

**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><b>Revenue</b></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"> <li>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;</li> <li>2. Assessing completeness and accuracy of the data used for recognition of revenue;</li> <li>3. Considering the adequacy of the financial statement disclosures contained in relation with revenue during the year;</li> <li>4. Evaluating the appropriateness of the notes related to the company's revenue; and</li> <li>5. Examining the long-term contracts with major customers, long-term contracts make it more difficult for customers to switch vendors suddenly.</li> </ol>

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"> <li>1. Reviewing the tax calculation work flows and related details. To be specific, our substantive testing procedures included the following;</li> <li>2. Current tax has been calculated on the basis of add and back some inadmissible and admissible expenses respectively as per ITO 1984;</li> <li>3. Tax on income from export was derived properly; and</li> <li>3. Exclusions as allowable by the 6th Schedule- (Part A, Para 28) of ITO 1984 were applied duly.</li> </ol>

**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

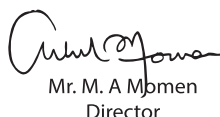
### Statement of Financial Position

#### As at 30th June 2022

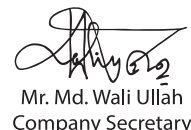
Particulars	Notes	As at 30/06/2022 Taka	As at 30/06/2021 Taka
<b>ASSETS</b>			
Non-Current Assets		2,431,739,472	2,217,858,108
Property, Plant and Equipment	4	2,352,342,968	2,201,960,608
Investment in FDR	6	79,396,504	15,897,500
Current Assets		1,547,796,055	1,542,734,838
Stocks and Stores	7	707,745,180	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
<b>Total Assets</b>		<b>3,979,535,527</b>	<b>3,760,592,946</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>		<b>1,204,810,774</b>	<b>1,143,117,653</b>
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
<b>Total Liabilities</b>		<b>2,774,724,753</b>	<b>2,617,475,293</b>
<b>Total Shareholders' Equity &amp; Liabilities</b>		<b>3,979,535,527</b>	<b>3,760,592,946</b>
<b>Net Assets Value (NAV) per share</b>	28	<b>45.35</b>	<b>45.18</b>

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

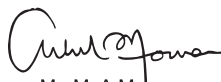
  
Rahman Mostafa Alam & CO.  
Chartered Accountants

**H.R. Textile Mills Limited**  
**Statement of 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
<b>Turnover</b>		<b>2,993,606,018</b>	<b>3,051,914,221</b>
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)
<b>Net Profit before Tax</b>		<b>97,674,868</b>	<b>101,879,215</b>
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)
<b>Net Profit after Tax</b>		<b>74,184,965</b>	<b>73,031,606</b>
<b>Earning Per Share (EPS)</b>	38	<b>2.79</b>	<b>2.89</b>
<b>Earning Per Share (EPS) (Restated)</b>	38	<b>2.79</b>	<b>2.75</b>

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

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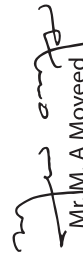
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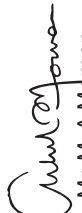
Signed in terms of our annexed report of even date.  
Dated: Dhaka: November 6, 2022  
DVC: 2211061204AS550169

  
Rahman Mostafa Alam & CO.  
Chartered Accountants

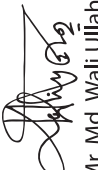
**H.R. Textile Mills Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the year ended 30th June 2022**

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. 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**

<u>Particulars</u>	<u>Notes</u>	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)
<b>Net Cash inflows from operating activities</b>		<b>139,374,247</b>	<b>99,474,277</b>
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)
<b>Net Cash outflows from investing activities</b>		<b>(319,680,390)</b>	<b>(150,218,383)</b>
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)
<b>Net Cash inflow from financing activities</b>		<b>144,024,425</b>	<b>121,711,684</b>
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
<b>Net Operating Cash Flows Per Share (NOCFPS)</b>	39	<b>5.25</b>	<b>3.93</b>

