

ANNUAL  
**REPORT**  
2022-2023



**HFL** HAMID FABRICS PLC



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## CORPORATE HISTORY

Company Incorporation	April 27, 1995
Name Change to Hamid Fabrics Limited	May 23, 2000
Conversion of the Company from Private to Public	February 25, 2010
Permission from the BSEC for Public Issue	September 01, 2014
Listing on Dhaka Stock Exchange Limited	December 04, 2014
Listing on Chittagong Stock Exchange Limited	December 04, 2014
Trading of Shares of Hamid Fabrics Limited	December 04, 2014
Commencement of Yarn Dyeing Unit	July 25, 2016
Modification of Name with suffix 'PLC'	November 20, 2023



## OUR VISION

To be the leader in the textile sector as backward linkage of Garments Industries in Bangladesh particularly for woven fabrics.



## OUR MISSION

To satisfy the customer by supplying quality woven fabrics with innovative products as well as continuous quality development.  
To expand market by communicating with the top customers in global fabrics market.



## OUR OBJECTIVES

- To produce quality woven fabrics for the leading customers;
- To make continuous quality development of products;
- To do regular expansion of the project with new product;
- To install and update latest machinery;
- To satisfy the employees, by attractive compensation, who are backbone of the Company;
- To maintain congenial working environment within the Company;
- To comply with the regulatory matters relating to the Company affairs;
- To meet the expectations of the stakeholders of the Company.



# CORPORATE DIRECTORY

## Board of Directors

AHM Mozammel Hoque  
Abdullah Al Mahmud  
Salina Mahmud  
Nusrat Mahmud  
Nabila Mahmud  
Farhana Danesh  
Dr. M. Waliuzzaman  
Reazul Islam

Chairman  
Managing Director  
Director  
Director  
Director  
Director  
Independent Director  
Independent Director

## Audit Committee

Dr. M. Waliuzzaman  
Salina Mahmud  
Nusrat Mahmud

Chairman  
Member  
Member

## Nomination and Remuneration Committee (NRC)

Dr. M. Waliuzzaman  
Salina Mahmud  
Nabila Mahmud

Chairman  
Member  
Member

## Company Secretary

## Chief Financial Officer

## Head of Internal Audit

## Auditors

ASM Mijanur Rahman  
Kazi Nasimuddin Ahmed  
Md. Maruf Shahria  
M/S Hoda Vasi Chowdhury & Co.,  
Chartered Accountants

## Bankers

Bank Asia Limited  
Prime Bank Limited  
Janata Bank Limited  
United Commercial Bank Limited

## Legal Advisors

## Insurers

## Credit Rating Agency

## Registered Office

Ruhul Ameen and Associates  
Crystal Insurance Company Limited  
Credit Rating Agency of Bangladesh Ltd. (CRAB)  
Hamid Tower (7th floor), 24, Gulshan C/A, Circle 2  
Dhaka 1212. Tel.: (+8802) 883 4564-5, 883 4104, 989 4589  
Fax: (+8802) 5881 3077, Email: info@mahingroup.com  
Web: www.mahingroup.com

## Factory

Shilmandi, Narshindi

## BOARD OF DIRECTORS



**AHM Mozammel Hoque**  
Chairman



**Abdullah Al Mahmud**  
Managing Director



**Salina Mahmud**  
Director



**Nusrat Mahmud**  
Director



**Nabila Mahmud**  
Director



**Farhana Danesh**  
Director



**Dr. M. Waliuzzaman**  
Independent Director



**Reazul Islam**  
Independent Director

## PROFILE OF THE DIRECTORS

### Mr. AHM Mozammel Hoque, Chairman

Mr. AHM Mozammel Hoque is the Chairman of Hamid Fabrics PLC (HFL). He completed his Bachelors of Commerce degree from Jagannath College in 1960. He has been actively involved in the textile sector for more than 21 years. Prior to joining HFL, he was the Deputy Chief Accountant in Bangladesh Jute Mill Corporation (BJMC) for 26 years. After that he entered the RMG business in 1993. Apart from being a founder director of HFL, Mr. Hoque is also founder Director of Hamid Weaving Mills Limited, Tazrian Weaving Mills Limited and Crystal Insurance Company Limited.

### Mr. Abdullah Al Mahmud, Managing Director

Mr. Abdullah Al Mahmud is a prominent business figure in Bangladesh, renowned for his remarkable accomplishments and leadership in the RMG (Ready-Made Garments) and Textile industry. With over 30 years of experience, he has played a pivotal role in the growth and success of various companies under the Mahin Group. He stands out as one of the pioneers and iconic figures for his visionary and revolutionary ideas to challenge the textile industry in Bangladesh.

Mr. Mahmud's entrepreneurial journey began in 1992, following his graduation from the USA. Upon returning to Bangladesh, he embarked on establishing his own business territory. In 1993, he founded Mahin Apparels Limited, a specialized RMG unit focused on manufacturing bottom wears. Recognizing the importance of backward linkage in the industry, he established Hamid Fabrics Limited in 1996, with its Weaving Unit located in Shilmandi, Narsingdi.

In 2003, he further extended the operation by adding the most advanced Dyeing and Finishing machinery from Germany to Hamid Fabrics Limited. Over the years, he continued to strengthen his position in the sector by incorporating Hamid Weaving Mills Limited in 2007, Tazrian Weaving Mills Limited in 2013 and Hamid Yarn Dying Mills Limited in 2016.

In addition to his role at Hamid Fabrics Limited, Mr. Mahmud holds several prominent positions in the business community. He is the founding Chairman of Crystal Insurance Company Limited established in 2000. At Present he is also a valued member of the Executive Committee (EC) of Bangladesh Insurance Association (BIA) and Executive Committee (EC) member of the Bangladesh Association of Publicly Listed Companies (BAPLC). Previously, he served several times as a Director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and also held the position of Vice President of the Bangladesh Textile Mills Association (BTMA).

Throughout his career, Mr. Mahmud has received several accolades and recognitions for his outstanding contributions to the country's economy. He held the prestigious CIP (Commercially Important Person) status awarded by the Government of Bangladesh in several times. He also received several Awards from Bangladesh Garment Manufacturers and Exporters Association (BGMEA) & Bangladesh Textile Mills Association (BTMA). Furthermore, he was honored with the KOR BAHADUR award by the National Board of Revenue, highlighting his exemplary achievements in business.

He is an avid supporter of business forums and engaged in social causes, reflecting his commitment to the betterment of society. As a visionary entrepreneur, he continues to shape the industry's landscape while actively participating in social initiatives that uplift the society at large. Mr. Mahmud is on the board of

## Hamid Fabrics PLC

directors of Jaflong Valley Boarding School in Sylhet, Bangladesh. His philanthropic efforts extend beyond that. A passionate supporter of the arts, he promotes local emerging artists through different programs both inside and outside educational intuitions.

He is also a member of the prestigious Gulshan Club, Uttara Club, Army Golf Club, Gulshan Youth Club and Gulshan Society.

### **Mrs. Salina Mahmud, Director**

Mrs. Salina Mahmud is a shareholder Director of Hamid Fabrics PLC. She graduated from Eden College. After graduation she involved herself in various social activities in Dhaka. Her enduring inspiration and support nurtured the growth of Mahin Group from its inception in 1993 to date.

### **Ms. Nusrat Mahmud, Director**

Ms. Nusrat Mahmud is a Director of Hamid Fabrics PLC. She joined the management team of the RMG and Textile division of the Group in 2010. She has successfully completed Bachelors of Science in Marketing from Bentley University in Waltham, Massachusetts, USA in 2008 and completed her Masters in Management from Cass Business School, City University in London in 2009. Ms. Mahmud is a dynamic and avid learner and is expected to further enhance and build on the “Hamid” brand. She is founder Director of Hamid Weaving Mills Limited, Tazrian Weaving Mills Limited and Hamid Spinning Mills Ltd. She is also a director of Crystal Insurance Company Limited.

### **Ms. Nabila Mahmud, Director**

Ms. Nabila Mahmud is a director of Hamid Fabrics PLC and joined the management team in 2016. She has successfully completed her Bachelors of Science in Global Business and Management from Suffolk University in Boston, Massachusetts, USA in 2014. In addition, Ms. Mahmud completed her Masters in Corporate and Organizational Communications with a concentration on Human Resource Management from Northeastern University, USA in 2016. After that she has engaged herself in the development of business of the Group. She is founder Director of Hamid Weaving Mills Limited, Tazrian Weaving Mills Limited and Hamid Spinning Mills Ltd. She is also a director of Crystal Insurance Company Limited.

### **Mrs. Farhana Danesh, Director**

Mrs. Farhana Danesh is a Director of Hamid Fabrics PLC. She is also a Director of Crystal Insurance Company Limited. As a proprietor of Crystal Packaging, she has had exposure in different business areas of the RMG sector for the past 21 years.

### **Dr. M. Waliuzzaman, Independent Director**

Dr. M. Waliuzzaman has got more than four decades of governance experience, which includes working experiences from Commerce & Industries Ministry, Pakistan; Industrial Development Bank of Pakistan, subsequently Bangladesh Shilpo Bank, now BDBL; East Pakistan Industrial Development Corporation; Bangladesh Petroleum Corporation; Bangladesh Council of Scientific and Industrial Research (BCSIR); Public Administration Reforms Commission (PARC), GoB and visiting Teacher, BUET. He is a Ph.D. from the University of Manchester, UK.

**Mr. Reazul Islam, Independent Director**

Mr. Reazul Islam has more than two decades of work experience, including management-level experience as the Deputy Managing Director of AB Bank Limited, in addition to having worked for Southeast Bank Limited and Premier Bank Limited as AVP and Head of IT & Card Division, respectively. He held the position of chief executive officer (CEO) at Software Shop Limited (SSL). Mr. Islam additionally served as the Chief Technology Officer for IT Consultants Limited (QCash). His initial corporate consultancy roles included Chief Architect for the Credit Bureau Database for MFI's World Bank Project and Local Consultant for Clap & Mayne (USA) for the Customs Administration & Modernization Project (CAM) of the GoB. Mr. Islam is currently the Director of Strategy and Planning for Thakral Information Systems Limited.

Being a tech savvy professional, Mr. Islam is career motivated and technically passionate individual with compact experience in devising strategic business roadmap, producing prioritized time phased tactical initiatives in alignment with global IT strategy.

Mr. Reazul Islam is a B.Sc. in Computer Science and Accounting from Southeastern Oklahoma State University, USA. He has also got Certification in International Business from American Graduate school of International Management (Thunderbird), Arizona, USA. He is an OCP (Oracle Certified Professional), OECP (Oracle Education Certified Professional) and TOGAF9 Certified person.

## CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, I welcome you all to the 29th Annual General Meeting of your Company. It is indeed an honor and pleasure for me to place before you the Annual Report including the audited Financial Statements, Auditors' report, Directors' report and other reports thereon for the year ended June 30, 2023.

In the year 2022-23, the Company has earned total revenue Tk 2,743.6 million compared to Tk Tk 2,510.5 million during 2021-22. Net profit for the year stands at Tk 17.0 million against Tk 60.9 million in the previous year. Revenue has increased significantly in this year for easing impact of COVID-19 pandemic, though profitability during this year has decreased due to price hike of raw materials, gas, fuel, electricity and imposition of higher income tax on the industry, which has impacted EPS and NAV accordingly.

