

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Hamid Fabrics Limited (HFL) is one of the leading manufacturers of high quality fabrics in Bangladesh. It is engaged in producing and marketing of gray and finished fabrics of various qualities.

## Business outlook of the Company

The Company is committed to produce and supply high quality fabrics to the globally reputed buyers. It has got a basket of renowned brand houses for acquiring its fabrics since long. The Company has expanded its capacity recently to tap future potential. The business of the Company reduced during this year due to the impact of COVID-19 pandemic in addition to a turmoil in global business arena caused by trade war between the US and China. Yet with the right leadership and equipped with young, motivated and experienced workforce, the Company is thriving continuously to become a competitive and sustainable one.

## Accounting Policies and Estimation

The accounting policies used in preparation of the Financial Statements have been followed consistently. The policies are based on the framework for the preparation and presentation of financial statements issued by the International Accounting Standards Committee (IASC).

Management need to make judgments, estimates and assumptions that affect the application of accounting policies for preparation of financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

## Changes in Accounting Policies and Estimation

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimated are recognized in the period in which the estimate is revised and in any future periods affected. However, there are no major changes in accounting policies and estimation used in preparation of the Financial Statements during this year.

## Comparative Analysis of Financial Results for current Financial Year with immediately preceding five years

Operational Result	2019-20 (Taka)	2018-19 (Taka)	2017-18 (Taka)	2016-17 (Taka)	2015-16 (Taka)
Revenue	1,595,120,149	1,969,434,335	2,335,482,932	1,322,686,460	1,371,915,641
Gross Profit	383,359,343	501,030,283	646,207,917	408,865,964	412,875,801
Operating Profit	83,206,106	303,459,940	365,998,481	218,590,698	219,473,115
Profit Before Tax	68,230,173	166,128,112	216,697,218	86,944,522	104,732,197
Net Profit	38,014,465	113,574,239	182,840,047	72,057,481	92,146,149

## Financial Position

Non-current Assets	3,105,213,760	3,227,604,216	3,337,070,597	3,454,209,997	3,271,077,424
Current Assets	1,654,264,923	1,609,332,834	1,869,061,391	1,398,042,498	1,501,891,541
Shareholders' Equity	3,652,050,985	3,652,050,985	3,582,769,264	3,466,367,994	3,460,749,290
Non-current Liabilities	150,685,954	217,729,983	348,440,433	522,464,801	594,078,697
Current Liabilities	963,019,798	967,156,082	1,274,922,291	863,419,700	718,140,978

## Financial Ratios

Gross Margin ratio	0.24	0.25	0.28	0.31	0.30
Net Income ratio	0.02	0.06	0.08	0.05	0.07
Return on Assets	0.01	0.02	0.04	0.01	0.02
Return on Equity	0.01	0.03	0.05	0.02	0.03
Current ratio	1.72	1.66	1.47	1.62	2.09
Quick ratio	0.77	0.87	0.77	0.64	0.92
Debt-Equity ratio	0.31	0.32	0.45	0.40	0.38
EPS	0.42	1.25	2.01	0.79	1.01
NAV	40.04	40.11	39.35	38.07	38.01
Dividend	*C-10%	*C-10%	*C-10%	*C-15%	C-15%
Number of employees	1262	1174	1287	1098	972

\* Only for general shareholders.