  
 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:

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

### 3.11 Employee Benefits:

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

#### Retrial Benefits (Gratuity):

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

### 3.12 Related party disclosure

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

### 3.13 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the requirements of IAS 7 "Statement of Cash Flows". The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules, 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

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:

Stock of Yarn - Note 7.2

Stock of Dyes and Chemicals - Note 7.3

Stock of Work-in-Process - Note 7.4

Stock of Finished Goods - Note 7.5

Stock of Accessories

Goods in Transit

Stock of Spares

## 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)
664,167	263,525,152	964,335	257,522,055
255,459	84,628,140	538,876	84,808,306
	184,171,796		170,047,725
	129,658,287		105,640,861
	17,865,357		17,587,458
	13,659,858		12,214,521
	693,508,590		647,820,926
	14,236,590		13,880,854
	707,745,180		661,701,780
664,167	263,525,152	964,335	257,522,055
664,167	263,525,152	964,335	257,522,055
56,957	42,105,783	58,789	41,694,405
198,502	42,522,357	480,087	43,113,901
255,459	84,628,140	538,876	84,808,306
	105,936,538		119,645,444
	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

2022 Taka	2021 Taka
<u>1,000,000,000</u>	<u>1,000,000,000</u>
<u>265,650,000</u>	<u>253,000,000</u>

**11.3 Composition of Shareholdings:**Classes of Holdings

Sponsor/Directors  
 Financial Institutions  
 General Public  
 Total

June 30, 2022		June 30, 2021	
No. of Shares	%	No. of Shares	%
13,449,047	50.63	12,808,619	50.63
1,610,080	6.06	1,712,981	6.77
11,505,873	43.31	10,778,400	42.60
<u>26,565,000</u>	<u>100.00</u>	<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 (%)
00000000001 - 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 - 00000002000	917	2,017,400	7.59	710	1,574,543	6.22
00000002001 - 00000005000	523	1,478,521	5.57	565	1,808,000	7.15
00000005001 - 00000010000	121	877,492	3.30	195	1,375,140	5.44
00000010001 - 00000050000	47	1,598,000	6.02	49	1,617,000	6.39
00000050001 - 00000100000	5	445,000	1.67	5	440,000	1.73
00000100001 - 00000250000	9	1,899,000	7.15	6	1,272,000	5.03
00000250001 - 00000500000	2	1,011,210	3.81	2	1,011,741	4.00
00000500001 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 &amp; Closing balance

2022 Taka	2021 Taka
6,956,752	6,956,752

**13. Tax Holiday Reserve**

Opening &amp; Closing balance

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

Opening &amp; Closing balance

10,000,000	10,000,000
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**15. Revaluation Surplus**

Revaluation Surplus

651,867,794	652,764,006
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Transferred to retained earnings

(896,212)	(896,212)
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Closing balance

650,971,582	651,867,794
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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

2022 Taka	2021 Taka
198,914,119	137,216,290

Total Comprehensive income for the year:

Profit for the year

74,184,965	73,031,606
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Revaluation reserve realized

1,054,368	1,054,368
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274,153,452	211,302,264
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Dividend during the year:

Final dividend for previous year (Bonus share)

(12,650,000)	-
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Final dividend for previous year (Cash)

(12,650,000)	(12,388,145)
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Balance as on June 30, 2022

248,853,452	198,914,119
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**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

2022 Taka	2021 Taka
-	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 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 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>
<b>A. Property, Plant and Equipment (PPE)</b>		
WDV of Accounting Base	1,669,837,896	1,518,401,168
WDV of Tax Base	1,265,101,585	1,134,592,541
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>B. Deferred Tax on Gratuity Provision</b>		
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>
<b>C. Deferred Tax on Revaluation</b>		
Revalued value of land	644,020,625	644,020,625
Revalued value of other than land	38,484,447	39,538,815
<b>Tax Rate</b>		
On land	4%	4%
On other than land	15%	15%
<b>Deferred tax liabilities</b>		
For land	25,760,825	25,760,825
For other than land	5,772,667	5,930,822
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	57,051,094	53,656,867
	<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	263,920,598	191,586,271
	<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	25,586,681	29,148,696
	<u>25,586,681</u>	<u>388,546,435</u>

21.02.1 The movement of loan is as follows:

	2022 Taka	2021 Taka
Opening 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:

Opening 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

Opening 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:

Opening 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:

Opening 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

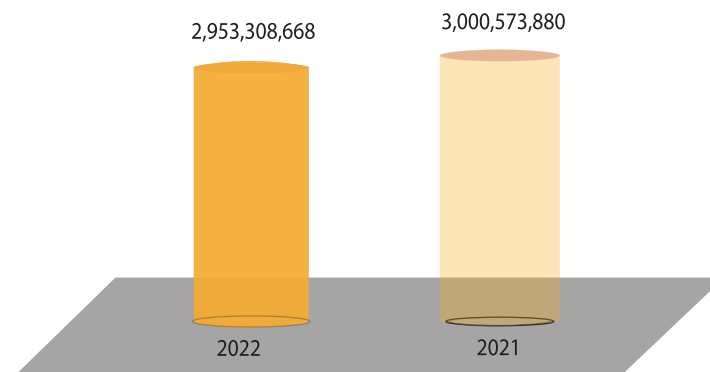
Gas Expenses (Factory)	15,125,133	15,192,692
Electricity bill	188,289	76,102
Telephone	145,240	135,450
Salaries, Wages and Allowances	19,533,733	14,879,016
Security bill	-	75,275
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	250,000	250,000
	<u>35,474,895</u>	<u>30,841,035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

#### Export Sales in Taka



## 30. Export Incentives

## Cash Incentive

2022 Taka	2021 Taka
40,297,350	51,340,341
<u>40,297,350</u>	<u>51,340,341</u>

## 31. Cost of Goods Sold

## 31.1 The break-up is as follows:

## Materials Consumed - Note-31.2

## Salary, Wages and Allowances - Note 31.3

## Tiffin &amp; Entertainment expenses

## Depreciation - Annexure-A

## Stores and Spares Consumed

## Factory Conveyance

## Power and Gas

## Gratuity

## Vehicle expenses

## Repairs and Maintenance

## Packing &amp; Loading expenses

## Import Landing, Clearing and Insurance

## Factory Stationery expenses

## Carriage Inward &amp; Outward

## Knitting, Sewing &amp; Processing charge

## Factory Insurance

## Sewing Machine Rental

## Miscellaneous

## Total Manufacturing Costs for the year

## Add: Opening Work in Process

## Total Manufacturing Costs

## Less: Closing Work in Process

## Cost of Goods Manufactured

## Add: Opening Finished Goods

## Cost of Goods available for use

## Less: Closing Finished Goods

## Cost of Goods Sold

2022 Taka	2021 Taka
2,150,078,451	2,271,063,462
240,859,851	244,422,140
912,251	992,450
84,639,221	73,228,824
932,568	1,258,770
976,016	984,545
99,156,418	96,193,104
2,932,540	2,987,580
1,886,073	1,695,875
1,165,842	1,465,985
1,358,954	1,557,394
1,462,548	1,558,533
1,270,889	1,229,792
3,346,754	3,084,500
3,045,852	3,659,754
3,279,826	3,100,629
425,500	685,450
155,000	287,540
<u>2,597,884,554</u>	<u>2,709,456,327</u>
<u>170,047,725</u>	<u>93,354,996</u>
<u>2,767,932,279</u>	<u>2,802,811,323</u>
<u>184,171,796</u>	<u>170,047,725</u>
<u>2,583,760,483</u>	<u>2,632,763,598</u>
<u>105,640,861</u>	<u>84,784,030</u>
<u>2,689,401,344</u>	<u>2,717,547,628</u>
<u>129,658,287</u>	<u>105,640,861</u>
<u>2,559,743,057</u>	<u>2,611,906,767</u>

## 31.2 Materials Consumed

## Yarn

## Dyes

## Chemicals

## Accessories

## Total Materials Consumption

2022		2021	
Quantity (Kg)	Taka	Quantity (Kg)	Taka
4,131,229	1,565,384,556	5,259,671	1,609,459,218
307,009	218,186,320	344,590	230,875,243
1,316,832	213,958,921	1,495,955	226,053,754
	152,548,654		204,675,247
	<u>2,150,078,451</u>		<u>2,271,063,462</u>

## 31.3 Salaries, Wages and Allowances

## Employees drawing Tk. 8,000 or more per month

## Employees drawing less than Tk. 8,000 per month

## Total

No. of Employee	Taka	No. of Employee	Taka
1,897	240,859,851	1,915	244,422,140
-	-	-	-
<u>1,897</u>	<u>240,859,851</u>	<u>1,915</u>	<u>244,422,140</u>

## 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
<b>Total</b>	<b>103,472,082</b>	<b>104,076,740</b>

## 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	-	-	-	-
	<u>169</u>	<u>60,165,874</u>	<u>167</u>	<u>60,370,283</u>

## 33. Financial Expenses

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

## 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
	<u>207,842,318</u>	<u>203,985,706</u>

## 34. Others Income

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

## 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)
	<u>485,285</u>	<u>446,545</u>

## 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 of 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	
		Taka	Taka	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	-	-

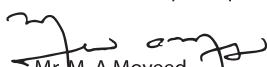
Approval for receivable in Fashion Knit Garments Ltd., will be taken in next Annual General Meeting interims of BSEC Notification No. BSEC/ CMRRCD/2009-193/2/ Admin/ 103 dated 5th February 2020.

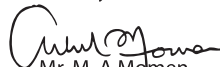
## B. Disclosure as per requirement of Schedule XI, Part II, Para 4:

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 30 June 2022
	As on 1 July 2021	Additions/ (Deletions)		As on 1 July 2021	During the year	
Factory Land and Development	8,479,375	-	0.00%	-	-	8,479,375
Factory Building	903,026,172	81,424,360	2.50%	94,597,037	22,603,539	867,249,956
Factory Shed	6,823,475	-	7.50%	6,823,470	-	5
Plant and Machinery	1,631,218,464	170,539,022	7.00%	950,198,116	72,741,998	778,817,372
Electric Installation	34,642,204	1,840,614	10.00%	27,060,059	3,589,785	5,832,974
Gas Installation	7,826,035	-	10.00%	6,746,025	135,000	945,010
Water Installation	9,380,520	373,000	10.00%	8,588,147	942,037	223,336
Steam Installation	2,563,352	-	10.00%	2,563,342	-	10
Furniture and Fixtures	11,036,777	96,190	10.00%	11,026,159	5,835	100,973
Telephone Installation	1,027,861	-	10.00%	1,027,851	-	10
Motor Vehicles	46,192,122	-	15.00%	37,647,109	3,290,440	5,254,573
Office Equipment	39,795,147	514,700	10.00%	39,406,079	-	903,768
Loose Tools	183,875	-	10.00%	183,865	-	10
Factory Equipment	13,423,742	1,393,500	10.00%	11,350,694	1,436,024	2,030,524
A. Total	2,715,619,121	256,181,386		1,197,217,953	104,744,658	1,669,837,896
Revaluation						
Factory Land and Development	644,020,625	-	-	-	-	644,020,625
Factory Building	42,174,735	-	2.50%	2,635,920	1,054,368	38,484,447
B. Total	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						2020-21
Cost of Goods Sold & Services						73,228,824
Administration						18,307,206
Total Depreciation						91,536,030
Notes						2021-22
31.01						84,639,221
32.01						21,159,805
						105,799,026