This year the Board of Directors has recommended cash dividend @5% for the General Shareholders only to be conservative for the next year.

I would like to express my sincere thanks to the respected Shareholders for their confidence rested upon the Company. We are grateful to Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange PLC, Registrar of Joint Stock Companies & Firms, Central Depository Bangladesh Limited, Banks and Financial Institutions, Investment Corporation of Bangladesh, ICB Capital Management Limited and other stakeholders for their continuous support and patronage extended to the Company. We are optimistic about getting the same support from all the stakeholders in the coming years. I also express my appreciation to all the employees of the Company for their sincere and dedicated services to the progress of the Company.

In conclusion, I request the Shareholders to consider and approve the annual Financial Statements, Auditors' report, Directors' report, and other reports for the year 2022-23.

Sd/-

**AHM Mozammel Hoque**  
Chairman of the Board



## DIRECTORS' REPORT

### Dear Shareholders,

On behalf of the Board of Directors, I would like to submit herewith the 29th Annual Report of the Company together with the audited Financial Statements for the year ended June 30, 2023 and the Auditors' Report thereon.

### Prime Activities

Hamid Fabrics PLC (HFL) is one of the leading manufacturers of high-quality textiles in Bangladesh. Because of superior quality, HFL's products are nominated by globally renowned buyers for sourcing textile to RMG manufacturers in Bangladesh.

The product range offers 100% cotton fabrics as well as blended fabrics such as cotton/polyester, cotton/viscose, nylon/cotton and cotton/lycra. The weaving unit produces gray fabrics in various design and constructions such as Twill, Canvas, Oxford, Rib stop, Rib cord, Ottoman, Herringbone, and various dobby designs with weight range of 100-450 GSM. The finishing mix of Hamid Fabrics Limited comprises water repellent, fire proof, wrinkle free, teflon coating, aero finish and chintz finish etc. The major markets for HFL's products are the United States of America and the European Union.

### Financial Results

The financial results are presented in brief below:

Amount in Taka

Particulars	2022 -23	2021-22
Revenue	2,743,589,110	2,510,534,603
Gross Profit	446,005,394	424,861,678
Operating Profit	186,801,512	195,096,973
Profit Before Tax	73,157,313	90,878,319
Net Profit	17,041,783	60,939,474
Retained earnings brought forward	931,780,685	887,994,474
Profit available for appropriation	931,365,231	931,780,685
Appropriation:		
Proposed cash dividend	22,135,576	22,135,576
Retained earnings carried forward	909,229,655	909,645,109

### Dividend

The Board of Directors of the Company is pleased to recommend dividend @5% cash for general shareholders only for the year 2022-23 i.e., for the Shareholders other than Sponsors and Directors.

### Additional statements by the Board of Directors as per notification dated 3 June 2018 of Bangladesh Securities and Exchange Commission

#### (i) Industry outlook and possible future developments in the industry

The textile sector of the Country is passing a critical time now. Stiff competition with peers in the Country as well as with other countries in this region, the sector shows a good trend of export for some time. Recently, Russia-Ukraine war has hit the globe not in terms of food and power supply only but also in financial and non-financial matters including the textile sector in our Country.

The government is providing fiscal and other incentives for the RMG sector to stay competitive in the

changing global business arena. The entrepreneurs along with their association, BGMEA are devising ways and means that include more involvement in research and development activities, product diversification and value addition.

### (ii) Segment/Unit wise or product wise performance

Hamid Fabrics PLC has three production units: 1) Woven Fabric, 2) Gray Fabric and 3) Yarn Dyeing which are interdependent. Woven Fabric has installed capacity to produce 32.40 million yards of finished dyed fabrics annually. Weaving unit is a renovated unit having annual capacity of 9.88 million yards of gray fabrics and Yarn Dyeing unit has an annual capacity of dyeing 1.37 million kg of yarn. fabrics and Yarn Dyeing unit has an annual capacity of dyeing 1.37 million kg of yarn.

The following table illustrates the production capacity of different units and its utilization:

Particulars	Unit	Installed capacity	Utilization during the period	Utilization
Woven Fabric *	Yard	21,600,000	17,873,409	82.75%
Gray Fabric *	Yard	9,878,000	9,021,618	91.33%
Yarn Dyeing	Kg.	1,368,750	324,014	23.67%

### iii) Risks and concerns

Risk refers to the variability of expected outcome, which is a complex and multifaceted phenomenon. Investment in equity securities involves a high degree of risk, which needs to be explicitly evaluated while making an investment decision. Hamid Fabrics Ltd is operating in an industry that is subject to both external and internal risks. Some of these risks can be managed while some are beyond control, which may result in loss for investors. However, the management of the Company constantly explores ways and means for mitigating such risks.

#### MANAGEMENT RISK

The textile industry of Bangladesh already experiences a great shortage of skilled management personnel. Because of high demand from employers, they tend to switch between jobs for financial and other benefits. Hence, if a key manager, executive or employee quits his/her job, it could affect business continuity, operating results and future growth of HFL. Management risk also arises from succession crisis if subsequent teams of leadership are not created within the organization.

#### Management perception about this Risk

The Company places a great importance to human resource and leadership development. The staff is brought under relevant on-the-job, in-house and external training programs. HFL recognizes the commitment and contribution of employees for the growth of the Company. A culture of objective performance appraisal and effective reward system has helped to create job-security and motivation of employees. As a result, HFL has relatively low employee turnover in key management positions. Key management team of HFL is almost unchanged for more than five years, which shows the general loyalty to the organization. HFL has developed layers of alternative leaderships in all critical areas of its activities.

#### OPERATIONS RISK

This involves the risk of not being able to maintain the expected performance by the Company. Such risk could arise from both internal and external factors discussed above such as industry, management, technology, regulations, utilities etc.



**Management perception about this Risk**

As explained above, operations risk could arise from a variety of factors. The risk mitigation strategies for such factors have been explained separately above. The experienced management team continuously monitors the new developments in these areas in order to take proactive measures to minimize any negative implications to the Company and capitalize on potential opportunities.

**MARKET RISK**

Market risk arises from adverse market conditions affecting sales and profitability of any Company. A few factors may trigger market risk for HFL such as changes in consumer behaviours, demographics, introduction of substitute products, competition and other unfavourable global conditions such as economic depression, wars etc.

**Management perception about this Risk**

HFL is a textile manufacturer producing inputs for the export oriented Ready Made Garment units in Bangladesh. Because of established track record of shorter lead time and quality of products, the Company enjoys a steady growth in supply orders with exception during the COVID-19 pandemic. In addition to this, strong research & development, marketing and brand management have helped the Company to increase its customer base. As a result, HFL has already achieved recognition from globally renowned buyers like Marks & Spencer, H&M, PVH etc.

**INDUSTRY RISKS**

Unexpected technological developments and regulatory changes that are specific to the Textile & Apparel industry might have an adverse impact on the business performance of the Company. It also involves the risk of increased competition arising from foreign and domestic textile manufacturers resulting in contraction of profit margin and loss of market share. Further, the textile industry is heavily dependent on the performance of RMG industry, which faces threats stemming from international competitors viz. China, India and Vietnam etc. Hence the textile industry of Bangladesh is always under pressure to deliver cost-efficient and quality fabrics.

**Management perception about this Risk**

HFL keeps pace with technological advancements using modern machineries and equipment. Moreover, the modern technology has not cannibalized the traditional manufacturing methods fully yet now such as hand looms indicating a lower level of obsolescence risk. The Textile & Apparel is a priority sector for the Government and it is unlikely that the Government will impose unfavorable regulatory changes to this industry.

**(iv) Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin**

Amount in Taka

Particulars	2022-23	2021-22
Revenue	2,743,589,110	2,510,534,603
Cost of goods sold	(2,297,583,716)	(2,085,672,925)
Gross profit	446,005,394	424,861,678
Profit before tax	73,157,313	90,878,319
Net profit	17,041,783	60,939,474

Revenue and gross profit of current year have increased by 9.3% and 4.9% respectively compared to that of last year. The Company earned net profit of Tk. 17.04 million during the year against of Tk 60.94 million in the last year. The issue has been disclosed in the Financial Statements under note no. 42.

**(v) Discussion of continuity of any Extra Ordinary gain or loss**

No such material gain or loss during the year.

**(vi) Discussion on related party transactions**

Related party transactions are stated in note 35 of the Financial Statements.

**(vii) Utilization of proceeds from Public Issue**

No such incidence during this financial year.

**(viii) Explanation if the financial results deteriorate after the Company goes for IPO**

This is not applicable for Hamid Fabrics PLC (HFL) as it went for Initial Public Offering (IPO) in 2014 and no further offer of shares was made subsequently.

**(ix) Explanation of significant variance occurs between Quarterly Financial Performance and Annual Financial Statements**

During First Quarter ended on September 30, 2023; revenue has decreased to Tk. 520.93 million from previous year of Tk. 833.14 million for reduction of sale orders from the global buyers. As a result, profitability during the quarter has decreased accordingly which has affected EPS and NAV severely. Cash flows during the quarter reduced due to less collection from the debtors and usual payment to suppliers and employees. Interest payment during the quarter increased caused by more short-term borrowing. That is why, net cash flows from operating activities decreased compared to that of previous year.

**(x) Remuneration paid to Directors including Independent Directors**

Remuneration to Directors has been shown in note no. 28 of the Financial Statements.

**(xi) Fairness of Financial Statement**

The Financial Statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity. A declaration by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) in this regard is published on page 21.

**(xii) Maintenance of proper books of account**

Proper books of account have been maintained by the Company.

**(xiii) Adoption of appropriate accounting policies and estimates**

Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgment.

**(xiv) Compliance with Accounting and Financial Reporting Standards**

International Accounting Standard (IAS), Bangladesh Accounting Standard (BAS), International Financial Reporting Standard (IFRS) and Bangladesh Financial Reporting Standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements.

**(xv) Soundness of Internal Control System**

Internal Control System is sound in design and has been effectively implemented and monitored.

**(xvi) Protection of interest of minority shareholders**

The Board of Directors is very concerned of and committed to protection of interest of minority shareholders. Management has been instructed to take sincere and timely measures to address any valid grievances raised by the shareholders. Contact numbers with email address of the concerned person have been published on the website of the Company for communication.

**(xvii) Ability to continue as going concern**

There is no significant doubt upon the Company's ability to continue as a going concern.

**(xviii) Significant deviations in Operating Results compared to last year**

Revenue and gross profit of current year have increased by 9.3% and 4.9% respectively compared to that of last. The Company earned net profit Tk. 17.04 million during the year against of Tk 60.94 million in the last year. The issue has been disclosed in the Financial Statements under note no. 42.

**(xix) Key operating and financial data of preceding 5 (five) years**

Provided on page no. 18

**(xx) Reasons for not declaring dividend**

Not applicable.

**(xxi) No bonus share or stock dividend has been declared or shall be declared as interim dividend**

Management asserts that no bonus share or stock dividend has been declared or shall be declared as interim dividend

**(xxii) Number of Board Meetings held during the year and attendance**

Name of Directors	Meetings held	Meetings attended
Abdullah Al Mahmud	7	7
AHM Mozammel Hoque	7	7
Salina Mahmud	7	7
Nusrat Mahmud	7	6
Nabila Mahmud	7	7
Farhana Danesh	7	7
Dr. M. Waliuzzaman	7	7
Reazul Islam	7	7

**(xxiii) Shareholding pattern as on June 30, 2023****(a) Parent/Subsidiary/Associated Companies and other related parties**

Name	No. of Shares held	% of holdings
Crystal Insurance Co. Ltd. (Common Director)	2,015,000	2.21

**(b) Shareholding position:**

Directors/ Sponsors	46,786,161	51.38
Institute	22,913,482	21.57
General Public	21,357,669	27.05
<b>Total</b>	<b>91,057,312</b>	<b>100.00</b>

**(c) Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children**

Name	Status	No. of Shares held	% of holdings
Abdullah Al Mahmud	Managing Director	28,975,635	31.82
AHM Mozammel Hoque	Chairman	1,837,166	2.02
Salina Mahmud	Director	4,809,131	5.28
Nusrat Mahmud	Director	4,647,431	5.10
Nabila Mahmud	Director	4,647,431	5.10
Farhana Danesh	Director	1,848,000	2.03
ASM Mijanur Rahman	Company Secretary	-	-
Kazi Nasimuddin Ahmed	Chief Financial Officer	21,367	0.02
Md. Maruf Shahria	Head of Internal Audit	-	-

## (d) Shareholdings of top five executives

Name	Status	No. of Shares held	% of holdings
Mir Azharul Islam	Chief Operating Officer	-	-
Mr. Md. Naeem Gawhar	Executive Director (Marketing)	-	-
Kazi Nasimuddin Ahmed	Chief Financial Officer	21,367	0.02
Md. Rezaul Haque	General Manager	-	-
Mahmudul Alam Jewel	Dy. General Manager	8,000	-

## e) Shareholders holding 10% or more voting interest in the Company

Name	Status	No. of Shares held	% of holdings
Abdullah Al Mahmud	Managing Director	28,975,635	31.82

## (xxiv) Appointment/ re-appointment of Directors

The following Director will retire as per Articles of Association of the Company and be eligible for re-appointment:

Mr. AHM Mozammel Hoque will retire in the AGM to be held on 28-12-2023 and is eligible for re-election as per Articles of Association of the Company.

## Brief resume of the Directors:

**Mr. AHM Mozammel Hoque**

Mr. AHM Mozammel Hoque is the Chairman of Hamid Fabrics PLC (HFL). He completed his Bachelors of Commerce degree from Jagannath College in 1960. He has been actively involved in the textile sector for more than 22 years. Prior to joining HFL, he was the Deputy Chief Accountant in Bangladesh Jute Mill Corporation (BJMC) for 26 years. After that he entered the RMG business in 1993. Apart from being a founder director of HFL, Mr. Hoque is also founder Director of Hamid Weaving Mills Limited, Tazrian Weaving Mills Limited and Crystal Insurance Company Limited.

## (xxv) Unclaimed/unsettled/non-refunded Dividend and public subscription money against Initial Public Offering (IPO)

According to the Directive, Rules and Notification of the Bangladesh Securities and Exchange Commission (BSEC), the amounts held against unclaimed or undistributed or unsettled dividend (cash or stock) or non-refunded public subscription money against IPO for a period of three years from the date of declaration or approval or record date as the case may be, are required to be transferred to the Capital Market Stabilization Fund (CMSF) Account, maintained with Community Bank Bangladesh Ltd., Gulshan Corporate Branch, Dhaka.

The following payment regarding above has already been made during this year:

Cash dividend for 2018-19	Tk 81,776
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Currently, the following years' dividends remain unclaimed with the Company as on June 30, 2023 totaling to Tk 1,403,014:

Cash dividend for 2019-20	Tk 285,435
Cash dividend for 2020-21	Tk 437,742
Cash dividend for 2021-22	Tk 679,837

Shareholders can claim their dividend entitlements and bonus shares transferred to the CMSF by following the necessary steps as mentioned in the CMSF Rules.

#### Directors Responsibilities for Financial Statements

The Financial Statements together with notes thereon have been drawn up in conformity with the Companies Act 1994 and Securities and Exchange Rules 2020. These statements present fairly the Company's state of affairs, the result of its operation, cash flow and changes in equity.

- i) Proper books of accounts of the Company have been maintained.
- ii) Appropriate accounting policies have been applied consistently in preparation of the Financial Statements and the accounting estimates are based on reasonable and prudent judgment.
- iii) The International Financial Reporting Standard, as applicable in Bangladesh, has been followed in the preparation of the financial statements.
- iv) The systems of internal control are sound and have been implemented and monitored effectively.
- v) There are no significant doubts upon the Company's ability to continue as a going concern.
- vi) The key operating data and financial data for the last 5 (Five) years stated on page – 18

#### Chief Financial Officer, Head of Internal Audit and Company Secretary

The Company has distributed clearly defined responsibilities to the following positions for smooth functioning of activities of the respective departments:

Chief Financial Officer	: Kazi Nasimuddin Ahmed
Head of Internal Audit	: Md. Maruf Shahria
Company Secretary	: ASM Mijanur Rahman

#### Credit Rating

Credit Rating Agency of Bangladesh Limited (CRAB) has assigned the following ratings to Hamid Fabrics PLC:

Long Term	Short Term	Outlook
AA <sub>3</sub>	ST - 2	Stable

**AA<sub>3</sub>** implies that companies rated in this category have very strong capacity to meet financial commitments. These companies have been judged to be of very high quality, subject to very low credit risk.

**ST – 2** indicates that the degree of safety regarding timely payment on loans/ facilities is strong.

The outlook of the Company is projected to be stable.

#### Corporate Social Responsibilities

The Company provided financial support to the poor for medical treatment.

Priority of employment facilities for eligible member of the deceased employees' families.

Scholarship to the meritorious students of employees.

### Auditors

M/S Hoda Vasi Chowdhury & Co., Chartered Accountants has audited the Financial Statements of Hamid Fabrics PLC for three consecutive years including this year (2022-23). They are not eligible for being auditor of the Company for the next year (2023-24) as per BSEC directives. Therefore, the Board recommended to appoint M/S Zoha Zaman Kabir Rashid & Co., Chartered Accountants as Auditors of the Company for the year 2023-24.

### Professional Firm for compliance of Corporate Governance Code

The Board of Directors has recommended M/S Ali Zahir Ashraf & Co., Chartered Accountants for certification on the Corporate Governance Code for the year 2023-24.

### Amendment of Articles of Association of the Company

To adopt and approve addition of a clause in the Articles of Associations of the Company by adopting the following special resolution:

“RESOLVED THAT insertion of the following clause in the Articles of Association be and is hereby approved -

74 A. The Board may issue Corporate Guarantee to any Bank or FI or any other Financial Organization or favoring any Company of the Group or Associate Company and stand as Guarantor for availing credit facilities under whatever term it may be called.”

The Shareholders are now requested to consider and adopt the annual Financial Statements, Auditors’ report, Directors’ report, and other reports for the year 2022-23 and the special resolution.

Thank you very much!

On behalf of the Board of Directors,

Sd/-  
**AHM Mozammel Hoque**  
Chairman

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Hamid Fabrics PLC (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 devoted to make and supply high quality fabrics to the renowned buyers worldwide. It has got a basket of prominent global brand houses for acquiring its fabrics since long. The Company having its extended capacity is trying to capture potential market. The business of the Company increased significantly during this year for easing the impact of COVID-19 pandemic. Though the projection for the next year is not shiny according to forecast made by global think tanks caused by Russia-Ukraine war. Holding the right leadership and with young, driven and skilled workforce, the Company is trying incessantly to become sustainable one in the competitive market.

### Accounting Policies and Estimation

The accounting policies used in preparation of the Financial Statements have been followed consistently. The Company follows International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) along with existing local rules and regulations applicable to the preparation of the Financial Statements.

Management needs 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

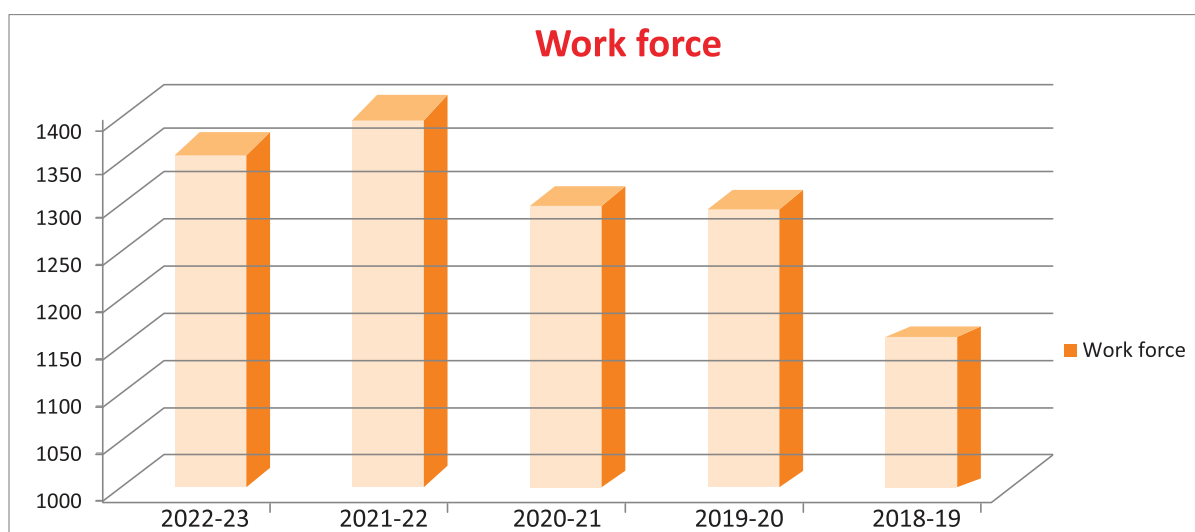
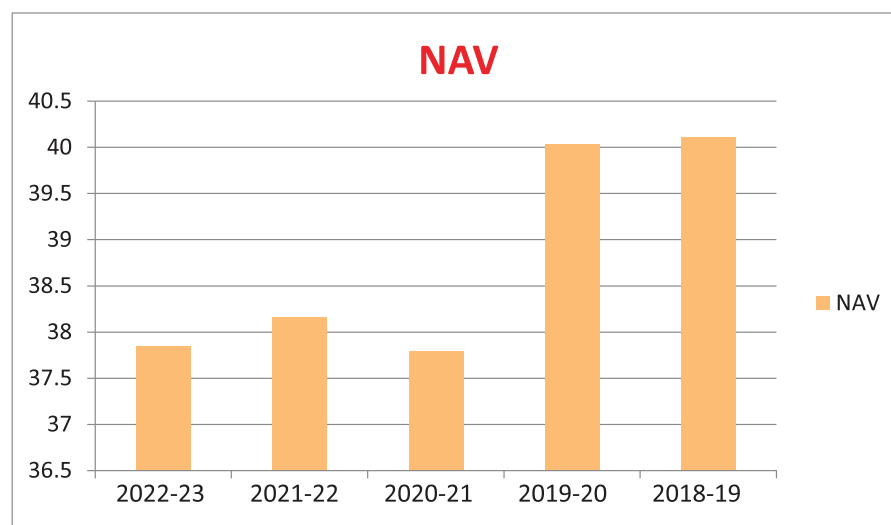
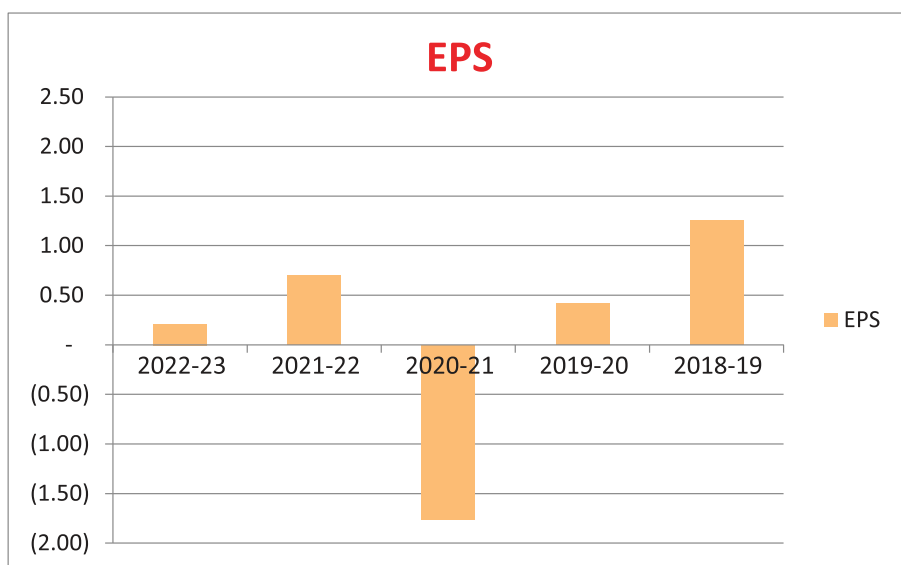
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimated are recognized in the period in which the estimate is revised and in any future periods affected. However, there are no major changes in accounting policies and estimation used in preparation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

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

	Amount in Taka				
Operational Result	2022-23	2021-22	2020-21	2019-20	2018-19
Revenue	2,743,589,110	2,510,534,603	1,251,138,845	1,595,120,149	1,969,434,335
Gross Profit	446,005,394	424,861,678	147,465,341	383,359,343	501,030,283
Operating Profit/(Loss)	186,801,512	195,096,973	(44,828,230)	183,206,106	303,459,940
Profit/(Loss) Before Tax	73,157,313	90,878,319	(133,645,612)	68,230,173	166,128,112
Net Profit/(Loss)	17,041,783	60,939,474	(160,269,529)	38,014,465	113,574,239
Financial Position	2022-23	2021-22	2020-21	2019-20	2018-19
Non-current Assets	2,938,925,375	2,994,306,567	3,023,122,272	3,105,213,760	3,227,604,216
Current Assets	2,031,055,991	2,170,750,983	1,715,404,754	1,654,264,923	1,609,332,834
Shareholders' Equity	3,434,020,417	3,480,072,530	3,441,210,886	3,645,772,933	3,652,050,986
Non-current Liabilities	307,353,920	309,513,931	175,570,352	150,685,954	217,729,983
Current Liabilities	1,228,607,029	1,375,471,088	1,121,745,788	963,019,797	967,156,082
Financial Ratio					
Gross Margin ratio	0.16	0.15	0.12	0.24	0.25
Net Income ratio	0.01	0.02	(0.13)	0.02	0.06
Return on Assets	0.01	0.01	(0.03)	0.01	0.02
Return on Equity	0.01	0.02	(0.05)	0.01	0.03
Current ratio	1.65	1.58	1.53	1.72	1.66
Quick ratio	0.48	0.74	0.74	0.77	0.87
Debt-Equity ratio	0.45	0.48	0.38	0.31	0.32
EPS	0.19	0.67	(1.76)	0.42	1.25
NAV	37.71	38.22	37.79	40.04	40.11
Dividend	*C-5%	*C-5%	*C-5%	*C-10%	*C-10%
Number of employees	1336	1366	1274	1262	1174

\* Only for general shareholders.







### Comparison with peer Industry

A comparison of financial performances and financial positions for the year ended on June 30, 2022 of three textile companies are presented below:

Amount in Taka '000

Particulars	Hamid Fabrics	Saiham Textile	Evince Textiles	Alhaj Textile
<b>Financial Performance:</b>				
Revenue	2,510,535	2,660,356	2,522,081	351,472
Gross Profit	424,862	263,190	329,804	42,623
Profit before Tax	90,878	160,152	93,646	28,181
Net Profit	60,939	123,643	70,070	20,268
<b>Financial Position:</b>				
Shares Outstanding (Mil.)	91.06	90.56	182.95	22.29
Shareholders' Equity	3,480,072	3,930,811	2,275,022	212,360
Total Assets	5,165,057	5,578,235	5,341,121	931,642
Total Liabilities	1,684,985	1,647,424	3,066,099	719,282
Current Assets	2,170,751	2,245,178	2,240,609	863,483
Current Liabilities	1,375,471	1,213,293	1,972,122	538,935
<b>Cash Flow:</b>				
Net cash generated from operating activities	66,027	191,992	(215,995)	(81,686)

### Financial and Economic Scenario

Bangladesh is ostensibly an instance among the developing nations in terms of growth rate and other health and human development indicators. The Country had maintained GDP growth impressively for some years till the COVID-19 pandemic. Resultantly, the Country heads towards announcing to be a Developing Country officially by the United Nations in 2026. Though the progress rate was notable during this year for easing the impact of COVID-19 pandemic, the Country is apprehending that the business may not go in a planned way due to prolonged Russia-Ukraine war, which is severely disrupting the global supply chain of energy, fuel and food. That is why, inflation rate is yet to be stable. Foreign currency reserve is reducing and it needs improvement gradually. Appreciating US Dollar is hurting the import businesses including those associated with backward linkage of the RMG industry though offering extra yield to the exporters of our country. Price hike of raw materials, gas and electricity puts extra burden on the industry to be competitive in global market bearing the pressure of reducing unit selling price of products by the international buyers.

### Future plan

The Company having long history of supplying best quality fabrics to the global buyers is ready to serve with its revised capacity level. Move of customers' satisfaction is really a challenging issue now-a-day. Russia-Ukraine war has contributed much to deteriorate the traditional sourcing of food and fuel. Management is with utmost sincerity planning and implementing appropriate tactics and strategies to cope with the fluctuating business situation and adopting suitable measures to remain sustainable in the coming days.

Sd/-

**Abdullah Al Mahmud**  
Managing Director

## DECLARATION OF CEO AND CFO

Date: October 24, 2023

The Board of Directors  
Hamid Fabrics Limited  
Hamid Tower (7<sup>th</sup> floor),  
24 Gulshan C/A, Circle 2, Dhaka 1212.

**Subject: Declaration on Financial Statements for the year ended on June 30, 2023.**

Dear Sirs,

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

- (1) The Financial Statements of Hamid Fabrics Limited for the year ended on June 30, 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh and any departure therefrom has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonable and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that -

- i) We have reviewed the Financial Statements for the year ended on June 30, 2023 and to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading;
  - b. These statements collectively present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the code of conduct for the Company's Board of Directors or its members.

Sincerely yours,

Sd/-  
**Abdullah Al Mahmud**  
Managing Director

Sd/-  
**Kazi Nasimuddin Ahmed**  
Chief Financial Officer

## DIVIDEND DISTRIBUTION POLICY

### 1. Introduction and Application

The Dividend Distribution Policy has been prepared in accordance with requirements of the Directive no. BSEC/CMRRCD/2021-386/03 dated January 14, 2021 issued by Bangladesh Securities and Exchange Commission (BSEC) on declaration, disbursement and compliance of dividend of the listed companies in Bangladesh. The Board of Directors of Hamid Fabrics Limited has adopted this Dividend Distribution Policy.

This Policy shall apply to the ordinary shares as the Company has issued only one class of shares with equal voting rights so far. The shareholders whose names appear in the Members'/ Depository Register on the Record Date shall be entitled to receive dividends.

### 2. Objectives

The objectives of this Policy are to provide guidelines on declaration, disbursement, compliance and management of dividend. The Company aims to consider both shareholders' expectation of return on investment and managing its own retained earnings for the provision of future development of the Company.

### 3. Guiding Principles

- The Company shall declare dividend in compliance with all applicable laws, rules and regulations issued by the related regulatory authorities.
- The Company may declare interim or final dividend for a financial year.
- The Board will recommend dividend in cash or stock subject to approval by the shareholders in Annual General Meeting of the Company and approval of Regulatory Authorities, if applicable.
- The Board may consider not recommending any dividend for a financial year taking into account insufficiency of profit or cash and any other cause deems to be fit by the Board.
- The Board may, at the time of recommending dividend, consider some factors of the Company, among others; profitability, liquidity, business extension, dividend trend, macro-economic situation as well as industry practice that fall under financial, internal or external parameters.
- The dividends shall be paid/ transferred to eligible shareholders within the stipulated time after approval.
- Unclaimed or unsettled dividends (cash or stock) shall be maintained and managed pursuant to the Regulations and Directives issued by the Regulatory Bodies.

### 4. Conclusion

The Policy shall be disclosed in the Annual Report and posted on the website of the Company. It will be reviewed and modified to keep it updated as per applicable rules and regulations.

## NOMINATION AND REMUNERATION POLICY

### 1. Introduction and Application

The Nomination and Remuneration Policy has been prepared in accordance with requirement of the Corporate Governance Code 2018 issued by Bangladesh Securities and Exchange Commission (BSEC) on selection, recommendation for appointment and befitting remuneration for the member of the Board and Top-Level Executives of the Company. The Board of Directors of Hamid Fabrics Limited has adopted this Nomination and Remuneration Policy formulated by the Nomination and Remuneration Committee (NRC).

This Policy shall apply to the existing Directors and employees as well as potential member of the Board and employees including top level executives.

### 2. Definition

'NRC or the Committee' refers to the Nomination and Remuneration Committee.

'The Company' means Hamid Fabrics Limited.

'Remuneration' implies any money, whatever term may be used to describe or its equivalent paid for services rendered and includes perquisites as defined in the Income Tax Ordinance, 1994.

'Board' denotes Board of Director of Hamid Fabrics PLC.

'Director' indicates member of the Board.

'Top Level Executive' includes Managing Director (MD) or Chief Executive Officer (CEO), Additional or Deputy Managing Director (AMD or DMD), Chief Operating Officer (COO), Chief Financial Officer (CFO), Company Secretary (CS), Head of Internal Audit (HIAC), Head of Administration and Human Resources or equivalent positions and same level or ranked or salaried officials of the Company.

### 3. Objective

The objectives of the NRC are to guide, assist and oversee the Board of Directors in relation to –

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to remuneration of the directors and top-level executives with consideration that remuneration is reasonable and sufficient to attract, retain and motivate suitable directors and top-level executives;
- Devising a policy on Board's diversity of age, gender, experience, ethnicity, educational background and nationality;
- Identifying persons qualified to be directors and appointed in top level executive positions;
- Framing the criteria for evaluation of performance of independent directors and the Board;
- Developing, recommending and reviewing annually the company's human resource requirements and training policies;
- Retaining, motivating and promoting talent and ensuring long term sustainability of talented Top-Level Executive and creating competitive advantage;
- Recommending Code of Conduct for the Chairman and other Members of the Board and Managing Director;
- Implementing and monitoring policies and processes regarding principles of corporate governance.

### 4. Recommendation and Appointment

The Committee is entrusted to assure that the procedures for recommendation and appointment of Directors and Top-Level Executives are followed with transparency, sincerity and impartiality. Combination of age, gender, experience, ethnicity, educational background, nationality and personal values and qualities are the guiding matters to be considered for such recommendation and appointment.

**5. Evaluation of Performance**

The Committee will do appraisal of performances of Directors and Top-Level Executives with the help of pre-set confidential questionnaires periodically along with peer feedback as and when applicable for determining the efficacy and measuring the contribution of the Directors and the Top-Level Executives of the Company.

**6. Remuneration and Benefit**

- Managing Director (MD) and Full-Time Directors:  
Remuneration and perquisites to be provided to Managing Director and other full-time Director would commensurate with his or her expertise, experience and contribution to the Company, which shall be governed by applicable rules and regulations, and recommendations made by the NRC and approved by the shareholders of the Company.
- Non-Executive and Independent Directors:  
Fees for attending meetings and other such remuneration may be paid to Non-Executive and Independent Directors as suitable under the Companies Act, 1994 and other application Regulations and Directives. Such fees and remuneration shall be recommended by the NRC and approved by the Board of Directors.
- Top-Level Executives:  
Remuneration and benefits to Top-Level Executives may be comprised of fixed and incentive pay package on the basis of performance.

**7. Retirement and Removal**

The Directors and Top-Level Executives will retire according to the applicable rules, regulations and existing HR Policy of the Company. The Board shall have the power to retain any Director, Top-Level Executive and talented employee on the same position and remuneration or with any modifications after attaining their age of retirement for the greater interest of the Company.

The Committee may recommend removing a Director or terminating any employee with reason(s) recorded in writing, subject to compliance with the applicable, existing rules and regulations.

**8. Conclusion**

The Policy shall be disclosed in the Annual Report of the Company in every year. It will be reviewed and modified to keep it updated by following applicable rules and regulations.

## REPORT ON THE ACTIVITIES OF AUDIT COMMITTEE

### For the year 2022-23

The Board of Hamid Fabrics Limited formed an Audit Committee as sub-committee of the Board. The Audit Committee assists the Board of Directors to ensure its supervisory responsibilities.

The Audit Committee comprised of:

Dr. M. Waliuzzaman, Independent Director	Chairman
Mrs. Salina Mahmud, Director	Member
Ms. Nusrat Mahmud, Director	Member
Mr. ASM Mijanur Rahman, Company Secretary	Secretary

#### Role and responsibilities of Audit Committee

The role and responsibilities of the Audit Committee are clearly stated in the Corporate Governance Guideline issued by Bangladesh Securities and Exchange Commission (BSEC). The roles of the Committee are:

- To oversee the financial reporting process;
- To monitor selection of accounting policies and principles;
- To monitor Internal Audit and Compliance process to ensure adequacy of internal auditing and compliances by reviewing the related reports;
- To oversee hiring and performance of external auditors;
- To hold meeting with external auditors and review the annual financial statements before submission to the Board for approval;
- To review the quarterly and half yearly financial statements before submission to the Board for approval;
- To review the adequacy of internal audit function;
- To review the management's discussion and analysis before disclosing in the Annual Report;
- To review statement of all related party transactions submitted by the management;
- To review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;
- To oversee determination of audit fees based on scope, magnitude and expertise of the external auditors.

#### Activities

The Audit Committee held four (04) meetings and discharged the following responsibilities during the year:

- Reviewed the quarterly financial statements.
- Reviewed the Company's draft financial statements for the year ended on June 30, 2023 and recommended that the same be placed before the Board for approval.
- Reviewed management's discussion and analysis before disclosing in the Annual Report.
- Recommended to appoint M/S Zoha Zaman Kabir Rashid & Co., Chartered Accountants as the Statutory Auditors of the Company for the year 2023-2024.
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2022-2023.

Sd/-

**Dr. M. Waliuzzaman**

Chairman, Audit Committee

Date: 24.10.2023

## REPORT ON THE ACTIVITIES OF NOMINATION AND REMUNERATION COMMITTEE (NRC)

### For the year 2022-23

The Nomination and Remuneration Committee (NRC), a sub-committee of the Board, assists and guides the Board of Directors in framing criteria or policy relating to selection, recommendation for appointment and befitting remuneration for the member of the Board and Top-Level Executives of the Company.

The Committee comprised of:

Dr. M. Waliuzzaman, Independent Director	Chairman
Mrs. Salina Mahmud, Director	Member
Ms. Nabila Mahmud, Director	Member
Mr. ASM Mijanur Rahman, Company Secretary	Secretary

#### Activities

The NRC held one (01) meeting during this year. The Committee performed the following activities during the year:

- Reviewed company's human resources requirement and need based training;
- Reviewed management's proposals for promotion and increment of salary for all levels of positions.

Sd/-

**Dr. M. Waliuzzaman**

Chairman, Nomination and Remuneration Committee

Date: 24.10.2023



## REPORT TO THE SHAREHOLDERS OF HAMID FABRICS PLC ON COMPLIANCE OF CORPORATE GOVERNANCE CODE

We have examined the compliance status to the Corporate Governance Code by Hamid Fabrics PLC for the year ended on June 30, 2023. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin /80 dated 3 June, 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of the Corporate Governance Code.

We state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

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

Dated, Dhaka  
December 04, 2023

Sd/-  
**Zahirul Kium FCA, CISA**  
Partner  
Ali Zahir Ashraf & Co.  
Chartered Accountants



## STATUS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1	Board of Directors			
1.1	Board size (number of Board members - minimum 5 and Maximum 20)	√		Board size is 08 persons
1.2	Independent Directors			
1.2 (a)	At least one fifth (1/5) of the total number of Directors shall be Independent Directors	√		
1.2 (b)	Without contravention of any provision of any other laws, for the purpose of this clause, an Independent Director means a Director:	√		
1.2 (b) (i)	who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		
1.2 (b) (ii)	who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total relationship. His/her family members also should not hold paid-up shares of the company on the basis of family above mentioned shares in the company	√		
1.2 (b)(iii)	who has not been an executive of the company immediately preceding 2 (two) financial years	√		
1.2 (b) (iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2 (b)(v)	who is not a member or TREC holder, director or officer of any stock exchange	√		
1.2 (b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market	√		
1.2 (b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the company's statutory audit firm or audit firm engaged in internal audit or special audit or professional certifying compliance of this Code	√		
1.2 (b)(viii)	who is not independent director in more than 5 (five) listed companies	√		
1.2 (b)(ix)	who has not been reported as a defaulter in the latest CIB report of Bangladesh Bank for non-payment of any loan to a bank or any advance or obligation to a Bank or a Financial Institution	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1.2 (b)(x)	who has not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (c )	The Independent Director(s) shall be appointed by the BoD with prior consent of BSEC after consideration of NRC reference and approved by the shareholders in the AGM	✓		
1.2 (d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days	✓		
1.2 (e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only	✓		
1.3	<b>Qualification of Independent Director (ID)</b>			
1.3 (a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to the business	✓		
1.3 (b)(i – v)	Independent Director shall have: a Business Leader/Corporate leader or former official of govt. /statutory/autonomous/ regulatory body in position not below of 5th grade, who has at least bachelor degree in economics or commerce or business studies or University Teacher with Economics or Business Studies or Law background or Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries and Advocate of High Court division.	✓		
1.3 (c )	The independent director shall have at least 10 (ten) years of experiences in any field mentioned above	✓		
1.3 (d)	In special cases the above qualifications or experiences may be relaxed subject to prior approval of the Commission			N/A
1.4	<b>Duality of Chairperson of the Board and Managing Director of Chief Executive Officer</b>			
1.4 (a)	The positions of the Chairperson of the Board and the MD and or CEO of the company shall be filled by different individuals	✓		
1.4 (b)	The MD and or CEO of a listed company shall not hold the same position in another listed company	✓		
1.4 (c )	The Chairperson of the Board shall be elected from among the non-executive directors of the company	✓		
1.4 (d )	The Board shall clearly define respective roles and responsibilities of the Chairperson and the MD and or CEO	✓		
1.4 (e )	In the absence of Chairperson of the Board, the members may elect one of themselves from non-executive directors as Chairperson for that particular Board meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes			No such incidence

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1.5	The Director's Report shall include the following additional statements:			
1.5 (i)	Industry outlook and possible future developments in the industry	✓		
1.5 (ii)	Segment-wise or product-wise performance	✓		
1.5 (iii)	Risks and concerns	✓		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss			N/A
1.5 (vi)	Basis for related party transactions - a statement of all related party transaction should be disclosed in the annual report	✓		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any other instrument			N/A
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO)	✓		
1.5 (ix)	An explanation on any significant variance occurs between Quarterly Financial performance and Annual Financial Statements	✓		
1.5 (x)	A statement of remuneration paid to directors including independent directors	✓		
1.5 (xi)	The financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		
1.5 (xii)	Proper books of account have been maintained	✓		
1.5 (xiii)	Adoptation of appropriate accounting policies & estimates	✓		
1.5 (xiv)	IAS/BAS/IFRS/BFRS, as applicable in Bangladesh, have been followed and adequate disclosure for any departure	✓		
1.5 (xv)	The system of Internal control is sound in design and has been effectively implemented and monitored	✓		
1.5 (xvi)	Minority shareholders have been protected and have effective means of redress	✓		
1.5 (xvii)	Going Concern (ability to continue as going concern)	✓		
1.5 (xviii)	Highlight and explain significant deviations from the last year's operating results	✓		
1.5 (xix)	Key operating and financial data of at least preceding 5(five) years shall be summarized	✓		
1.5 (xx)	Reason for non-declaration of Dividend			N/A

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1.5 (xxi)	No bonus share or stock dividend has been or shall be declared as interim dividend	✓		
1.5 (xxii)	The number of Board meetings held during the year and attendance by each director	✓		
1.5 (xxiii)	Pattern of shareholding and name wise details (disclosing aggregate number of shares):			
1.5 (xxiii) (a)	Parent/Subsidiary/Associated Companies and other related parties	✓		
1.5 (xxiii) (b)	Directors, Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO), Head of Internal Audit (HIA) and their spouses and minor children	✓		
1.5 (xxiii) (c)	Executives (top five salaried employees other than Directors, CEO, CS, CFO & HIAC)	✓		
1.5 (xxiii) (d)	Shareholders holding ten percent (10%) or more voting interest in the company	✓		
1.5 (xxiv)	In case of the appointment/re-appointment of a director, disclose:			
1.5 (xxiv) (a)	a brief resume of the director	✓		
1.5 (xxiv) (b)	nature of his/her expertise in specific functional areas	✓		
1.5 (xxiv) (c)	names of companies in which the person also held the directorship and the membership of committees of the board	✓		
1.5 (xxv)	Management's discussion and detailed analysis of the Company's position and operations signed by CEO or MD:			
1.5 (xxv) (a)	Accounting policies and estimation	✓		
1.5 (xxv) (b)	Changes in accounting policies and estimation, if any			N/A
1.5 (xxv) (c)	Comparative analysis of financial results for current financial year with immediate preceding five years	✓		
1.5 (xxv) (d)	Compare such financial results and position with peer industry	✓		
1.5 (xxv) (e)	Brief explanation on the financial and economic scenario of the country and the globe	✓		
1.5 (xxv) (f)	Risks and concerns issues related to the financial statements with explanation and mitigation plan	✓		
1.5 (xxv) (g)	Future plan for company's operation, performance and financial position	✓		
1.5 (xxvi)	Declaration by the CEO and the CFO to the Board as per 3(3) disclosed under Annexure - A	✓		
1.5 (xxvii)	This report and certificate regarding compliance of condition of this Code as per condition 9 disclosed under Annexure – B and Annexure – C.	✓		
1.5 (xxviii)	Not to include the business strategy or technical matters about product or services having business secrecy.	✓		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
1.6	The Board meeting shall be conducted and minutes of the meeting shall be recorded as per Bangladesh Secretarial Standards (BSS) as adopted by the ICSB.	✓		
1.7 (a)	A code of conduct prepared by the Board based on the recommendation of the NRC for the Chairperson, other board members and CEO of the Company	✓		
1.7 (b)	The code of conduct to be posted on the Company that includes prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers and independency.	✓		
2.	<b>Subsidiary Company</b>			
2. (a)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.			N/A
2. (b)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company.			N/A
2. (c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company.			N/A
2. (d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.			N/A
2. (e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			N/A
3.	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit &amp; Compliance (HIAC) and Company Secretary (CS):</b>			
3. 1. (a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO), and a Head of Internal Audit and Compliance (HIAC);	✓		
3. 1. (b)	The positions of the MD or CEO, CS, CFO and HIAC shall be filled by different individuals;	✓		
3. 1. (c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time; CFO or CS may hold with prior permission of the Commission;			To be complied for CS
3. 1. (d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
3.1. (e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).			No such incidence
3.2	The MD or CEO, CS, CFO and HIAC of the Company shall attend the meetings of the Board; provided that the CS, CFO and/ or the HIAC shall not attend such part of a meeting of the Board which involves consideration of an agenda item relating to their personal matters.	√		
3.3	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO):			
3.3. (a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
	(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	√		
	(ii) these statements together present a true and fair view of the company's and are in compliance with existing accounting standards and applicable laws;	√		
3.3. (b)	The MD or CEO and CFO shall also certify that there are to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board or its members;	√		
3.3. (c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	√		
4. (i)	For ensuring good governance in the company, the Board shall have – Audit Committee;	√		
4. (ii)	For ensuring good governance in the company, the Board shall have – Nomination and Remuneration Committee;	√		
5	Audit Committee			
5.1	Responsibility to the Board of Directors			
5.1. (a)	The Audit Committee shall be a sub-committee of the Board of Directors (BOD);	√		
5.1. (b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	√		
5.1. (c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	√		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
5.2	Constitution of the Audit Committee			
5.2 (a)	The Audit Committee shall be composed of at least 3 (three) members;	√		
5.2 (b)	The Board shall appoint members of the Audit Committee who shall be non-executive directors of the company except Chairperson of the Board and shall include at least 1 (one) Independent Director;	√		
5.2 (c)	All members of the Audit Committee should be "financially literate" and at least one member shall have accounting or related financial management experience for ten years;	√		
5.2 (d)	Expiration of term of service of the Committee members making the number lower than 3 (three) and fill up the vacancy by the Board not later than sixty days from the date of vacancy.	√		
5.2 (e)	The Company Secretary act as the secretary of the Audit Committee.	√		
5.2 (f)	The quorum of the Audit Committee shall not constitute without at least one Independent Director.	√		
5.3	Chairperson of the Audit Committee:			
5.3 (a)	The Board shall select the Chairperson of the Audit Committee who shall be an Independent Director.	√		
5.3 (b)	In the absence of Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting;	√		
5.3 (c)	Chairman of the Audit Committee shall remain present in the Annual General Meeting (AGM).	√		
5.4	Meeting of the Audit Committee			
5.4 (a)	The Audit Committee (AC) shall conduct at least four meetings in a financial year;	√		
5.4 (b)	The quorum of the meeting of Audit Committee shall be either two members or two third of the members of AC present including an independent director is a must;	√		
5.5	Role of Audit Committee			
5.5 (a)	Oversee the financial reporting process;	√		
5.5 (b)	Monitor choices of accounting policies and principles;	√		
5.5 (c)	Monitor Internal Audit and Compliance process to ensure adequacy;	√		
5.5 (d)	Oversee hiring and performance of external auditors;	√		
5.5 (e)	Hold meeting with external or statutory Auditors to review the annual financial statements before submission to the board for approval;	√		



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
5.5 (f)	Review along with the management to review the annual financial statements before submission to the board for approval;	✓		
5.5 (g)	Review along with the management the quarterly and half yearly financial statements before submission to the board for approval;	✓		
5.5 (h)	Review the adequacy of internal audit function;	✓		
5.5 (i)	Review the Management's discussion and analysis before disclosing in the Annual Report;	✓		
5.5 (j)	Review statement of all related party transactions submitted by the management;	✓		
5.5 (k)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	✓		
5.5 (l)	Oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate performance of external auditors;	✓		
5.5 (m)	Oversee whether the proceeds raised through IPO or RPO or Right Share Offer have been utilized as per relevant document or prospectus approved by the Commission.			N/A
5.6	Reporting of the Audit Committee:			
5.6 (a)	Reporting to the Board of Directors:			
5.6 (a)(i)	Reporting to the Board on the activities of the Audit Committee;	✓		
5.6 (a) (ii) (a)	Reporting to the Board on conflicts of interests;			No such incidence
5.6 (a) (ii) (b)	Reporting to the Board on suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements ;			No such incidence
5.6 (a) (ii) (c)	Suspected infringement of laws, regulatory compliances including security related laws, rules and regulations;			No such incidence
5.6 (a) (ii) (d)	Any other matter, which the Audit Committee deems necessary shall be disclosed to the Board immediately;			No such incidence
5.6 (b)	Reporting to the Commission on anything has material impact on financial condition and results, if such thing reported to the Board for rectification and such rectification was ignored reasonably, within six months or reports to the Board three times whichever is earlier.			No such incidence
5.7	Reporting to the Shareholders and General Investors through report on activities of the Audit committee signed by its Chairperson disclosing in the Annual Report.	✓		
6	Nomination and Remuneration Committee			
6.1	Responsibility to the Board of Directors:			



Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
6.1 (a)	The Company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;	✓		
6.1 (b)	The NRC shall assist the Board in framing criteria or policy for directors and top level executives as well as policy for considering remuneration of directors, top level executives;	✓		
6.1 (c)	Terms of Reference (ToR) of the NRC shall be clearly defined in writing as per condition 6.5(b).	✓		
6.2	<b>Constitution of the NRC:</b>			
6.2 (a)	The Committee shall comprise of at least three members including an independent director;	✓		
6.2 (b)	At least two members of the Committee shall be non-executive directors;	✓		
6.2 (c)	Members shall be nominated and appointed by the Board;	✓		
6.2 (d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6.2 (e)	In case of vacancy (death, resignation, disqualification, or removal), the Board shall fill the vacancy within 180 days of such vacancy;			No such incidence
6.2 (f)	The Chairperson of the Committee may appoint or co-opt any external expert and or member of staff as advisor being non-voting member;	✓		
6.2 (g)	The company secretary shall act as the secretary of the Committee;	✓		
6.2 (h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6.2 (i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory role or otherwise, other than Director's fees or honorarium from the Company.	✓		
6.3	<b>Chairperson of the NRC:</b>			
6.3 (a)	The Board shall select one person being independent director from the NRC to be Chairperson;	✓		
6.3 (b)	In the absence of the Chairperson, the remaining members may elect one from themselves as Chairperson for that particular meeting;			No such incidence
6.3 (c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders; any other member from the NRC shall be present at the AGM in case of absence of Chairperson of the NRC.	✓		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
6.4	Chairperson of the NRC:			
6.4 (a)	The NRC shall conduct at least one meeting in a financial year;	√		
6.4 (b)	The Chairperson may convene any emergency meeting upon request by any member of the NRC;			No Such incidence
6.4 (c)	The quorum of the meeting shall be constituted in presence of two members or two-third of the members, whichever is higher; where presence of an independent director is must;	√		
6.4 (d)	The proceedings of each meeting shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	√		
6.5	Role of the NRC:			
6.5 (a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	√		
6.5. (b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6.5. (b) (i)	The criteria to determine qualifications, positive attributes and independence of a director and recommend a policy to the Board about remuneration of the directors, top level executive considering -	√		
	(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;			
	(b) The relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and			
	(c) Remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives;			
6.5. (b) (ii)	A policy on Board's diversity considering age, gender, experience, ethnicity, educational background and nationality;	√		
6.5. (b) (iii)	Selection of persons who are qualified to be directors and may be appointed in top level executive position as per the criteria and recommend their appointment and removal to the Board;	√		
6.5. (b) (iv)	The criteria to evaluate performance of independent directors and the Board;	√		

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks
		Complied	Not Complied	
6.5. (b) (v)	Identification of Company's needs for employees and determine their selection, transfer or replacement and promotion criteria;	✓		
6.5. (b) (vi)	Development, recommendation and review of the Company's human resources and training policies annually;	✓		
6.5. (c)	The Company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its Annual Report.	✓		
7	External/Statutory Auditors :			
7.1. (i)	Non-engagement in appraisal or valuation services or fairness opinions	✓		
7.1. (ii)	Non-engagement in financial information systems design and implementation	✓		
7.1. (iii)	Non-engagement in book keeping or other services related to the accounting records or financial statement	✓		
7.1. (iv)	Non-engagement in broker-dealer services	✓		
7.1. (v)	Non-engagement in actuarial services	✓		
7.1. (vi)	Non-engagement in internal audit or special audit services	✓		
7.1. (vii)	Non-engagement in any other services that the Audit Committee determines;	✓		
7.1. (viii)	Non-engagement of certification services on compliance of Corporate Governance Guidelines as per condition 9(1).	✓		
7.1. (ix)	Non-engagement of any other service that creates conflict of interest.	✓		
7.2	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	✓		
7.3	Representative of external or statutory auditors shall remain present in the AGM to answer the queries of the shareholders.	✓		
8.	Maintaining a website by the Company			
8.1	The company shall have an official website linked with the website of the stock exchanges.	✓		
8.2	The company shall keep the website functional from the date of listing.	✓		
8.3	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchanges.	✓		

Condition No.	Title	Compliance Status (Put √ in the appropriate column)		Remarks
		Complied	Not Complied	
9	Reporting and compliance of Corporate Governance			
9.1	The company shall obtain certificate from a practicing Professional Accountant/ Secretary regarding compliance of conditions of Corporate Governance Code of the Commission and include in the Annual Report.	√		
9.2	The professional who will provide the certificate on compliance on this Corporate Governance Code shall be appointed by the shareholders in the AGM.	√		
9.3	The Directors of the Company shall state in the directors' report whether the company has complied with these conditions as per Annexure – C.	√		

# INDEPENDENT AUDITOR'S REPORT

## TO THE SHAREHOLDERS OF HAMID FABRICS LTD.

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Hamid Fabrics Ltd. (the "Company") which comprise the statement of financial position as at 30 June 2023 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 3.

#### 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 Bangladesh Securities and Exchange Commission (BSEC), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Matters

The Company being 100% export oriented entities use multiple foreign currency bank accounts for its regular transactions and effects of any exchange rate changes are included in the statement of cash flows as part of operating, investing or financing activities instead of shown separately. The Company operate an unfunded gratuity scheme for eligible employees who have completed ten years of service. Management has conducted internal assessment of its gratuity obligation and made required provision based on this assessment.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Description of key audit matters	Our response to key audit matters
<b>Revenue recognition and valuation of receivables</b>	
<p>Substantial portion of the Company's external sales are made on credit and hence accounts receivable balance constitute significant component of the Company's statement of financial position as at 30 June 2023. All receivables are backed by Back-to-Back Letter of Credit (L/C) and hence considered good and secured.</p> <p>However, due to inherent risk associated with recovery of accounts receivable balance and difficulties in forecasting future loss in case of changes in exchange rate this area requires significant estimate and judgment.</p> <p>In particular, due to the macro-economic factors like high inflation, shortage of foreign currencies, supply chain disruption, rising fuel price, devaluation of BDT and other geo-political issues RMG and textile industry both globally, and in Bangladesh could be adversely impacted, especially in relation to revenue recognition and increased overdue receivables. Therefore, we have considered this as a key audit matter.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Appropriateness of the Company's revenue recognition policy and more specifically its alignment with the five step recognition criteria as specified in IFRS 15;</li> <li>• L/C opening process and customer selection criteria;</li> <li>• Periodic balance confirmation from debtors;</li> <li>• Monitoring and follow-up process for overdue receivables; and</li> <li>• The Company's policy of creating provision against overdue receivables and periodic write off in line with IFRS 9.</li> </ul> <p>Our substantive procedures in relation to the assessing valuation of receivables comprises the following:</p> <ul style="list-style-type: none"> <li>• Reconciliation of debtors ageing to general ledger;</li> <li>• Conducting cut-off testing at the year-end;</li> <li>• Reviewing subsequent receipt of receivables balance;</li> <li>• Comparing current year rebate/discount accruals to the prior year and issuance of credit notes post year-end; and</li> <li>• Recalculation of provision for trade receivables as required by IFRS 9 and compared against actual write off/loss incurred in prior periods due to non-collectability of receivables balance.</li> </ul>
See <b>note number 9 and 23</b> for details	
<b>Valuation of inventories</b>	
<p>The Company had substantial amount of inventories as at 30 June 2023 which were maintained at factory premises.</p> <p>Inventories are carried at the lower of cost and net realizable value. As a result, management has applied judgement in determining the appropriate values for inventories which may be slow-moving or obsolete and need to apply impairment provision.</p> <p>While excess holding of inventories could</p>	<p>We evaluated the design and implementation of key inventory controls operating across the product lines and stock items of the Company.</p> <p>We observed physical inventory counts and reviewed the reconciliation process of the count results to the inventory records maintained in the system.</p> <p>We compared the net realizable value through a detailed review of subsequent period sales and the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are</p>

Description of key audit matters	Our response to key audit matters
<p>impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market.</p> <p>Moreover, due to the impacts from other adverse macro-economic factors as mentioned above, there is likelihood of excess inventories due to slowdown in business. If there is significant drop in sales volume or selling price in subsequent period this can create lower NRV and hence potential impairment.</p> <p>Therefore, this area we have considered as a key audit matter.</p>	<p>complete.</p> <p>We reviewed the historical accuracy of inventory provisioning, and the level of inventory write-offs during the year.</p> <p>We discussed with management about their sales forecasting procedures and ordering of stocks, and inquired about remedial action taken in case of excess or shortage of inventories due to difference in forecast and actual results.</p> <p>We reviewed management analysis of slow-moving inventories and assessed any obsolescence and/or NRV issues.</p>
See <b>note number 10</b> for details	

Regulatory compliance	
<p>The Company is a listed company as well as considered as a 'Public Interest Entity' as per the criteria issued by Bangladesh Financial Reporting Council (FRC) vide notification dated 11 March 2020. Accordingly, the Company operate in a heightened legal and regulatory environment, and as a result we focus on compliance with legal, regulatory and other matters as key audit area.</p> <p>In addition, the Company has also taken substantial amount of loans and borrowings to support its business activities and hence require to comply with related covenants on loans and borrowings from various banks and financial institutions.</p>	<p>We have conducted the following procedures to assess compliance of various regulatory and other matters applicable for the Company:</p> <p><b>The Labour Act</b></p> <p>In current year the Company has made required provision for the WPPF and disbursed 80% of the provision of the WPPF of prior year to the employees. In addition, the Company is in the process of setting up the Trust and other formalities for disbursement of remaining WPPF amount to Welfare Fund and Workers' Welfare Foundation Fund. Similar with the industry practice, the Company has not disbursed the 10% of the Fund to the Welfare Foundation Fund established under Section 14 of the Bangladesh Workers Welfare Foundation Act, 2006. The Company has made required provision for gratuity on the basis of its policy of completion of ten years' service length to pay gratuity on the basis of on latest basic salary for each completed years of services. The Company has not yet conducted any actuarial valuation of its defined benefit obligation but as per management's estimate the existing provision will be adequate to cover its obligation under the Labour Act 2006 (as amended). On the expectation that vast majority of employees will be continuing with the Company the gratuity provision is</p>



Description of key audit matters	Our response to key audit matters
	<p>shown as non-current liability. The Company has also aligned its provident fund rules with the Labour Rules 2015.</p> <p><b>Loans and borrowings</b></p> <p>We obtained an understanding, evaluated the design and tested the operational effectiveness of the Company's key controls over draw down and repayment or loans. Amongst other we have obtained understanding on the nature or types of loans, the repayment schedules, loan statements and facility offer letters to review terms, debt covenants, interest rates and other conditions associated with the loans.</p>
See <b>note number 17</b> for details	

#### Revaluation of property, plant and equipment including impairment assessment

<p>The Company in prior years has undertaken revaluation of its land and building. As a result of this revaluation exercise, an amount of BDT 659,440,386 (2022: BDT 664,118,725) is recognized as the fair value gain in revaluation surplus. Determination of fair value in absence of any quoted price and active market require significant judgment.</p> <p>Furthermore, due to macro-economic impacts and other factors as stated above we have assessed capacity utilization of PP&amp;E and any potential impairment under IAS 36.</p>	<p>We assessed the process of revaluation previously taken by the Company.</p> <p>We reviewed revaluation report of the independent valuer along with relevant documents and applied our judgment to see whether the fair value is still relevant, especially due macro-economic changes in general and in those area in particular to assess the current value of those assets.</p> <p>In addition to our own analysis and discussion with management we also inquired from external valuers about any major variation in current market price of those properties with its carrying value</p> <p>We checked related accounting treatments of fair value gain along with related deferred tax as recognized by the Company.</p> <p>Finally, we discussed actual capacity utilization during the period and future forecast including expected recovery time from post COVID 19 and other macro-economic impacts to assess whether any impairment is required.</p>
See impairment policy and <b>note 14</b> for details	

#### Reporting on 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 Annual Report

is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note 3, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these 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.

### **Auditor's 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 judgement 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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of account as required by law have been kept by the Company's so far as it appeared from our examination of those books;
- (iii) the statement of financial position and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account; and
- (iv) the expenditures incurred were for the purpose of the Company's business.

Sd/-

**Sabbir Ahmed FCA, Partner**  
ICAB Enrolment no: 770  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**Dhaka, 24 October 2023**  
DVC No: 2310250770AS910182

**HAMID FABRICS LIMITED**  
**Statement of Financial Position**  
As at 30 June 2023

Particulars	Notes	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	2,860,212,180	2,908,717,652
Intangible assets	6	35,505,829	44,382,286
Investment in FDR	7	43,207,366	41,206,629
		<b>2,938,925,375</b>	<b>2,994,306,567</b>
<b>Current assets:</b>			
Trade receivables	8	870,456,234	1,108,973,089
Advances, deposits and prepayments	9	143,993,059	181,122,778
Inventories	10	992,927,176	852,189,201
Cash and cash equivalents	11	23,679,522	28,465,915
		<b>2,031,055,991</b>	<b>2,170,750,983</b>
<b>Total assets</b>		<b>4,969,981,366</b>	<b>5,165,057,549</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity:</b>			
Share capital	12	910,573,120	910,573,120
Share premium	13	973,600,000	973,600,000
Revaluation reserve	14	618,482,066	664,118,725
Retained earnings	15	931,365,231	931,780,685
		<b>3,434,020,417</b>	<b>3,480,072,530</b>
<b>Non-current liabilities:</b>			
Loans and borrowing - net off current maturity	16	33,352,912	108,318,365
Lease - net off current maturity	17	2,517,737	-
Deferred tax liabilities	18	191,690,918	132,479,810
Provision for gratuity	19	79,792,353	68,715,756
		<b>307,353,920</b>	<b>309,513,931</b>
<b>Current Liabilities:</b>			
Loans and borrowings - current maturity	20	87,180,142	103,708,961
Lease - current maturity	21	2,603,317	-
Short term loans and borrowings	22	560,221,152	530,247,953
Trade creditors	23	192,528,712	446,226,331
Others payable	24	271,506,344	208,177,451
Income tax provision	25	114,567,362	87,110,392
		<b>1,228,607,029</b>	<b>1,375,471,088</b>
<b>Total shareholders' equity and liabilities</b>		<b>4,969,981,366</b>	<b>5,165,057,549</b>
<b>Net assets value per share</b>			
Net assets value per share	34	<b>37.71</b>	<b>38.22</b>
Net assets value per share without revaluation		<b>30.92</b>	<b>30.93</b>

*The annexed notes form an integral part of these financial statements.*

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

*Signed as per annexed report of even date.*

**Dhaka, 24 October 2023**  
DVC No: 2310250770AS910182

Sd/-  
**Sabbir Ahmed FCA, Partner**  
ICAB Enrolment no: 770  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**HAMID FABRICS LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
For the year ended 30 June 2023

Particulars	Notes	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
Revenue	26	2,743,589,110	2,510,534,603
Cost of goods sold	27	(2,297,583,716)	(2,085,672,925)
Gross profit		<b>446,005,394</b>	<b>424,861,678</b>
Operating expenses			
Administrative expenses	28	(219,827,470)	(199,797,663)
Selling and distribution expenses	29	(39,376,412)	(29,967,042)
		<b>(259,203,882)</b>	<b>(229,764,705)</b>
Operating profit		<b>186,801,512</b>	195,096,973
Finance costs	30	(112,408,280)	(101,876,613)
Contribution to WPPF	31	(3,657,866)	(4,543,916)
Non-operating income	32	2,421,946	2,201,876
Profit before tax		<b>73,157,313</b>	<b>90,878,319</b>
Income tax provision			
Current tax expenses	25	(37,862,742)	(13,631,748)
Deferred tax expenses	18	(18,252,787)	(16,307,097)
		(56,115,529)	(29,938,845)
Net profit for the year		<b>17,041,783</b>	<b>60,939,474</b>
Other comprehensive income			
Items that will not be recalssified to profit or loss:			
Deferred tax on revaluation of assets	18	(40,958,320)	-
Total comprehensive income for the year		<b>(23,916,537)</b>	<b>60,939,474</b>
Basic earning per share (par value Tk. 10/=)	33	<b>0.19</b>	<b>0.67</b>

*The annexed notes form an integral part of these financial statements.*

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

*Signed as per annexed report of even date.*

Dhaka, 24 October 2023  
DVC No: 2310250770AS910182

Sd/-  
Sabbir Ahmed FCA, Partner  
ICAB Enrolment no: 770  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**HAMID FABRICS LIMITED**  
**Statement of Changes in Equity**  
For the year ended 30 June 2023

Amount in Taka

Particulars	Share capital	Share premium account	Revaluation surplus	Retained earnings	Total Taka
<b>Balance as at July 01, 2022</b>	<b>910,573,120</b>	<b>973,600,000</b>	<b>664,118,725</b>	<b>931,780,685</b>	<b>3,480,072,530</b>
Profit for the year	-	-	-	17,041,783	<b>17,041,783</b>
Cash dividend for 2021-2022	-	-	-	(22,135,576)	<b>(22,135,576)</b>
Transferred to revaluation surplus to deferred tax liabilities (note 18)	-	-	(40,958,320)	-	<b>(40,958,320)</b>
Depreciation adjustment of revaluation assets	-	-	(4,678,339)	4,678,339	-
<b>Balance as at June 30, 2023</b>	<b>910,573,120</b>	<b>973,600,000</b>	<b>618,482,066</b>	<b>931,365,231</b>	<b>3,434,020,417</b>

Amount in Taka

Particulars	Share premium account	Share premium	Revaluation surplus	Retained earnings	Total Taka
<b>Balance as at July 01, 2021</b>	<b>910,573,120</b>	<b>973,600,000</b>	<b>669,043,292</b>	<b>887,994,474</b>	<b>3,441,210,886</b>
Profit for the year	-	-	-	60,939,474	<b>60,939,474</b>
Cash dividend for 2020-2021	-	-	-	(22,077,830)	<b>(22,077,830)</b>
Depreciation adjustment of revaluation assets	-	-	(4,924,567)	4,924,567	-
<b>Balance as at June 30, 2022</b>	<b>910,573,120</b>	<b>973,600,000</b>	<b>664,118,725</b>	<b>931,780,685</b>	<b>3,480,072,530</b>

Net assets value per share as on 30-06-2023 (Note - 34) 37.71

Net assets value per share as on 30-06-2022 (Note - 34) 38.22

*The annexed notes form an integral part of these financial statements.*

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary

## HAMID FABRICS LIMITED

## Statement of Cash Flows

For the year ended 30 June 2023

Particulars	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
<b>Cash flows from operating activities</b>		
Cash receipts from customers	2,984,527,911	2,318,508,248
Cash paid to suppliers and employees	(2,692,483,670)	(2,128,887,264)
<b>Cash generated from operations</b>	<b>292,044,241</b>	<b>189,620,984</b>
Income tax paid	(40,195,616)	(15,621,424)
Interest paid	(112,108,580)	(107,972,759)
<b>Net cash flows from operating activities</b>	<b>139,740,045</b>	<b>66,026,800</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(63,990,106)	(41,280,777)
(Addition)/realisation of investment (FDR)	(2,000,737)	(1,899,511)
<b>Net cash flows from investing activities</b>	<b>(65,990,843)</b>	<b>(43,180,288)</b>
<b>Cash flows from financing activities</b>		
(Decrease)/Increase in long term borrowings	(86,373,218)	(55,160,785)
Increase in short term borrowing	560,221,152	530,247,953
(Decrease) in Short Term Borrowing	(530,247,953)	(464,164,164)
Dividend paid	(22,135,576)	(22,077,830)
<b>Net cash flows from financing activities</b>	<b>(78,535,595)</b>	<b>(11,154,826)</b>
Net cash flows from operating, investing and financing activities	(4,786,393)	11,691,687
Opening cash and cash equivalent	28,465,915	16,774,228
<b>Closing cash and cash equivalents</b>	<b>23,679,522</b>	<b>28,465,915</b>
<b>Net operating cash flow per share (Note - 40.v)</b>	<b>1.53</b>	<b>0.73</b>

The annexed notes form an integral part of these financial statements.

Sd/-  
Managing Director

Sd/-  
Director

Sd/-  
Company Secretary



## HAMID FABRICS LIMITED

### Notes to the Financial Statements

As at and for the year ended 30 June 2023

#### 1. Status of the reporting entity

##### 1.1 Legal status

Hamid Fabrics Ltd. (the “Company”) is a public company limited by shares. The Company was incorporated in Bangladesh on 27 April 1995 in the name of Siddique Fabrics Ltd., as a private company limited by shares under the Companies Act, 1994. Subsequently on 23 May 2000, the name was changed to Hamid Fabrics Limited. The Company was converted to a public company on 25 February 2010 vide special resolution passed in the extra ordinary general meeting after observance of required formalities. Finally, on 01 September 2014, the company received consent from BSEC for listing and from 04 December 2014 the Company's share started to trade in DSE and CSE. The Registered office of the Company is situated at Hamid Tower, 24 Gulshan Commercial Area, Circle – 2, Dhaka – 1212. The factory of the Company is located at Shilmondi, Narshindi. The Company is listed with Dhaka and Chittagong Stock exchanges.

##### 1.2 Nature of business

The principal activity of this Company is engaged in manufacturing and marketing of gray and finished fabrics of various qualities. This is a 100% export-oriented company.

The management of the company will continue its operational existence for the foreseeable future on the basis of improved profitability and continued support of its bankers, equipment vendors and other contractors, suppliers as well as related stakeholders.

#### 2. Basis of preparation

##### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and the Companies Act 1994.

##### 2.2 Other regulatory compliances

The Company is also required to comply with the following major laws and regulation in addition to the Companies Act 1994:

- The Income Tax Ordinance 1984 and revised new Income Tax Act 2023
- The Value Added Tax and Supplementary Duty Act, 2012
- The Customs Act 1969
- Bangladesh Labor Act 2006 and rules 2015
- Securities and Exchange Rules 1987 along with all related regulations
- Other applicable regulations.

##### 2.3 Basis of measurement

The financial statements have been prepared on accrual basis following going concern concept under the historical cost convention except for land and land development and building and construction which are reflected at revalued amount. The land and building were revalued in the year 2012.

##### 2.4 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason, the Directors continued to adopt going concern basis in preparing the Financial Statements. The current credit facilities and resources of the Company provide sufficient fund to meet the present requirements of its existing businesses and operations.

##### 2.5 Use of estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards 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 and disclosure requirements for contingent assets and liabilities during and at the date of financial statements. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other

factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are reflected in the following notes:

- Note 5 Property, plant and equipment
- Note 6 Intangible assets
- Note 14 Revaluation surplus
- Note 19 Provision for gratuity
- Note 24 Accruals and other payable
- Note 25 Income tax provision

#### 2.6 Functional and reporting currency and level of precision

The financial statements are prepared and presented in Bangladesh Taka, which is the Company's functional currency. All financial information presented has been rounded off to the nearest Taka except where indicated otherwise.

#### 2.7 Reporting period

The financial period of the company covers one year from 1 July to 30 June and followed consistently. For this Report, Financial statement covers for the period from 01 July 2022 to 30 June 2023 along with related applicable comparative information for the period 01 July 2021 to 30 June 2022.

#### 2.8 Change in accounting policy

There is no major change in accounting policies for preparation of the Financial Statements for this year.

#### 2.9 Date of authorization

This Financial Statements has been authorized for publication by the Board of Directors of Hamid Fabrics Limited on 24 October 2023.

#### 2.10 Components of the financial statements

According to the International Accounting Standard (IAS) 1 "Presentation of Financial Statements" the complete set of financial statements includes the following components:

- i) Statement of Financial Position
- ii) Statement of Profit or Loss and Other Comprehensive Income
- iii) Statement of Changes in Equity
- iv) Statement of Cash Flows
- v) Notes to the Financial Statements

### 3. Significant accounting policies

The accounting policies set out below have been applied in preparations of these financial statements:

#### 3.1 Property, plant and equipment

##### 3.1.1 Recognition and measurement

Property, plant and equipment except land and building are measured at cost less accumulated depreciation and impairment losses, if any. Land and Land Development and Building and Construction are measured at fair value. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable expenses, inward freight, duties and non-refundable taxes.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits

embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

### 3.1.2 Disposal of fixed assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

### 3.1.3 Depreciation on fixed assets

Depreciation on fixed assets is charged on reducing balance method. Depreciation continues to be charged on each item of fixed assets until the written down value of such fixed assets is reduced to Taka one. Depreciation on addition to fixed assets is charged on daily product basis from the date of acquisition and depreciation has been charged on fixed assets ceases on the same way of their date of disposal and it has no significant impact on the previous financial statements relating to such change from yearly basis and days basis. The residual value, if not insignificant, is reassessed annually. Amount of depreciation on Revaluation of Building and Other Construction has been adjusted against Revaluation Reserve.

Rates of depreciation on various classes of fixed assets are as under:

Category of fixed asset	Rate (%)
Building & Construction	5
Plant & Machinery	5
Electrical & Gas Installation	10
Furniture and Fixtures	15
Office equipment	15
Vehicles	20

Land is not depreciated as it deems to have an infinite life. Depreciation is charged on all assets of the company.

### 3.1.4. Revaluation of property, plant and equipment:

During the period no assets were revalued but it was estimated that fair value of above assets justified with was higher than the book value.

The Company applies revaluation model to entire class of freehold land and buildings in 2012. A revaluation is carried out when there is a substantial difference between the fair value and the carrying amount of the property and is undertaken by professionally qualified valuers. The Company reviews its assets when deemed appropriate considering reasonable interval of years/time. Increases in the carrying amount on revaluation is recognised in other comprehensive income and accumulated in equity in the revaluation reserve unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. Decrease in the carrying amount on revaluation that offset previous increases of the same individual assets are charged against revaluation reserve directly in equity. All other decreases are recognised in statement of profit or loss and other comprehensive income.

Land & building held for use in production, supply of goods and services or administrative purpose are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

### 3.1.5 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 profit and loss account as incurred.

### 3.1.6. Impairment of assets

No fact and circumstances indicate that the Company's assets including property, plant and equipment (PPE)

may be impaired. Management regularly monitor utilisation or PPE and the lower utilisation at present is considered to be short term in nature due to post Covid and others macro-economic and geo-political issues.

### 3.2. Intangible Asset

#### 3.2.1. Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

#### 3.2.2. Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred.

#### 3.2.3. Amortization

Amortization is recognized in the statement of comprehensive income on reducing balance method. Amortization rate for intangible assets (computer software) is 20 % per year. Amortization of such assets is charged on daily product basis.

### 3.3. Leased Assets

Lease assets of the Company is measured, presented as per IFRS-16. Leases are recognized a right of use of assets and a lease liability. Initially the right of use of a lease assets at cost and the liability at the present value of the lease payments that are not paid at the Balance sheet date. Subsequently a lease is measured the right of use of assets at cost model. Any lease assets such as rental of any office spaces having low value or short-term lease is not considered under this Policy as it is exempted by IFRS-16, para-5.

### 3.4. Investment in FDR

Investment in FDR includes fixed deposits held with various banking and non-banking financial institutions in the name of Hamid Fabrics Limited and it is made to facilitate security deposit against utility connection, etc. The fixed deposits are renewed upon maturity at the option of the Company.

### 3.5. Inventories

Inventories are stated at the lower of cost and net realizable value in accordance with IAS -2 "Inventories". The cost of inventories is based weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Adequate allowance is made for obsolete, damaged and slow-moving inventories.

### 3.6. Trade Debtors

Accounts receivable has been stated at its original invoiced amount supported by L/C. This is considered good and is falling due within one year. 25% provision for bad/doubtful debts is made on the receivable amount against trade debtors over one year to two years of ageing and over two years of ageing 50% provision is made and if its three years or more 100% is provided and the provision is written off as per decision of the Board, if so required. Related party transactions relating to sales/purchase are made on arm length basis. Rate of sale/purchase of related party transactions are fixed as applicable to other outsider parties.

### 3.7. