

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)

2022 Taka	2021 Taka
3,006,724,266	3,007,414,163
1,329,764	331,094
(2,643,589,739)	(2,683,048,133)
364,464,291	324,697,124
(206,079,881)	(203,985,706)
(19,010,163)	(21,237,141)
139,374,247	99,474,277
26,565,000	25,300,000
5.25	3.93

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

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	108	59.29 (2021: 106.09)	54.90 (2021: 75.77%)
Knit Fabrics (MTs.)	6,000	5,225 (2021: 5,410)	87.08 (2021: 90.16%)

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

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
				2022 Taka	2021 Taka
Trust Bank Ltd. SKB Branch, Dhaka	B to B L/C, EDF & Sight	650,000,000	156,548,520	493,451,480	465,415,480
	IBP (Inner Limit B to BL/C, EDF & Sight)	70,000,000	-	70,000,000	70,000,000
	Trust receipt (B to BL/C, EDF & Sight)	40,500,000	27,848,526	12,651,474	31,142,110
	Overdraft	50,000,000	51,160,682	(1,160,682)	(933,128)
	Bank Guarantee	20,000,000	396,600	19,603,400	1,000,000
	Time Loan	30,000,000	25,586,681	4,413,319	-
		860,500,000	261,541,009	598,958,991	566,624,462
Mutual Trust Bank Ltd. Gulshan Branch, Dhaka	B to B L/C, EDF & Sight	1,000,000,000	192,548,650	807,451,350	806,345,800
	Secured Overdraft	150,000,000	-	150,000,000	150,000,000
	FDBP/IDBP	100,000,000	9,387,174	90,612,826	-
	Term Loan	1,060,000,000	1,089,673,805	(29,673,805)	72,231,482
		2,310,000,000	1,291,609,629	1,018,390,371	1,028,577,282
HSBC Anchor Tower, 108 Bir Uttam C.R. Datta Road, Dhaka-1205	Export Cash Limit	147,000,000	16,898,858	130,101,142	130,415,480
	Import Line	716,000,000	184,368,144	531,631,856	489,465,150
	Overdraft	50,000,000	-	50,000,000	27,000,673
	Bank Guarantee	18,000,000	17,797,900	202,1000	202,100
	Loan Line	54,540,000	-	54,540,000	45,962,345
		985,540,000	219,064,902	766,475,098	693,045,748

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

	2022		2021	
	Taka	%	Taka	%
Imported	562,618,597	26.16	592,290,570	27.17
Local	1,588,392,422	73.84	1,587,459,854	72.83
	2,151,011,019	100.00	2,179,750,424	100.00

43. Reconciliation of net operating cash flow

	2022 (Taka)	2021 (Taka)
Profit after tax	74,184,965	73,031,606
Depreciation	105,799,026	91,536,030
Changes in:		
Stock and Stores	(46,043,400)	(54,867,625)
Trade and other Debtors	12,809,198	(84,738,173)
Export Incentive Receivable	-	40,353,566
Advance Deposit and Prepayments	(8,108,732)	(6,405,271)
Trade Creditors	8,020,531	42,674,258
Unclaimed Dividend Account	(3,808,776)	2,109,882
Accrued Expenses	4,633,860	(13,511,776)
Decrease Revaluation Surplus	(896,212)	(896,212)
Provision for Current Taxation	(6,822,485)	5,733,637
Provision for Gratuity	(1,700,495)	(1,122,700)
Workers' Participation/Welfare Funds	(1,929,305)	(1,188,161)
Provision for Deferred Taxation	3,236,072	6,765,216
Net cash provided (used) by operating activities	139,374,247	99,474,277

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 Disclosures". Total exposure with the related parties during the year ended as at June 30, 2022 is as under:

Name of the related party	Relationship	Nature of Transaction	2022 Taka	2021 Taka
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics	1,310,002,517	918,329,200
		Receivable	33,550,000	24,950,000
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 interms of BSEC Notification No. BSEC/ CMRRCD/2009-193/2/ Admin/ 103 dated 5th February 2020.

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

Name of Directors	Designation	Monthly Remuneration	Bonus during the year	June 30, 2022	June 30, 2021
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	-	-	-	-
Professor Dr. Md. Zakir Hossain Bhuiyan	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 30th June 2022 and 30th June 2021.

45.2 There was no claim, except an aggregate amount of Tk. 28,979,884 (2021: 28,868,145) claimed by the Tax Authority but appealed against by the Company, not acknowledged as debt as at 30th June 2022 and 30th June 2021. 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 30th June 2022 and 30th June 2021.

45.4 There was no foreign shareholder of the Company as on 30th June 2022 and 30th June 2021 and no dividend was remitted to any foreign shareholders during the years ended 30th June 2022 and 30th June 2021.

45.5 There was no capital expenditure contracted but not incurred or provided for the year ended 30th June 2022 and 30th June 2021.

45.6 There was no capital expenditure authorised by the Board but not contracted for the year ended 30th June 2022 and 30th June 2021.


Mr. M. A. Moyeed
Managing Director


Mr. M. A. Momen
Director


Mr. M.A.A. Naheel
CFO


Mr. Md. Wali Ullah
Company Secretary

H.R. Textile Mills Limited
Schedule of Property, Plant and Equipment
As on 30th June 2022

Particulars	Cost or valuation		Rate	Depreciation		(Amount in Taka) Written down value
	As on 1 July 2021	Additions/ (Deletions) As on 30 June 2022		As on 1 July 2021	During the year As on 30 June 2022	
Factory Land and Development						
Factory Building	8,479,375	-	0.00%	-	-	8,479,375
Factory Shed	903,026,172	81,424,360	2.50%	94,597,037	22,603,539	867,249,956
Plant and Machinery	6,823,475	-	7.50%	6,823,470	-	5
Electric Installation	1,631,218,464	170,539,022	7.00%	950,198,116	72,741,998	778,817,372
Gas Installation	34,642,204	1,840,614	10.00%	27,060,059	3,589,785	5,832,974
Water Installation	7,826,035	-	10.00%	6,746,025	135,000	945,010
Stream Installation	9,380,520	373,000	10.00%	8,588,147	942,037	223,336
Furniture and Fixtures	2,563,352	-	10.00%	2,563,342	-	10
Telephone Installation	11,036,777	96,190	10.00%	11,026,159	5,835	100,973
Motor Vehicles	1,027,861	-	10.00%	1,027,851	-	10
Office Equipment	46,192,122	-	15.00%	37,647,109	3,290,440	5,254,573
Loose Tools	39,795,147	514,700	10.00%	39,406,079	-	903,768
Factory Equipment	183,875	-	10.00%	183,865	-	10
A. Total	13,423,742	1,393,500	10.00%	11,350,694	1,436,024	2,030,524
	2,715,619,121	256,181,386		1,197,217,953	104,744,658	1,669,837,896
Revaluation						
Factory Land and Development						
Factory Building	644,020,625	-	-	-	-	644,020,625
B. Total	42,174,735	-	2.50%	2,635,920	1,054,368	38,484,447
	686,195,360	-		2,635,920	1,054,368	682,505,072
Total (A+B) as on June 30, 2022	3,401,814,481	256,181,386		1,199,853,873	105,799,026	2,352,342,968

Allocation of Depreciation

Particulars	Notes	2021-22	2020-21
Cost of Goods Sold & Services	31.01	84,639,221	73,228,824
Administration	32.01	21,159,805	18,307,206
Total Depreciation		105,799,026	91,536,030

H.R. Textile Mills Limited

Schedule of Property, Plant and Equipment As on 30th June 2021

Annexure-A

(Amount in Taka)

Particulars	Cost or valuation		Rate	Depreciation		Written down value
	As on 1 July 2020	Additions/ (Deletions)		As on 1 July 2020	During the year 2021	As on 30 June 2021
Factory Land and Development	8,479,375	-	0.00%	-	-	8,479,375
Factory Building	336,957,885	566,068,287	2.50%	82,635,163	11,961,874	808,429,135
Factory Shed	6,823,475	-	7.50%	6,823,470	-	5
Plant and Machinery	1,464,038,732	167,179,732	7.00%	885,909,287	64,288,829	681,020,348
Electric Installation	34,280,804	361,400	10.00%	23,621,048	3,439,011	7,582,145
Gas Installation	7,826,035	-	10.00%	6,611,025	135,000	1,080,010
Water Installation	8,990,520	390,000	10.00%	7,652,339	8,588,147	792,373
Steam Installation	2,563,352	-	10.00%	2,563,342	-	10
Furniture and Fixtures	10,166,727	870,050	10.00%	9,976,277	1,049,882	10,618
Telephone Installation	1,027,861	-	10.00%	1,027,851	1,027,851	10
Motor Vehicles	46,192,122	-	15.00%	34,356,669	3,290,440	8,545,013
Office Equipment	38,016,447	1,778,700	10.00%	35,321,261	4,084,818	389,068
Loose Tools	183,875	-	10.00%	183,865	-	10
Factory Equipment	12,618,502	805,240	10.00%	10,054,694	1,296,000	2,073,048
A. Total	1,978,165,712	737,453,409		1,106,736,291	90,481,662	1,518,401,168
Revaluation						
Factory Land and Development	644,020,625	-	-	-	-	644,020,625
Factory Building	42,174,735	-	2.50%	1,581,552	1,054,368	39,538,815
B. Total	686,195,360	-		1,581,552	2,635,920	683,559,440
Total (A+B) as on June 30, 2021	2,664,361,072	737,453,409		1,108,317,843	91,536,030	2,201,960,608

Allocation of Depreciation

Particulars	2020-21	2019-20
Cost of Goods Sold & Services	73,228,824	71,487,414
Administration	18,307,206	17,871,854
Total Depreciation	91,536,030	89,359,268

Notes

31.01

32.01

H.R. Textile Mills Limited

Schedule of Quantitywise Movement of Inventories For the year ended on June 30, 2022

Annexure-B

Particulars	Opening Stock		Purchase/Production		Material Consumed/Sales		Closing Stock	
	Quantity	Unit	Quantity	Unit	Quantity	Unit	Quantity	Taka
Yarn	964,335	Kg	267,05	Kg	257,522,055	3,831,051	1,571,387,653	263,525,152
Dyes	58,789	Kg	709,22	Kg	41,694,405	305,177	218,597,698	42,105,783
Chemicals	480,087	Kg	89,80	Kg	43,113,901	1,035,247	213,367,377	42,522,357
Work-in-Process	-	-	-	-	-	-	-	184,171,796
Finished Fabrics	130,247	Kg	514,53	Kg	67,003,467	-	126,733	86,303,521
Finished Goods	117,980	Pcs	198,69	Pcs	38,637,394	-	156,425	43,354,766
Accessories	-	-	-	-	-	-	-	17,865,357
Goods In Transit	-	-	-	-	-	-	-	13,659,858
Spare Parts	-	-	-	-	-	-	-	14,236,590
Total	1,855,889	-	661,701,780	-	5,171,475	-	2,156,179,281	707,745,180

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 38th Annual General Meeting of the company to be held on Wednesday, 18th January 2023 at 11:30 am at the Digital Platform and at any adjournment thereof.

As witness my hands this day of January 2023

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 38th Annual General Meeting of H.R. Textile Mills Limited to be held on Wednesday, 18th January 2023 at 11:30 am at the Digital Platform.

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 hrtext_cs@pride-grp.com not later than 48 hours before the commencement of the AGM.



HR