

Report of the Board of Directors For the year ended 30th June 2023

“Bismilla-Hir Rahmanir Rahim”

Distinguished Shareholders

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

We are happy to welcome you at the 39th Annual General Meeting of the company. As desired by the Regulators and given the current environment it is expeditious to conduct this meeting through digital platform. We hope you are in good health and spirit. We passing through a very difficult time both nationally and globally in terms of environmental, social and turbulent economic situation.

Keeping in view the participation of many shareholders through Zoom, we are now placing before you, to receive and consider the Audited Financial Statements of the Company for the year ended on 30th June 2023, 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 (HRTM) 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 dividends regularly in the range of 10% to 15% with a few exceptions of 5%. The paid-up capital of the company is now Tk. 292,215,000 and the company enjoys franchise value in the market and is listed with both bourses of the country.

2.0 The Board

2.1 Composition

The Board of the company is consisted of eight Directors, including two independent Directors. The Board members, having wide experience in the field, 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 overall day to day operation is being looked after by the Managing Director under the overall broad guidance of the Board. The highlights of the Directors' background are shown as Annexure-1.

2.2 Philosophy and Policy

The Board principally guides the company 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 Directors also maintain liaison with banks for funding and non-funded financial facilities 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. All these are done through the Board meetings along with the top executives.

2.3 Independent Director

The two independent directors of the board are actively participating in the Board and Committee meetings. The selection of an independent director is done through extensive search. In compliance with the BSEC regulations, the persons having knowledge and experience relevant to the strategic and operational needs the company are being selected as independent directors. Keeping in view the BSEC Guidelines one of the independent Directors is heading the Audit Committee while the other Independent Director is heading the Nomination and Remuneration Committee.

In order to fill up the vacancy created out of the resignation of Professor Dr. Md. Zakir Hossain Bhuiyan, the Chairman invited the members to propose names of persons who can serve the company with knowledge and acumen. It was also informed to the Board that the Remuneration Committee proposed the name of Mr. Md. Kabiruzzaman, S/o. Mr. Late Md. Nuruzzaman, qualification B.S.S. (Hons), M.S.S. Major in Public Administration, having 39 years of experience in business as replacement of Professor Dr Zakir Hossain. The Board reviewed the proposal of the

Remuneration Committee vis a vis the requirement of BSEC approved the appoint Mr. Md. Kabiruzzaman in the vacant position of Independent Director for a term of three years subject to approval of the shareholders at the 39th Annual General Meeting. A brief profile of Mr. Md. Kabiruzzaman is given on page # 7 of the Annual Report.

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, Ms. Sumbal Azwad Momen and Ms. Sana Kainat Moyeen 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	4	20,000
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	4	20,000

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

Your company is a composite knit garments manufacturer. The RMG sector has been passing through many challenges. It is continuously losing competitiveness due to product price, environment

and social factors imposed by various stakeholders including the regulators and the buyers. Historically, Bangladeshi regulators have adopted time-based pay instead of piece-rates, hence, wages could not have been linked with performance. Consequently, wages increases have utterly failed to yield any meaningful increase of labour productivity. Thus, value generation have increasingly become costlier thereby stripping off the competitive advantage that Bangladesh once had! Labour and energy costs escalations have begun to seriously threaten the very existence of the industry. Additionally, given the inconsistent and inadequate supply of power and fuel (natural gas and its alternatives) the factories could only utilize a very small fraction of their installed capacities. Consequent to running operations with a low-capacity utilization, have led not only to cost escalation but also in failures of delivery and quality commitments to the buyers. This has further weakened the competitiveness of the industry. However, with the resolution of the energy problem the growth potential of the sector still remains in product and market diversification. The management of your company has been relentlessly working toward this end and have successfully added outer wear and woven garments into its existing product basket. Further, your company has successfully negotiated with buyers from India, a non-traditional market, in its effort to diversify market. Strong initiatives are currently been taken to further strengthen efforts into non-traditional markets.

4.0 Compliances

4.1 BSEC notification on Corporate Governance Code

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-27) of this Report.

4.2 Compliance in Production Process

In the production process, the buyers' requirements on compliance remains the topmost priority. Achieving consistent compliance of buyers' requirements in terms of quality of fabric, style, colour, production process, is remains one of the top challenges for the management. The management

of human resource and the maintenance of sustainable environment offer the greatest leverage in maintaining stable, consistent and fully compliant production process in your company. Your 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

HRTM, being a reputed company in the knit sector, is under scanner of all stakeholders through payment to suppliers, bankers, shareholders which are looked into 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 keep compliant from all corporate aspects.

4.5 Financial Reporting

Your 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. HRTM keeps itself always compliant.

4.6 Financial Review

The company regularly reviews its financial position through standard measures and procedures. Since a 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

The auditing of financial statements 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.

In the Last AGM, M/s SK Barua & Co, Chartered Accountants was appointed as new Auditors of the company after expiry of the three years audit term of M/s Rahman Mostafa Alam & Co, Chartered Accountants. The new auditors, after carefully reviewing the systems and procedures in a great detail, has identified some points requiring improvement in the system which needs attention of the management. The Board has instructed the top management to address those issues after carefully examining the regulatory requirements and to take corrective actions in order to make the Financial System of the company more transparent and qualitative.

4.8 Compliance with other Rules and Regulations

The Company provides a complete set of financial statements and relevant documents to the BSEC, CDBL, NBR, RJSC, DSE and CSE. The CFO and Company Secretary always accommodate any queries that are raised by different regulators during the year.

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

4.11 Secretarial Standards

HRTM complies with all the Bangladesh Secretarial Standards (BSS) as issued by The Institute of Chartered Secretaries of Bangladesh and adopted by BSEC as guidelines for the listed companies

4.12 Scrutinizers

The company also complies the new requirement of appointing independent scrutinizer to maintain records of AGM. The independent scrutinizer is present in this meeting 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 has been formed 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

The Board has specified the role and responsibility of the Managing Director in order to maintain smooth performance and transparency. The company 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 2022-23. At present the company does not have any plan for Repeat Public Offering (RPO), in the near future.

6.2 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. 15,910,220. Out of the above the Board recommended a cash dividend of Tk. 0.50 (i.e., 5%) per share of Tk. 10 for general shareholders other than sponsors/ directors' shareholders against 15% dividend (5% cash and 10% stock dividend) per share in the last year. The above would require a cash outflow of Tk. 7.56 million. The balance amount of

Tk. 8.35 million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

6.3 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, sanctions, working hazards of the local textile industry indicate significant business risks. The country's exporters are accustomed to such risks and have learned 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.

6.4 Interim Dividend

No interim dividend was declared by the Board of Directors during the year 2022-23.

6.5 The company as Going Concern

"Going Concern" is a concept which 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 continue to 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.

6.6 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.

6.7 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. The company also follows the wages policy as suggested by the Government.

6.8 Policy on Employee's Participation in Management

HRTM believes 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 (CG)

7.1 Corporate Governance Statement

The buzz word Corporate Governance (CG) is one of the words of "ESG" which has created significant impact in the management of a corporate globally. Principally the Board of Directors 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. The company 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.

CG and its focus remained 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 BESC'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 buyers, suppliers and us.

9.0 Environmental issues

9.1 ESG 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 waste water 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.

9.2 Health and Safety

HRTML is committed to provide a healthy and risk-free environment for its employees, customers, contractors, suppliers, visitors, etc. We have made it compulsory that all sites must maintain safety helmet, safety belts, safety nets, fire extinguisher, oxygen cylinder, mask, first aid box etc.

10.0 Financial Management

10.1 Monitoring

HRTM practices internal control systems which are updated, adjusted and is 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

HRTM has 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 HRTM 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 HRTM 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

HRTM has been following the policy of informing all price sensitive information within 2 hours 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

HRTM has been following the policy of informing all price sensitive information within 2 hours of the decision or immediately upon getting such information to the BSEC and the bourses. 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.

11.3 Communications with Shareholders

Your company management is always careful to maintain liaison with its shareholders. The company encourages communication 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, the management tries its best to keep the existing customers on board and also to bring new customers for the products with quality and innovation.

12.2 Community

HRTM 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. The company is working with a number of suppliers. Some of them are in the supply chain while many are involved in provid-

ing services as and when required. The company has good relations with all the suppliers. 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. HRTM is required to maintain close liaison with the regulators such as BSEC, RJSC and others vis a vis other quasi regulator like DSEL, CSE PLC, 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

Your company maintains financial partnership with a 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. In view of the above the company has strong financial flexibility for financial support if needed.

12.7 Protection of Minority Shareholders

HRTM 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 the company 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

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

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 38th AGM as the Corporate Governance Auditors of the company for the year 2022-23 as per the requirement of the Condition No. 9 of the Corporate Governance Code, and to continue till conclusion of this 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 2023-24. 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, 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) held one meeting during the year. All the committee members attended the above meetings. 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. 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 48.23% during the year. Out of the balance shares, the institutions are holding 10.20%, which was 6.06% in the previous year. The shareholding of the general public has decreased to 41.57% compared from 43.31% in the previous year, on the date of year closing. The shareholding pattern of the company for the year closing on 30th June 2023 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	4,345,404	14.871
Professor Dr. Muhammad Abdul Moyeen, Chairman	3,995,402	13.673
Professor Mohammad Abdul Momen, Director	3,995,402	13.673
Ms. Ruhey Rawa, Director	585,913	2.005
Ms. Sumbal Azwad Momen, Director	585,913	2.005
Ms. Sana Kainat Moyeen, Director	585,913	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	14,093,947	48.23
Mrs. Umbirin Moyeed	14,619	Shares, included in the slot of general shareholders
Dr. Shaheen Afroze	19,297	
Ms. Salsabil Abreshmi Momen	16,697	
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	-

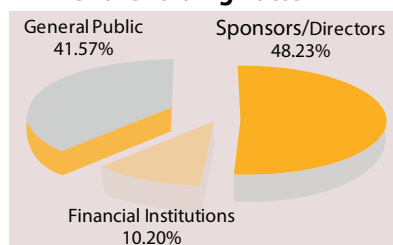
c) Voting Interest (Shareholders holding 10% or more shares have voting interest in the company):

Name	Designation	Shares	Percentage
Professor Dr. Muhammad Abdul Moyeen	Chairman	3,995,402	13.673
Mr. Mohammad Abdul Moyeed	MD & CEO	4,345,404	14.871
Professor Mohammad Abdul Momen	Director	3,995,402	13.673

d) Executives:

Name	Designation	Shares
Mr. Mohammad Karim Hossain	GM (MIS)	Nil
Mr. Nazmul Hossain Khan	DGM (Commercial)	Nil
Mr. Monirul Islam	AGM (Admin)	Nil
Mr. Himat Pramanik	Assistant Manager (HRD)	Nil

Shareholding Pattern



17.0 Future Programs

Although, importance of RMG in earning foreign exchange for the country and in creating employment needs no mention, the sector is passing through a critical time in view of many current and continued geopolitical situation. In addition, with the recent changes in the wages structure the cost effectiveness will be declining. The pressures from the market are driving technological changes in the entire value chain including production, logistics and supply chain. This might require structural changes in organization and management facilitating cost-effectiveness. Apart from internal cost management, the governmental initiatives to facilitate the market development in non-traditional importing countries shall play vital role. Leadership of both BKMEA and BGMEA shall prove to be very critical in catalyzing governmental initiatives to create new markets. HRTML with long years of experience in the field, has created significant value in the global as a quality exporter. The top management have been working to enhance value through various measures including increase in cost effectiveness, new product development and market diversification.

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, 2020;

- 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.
- k) Interests of the minority shareholders have been duly protected.
- l) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- m) There is no significant doubt about the ability of the Company to continue as a going concern.

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 2022-23;
- 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 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

The company 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

The company has been 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 was also placed with "Stable" outlook.

21.8 Subsequent Events

HRTM needs to comply with the new wages structure and to fit the same in the production and to keep the production cost compliant. The challenge is towards linking the workers efficiency with the increased wages so as to minimize per unit wages cost. HRTM has been working constantly on workers training to increase efficiency. In addition, the sector as a whole is now facing many sectoral hindrances in view of our dependency on western world for export. The geopolitical relation with the western world might have impact on the sector in future. The requirement of meeting the conditions of GSP plus will have further impact on cost effectiveness.

21.9 Human Resources

Human Resources are considered as one of the main assets across the entire business model. The developments of company 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. Your company 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.

21.10 Information Technology

The information technology has become an integral part of the company operation. 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.

22.0 Transfer of Unclaimed / Unpaid Cash and Stock Dividends to Capital Market Stabilization Fund (CMSF)

In compliance with the Notification of BSEC and as per guideline of the CMSF (Capital Market Stabilization Fund) Rules, 2021 all dividends remaining unpaid or unclaimed for a period of 3 years or more

and also the shares in respect of which the dividend has not been claimed by the shareholders are required to be transferred to the CMSF in accordance with the procedure prescribed in the Rules. Accordingly, during FY 2021-2022, the Company has transferred the unpaid or unclaimed dividend and non-refunded IPO share money of Tk. 51,26,493/- (Fifty-one lac twenty-six thousand four hundred ninety-three) only from the financial year 1997 to 2017 on September 06, 2021. Further, 472,948 (Four lac seventy-two thousand nine hundred forty-eight) shares were transferred to CMS Fund on 20th January 2022 in respect of those shares had not been claimed by the shareholders for the financial year 2010 & 2011 and Tk. 350,964/- (Three Lac fifty thousand nine hundred sixty-four) only also transferred to CMS Fund on 31st March 2022 against dividend unpaid or unclaimed for the financial year 2018. The details of the shares and the Dividends so transferred are available on the website of this Company. Members can claim from CMSF Authority their dividend entitlements and /or shares transferred to CMSF by following the required procedure as mentioned in the CMSF Rules.

23.0 Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million) for the year ended 30th June	
	2023	2022
Net Profit before Tax	42.30	97.67
Income Tax Expenses	(26.39)	(23.49)
Net Profit after Tax	15.91	74.18
Retained earnings	225.14	248.85
Profit Available for Appropriation	241.05	323.03
Recommended for Appropriations:		
Proposed Dividend (Cash)	(7.56)	(13.28)
Proposed Dividend (Bonus)	-	(26.56)
Un-appropriated Profit carried forward	233.49	283.19

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 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

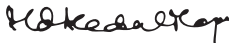
The Board of Directors acknowledges and expresses its sincere thanks and appreciation to the valued Shareholders and other stakeholders of the company for their persistent support and guidance that led to


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, Central Depository Bangladesh Limited, Dhaka Stock Exchange Limited, Chittagong Stock Exchange PLC, 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. Mdhammad A Moyeed
 Managing Director & CEO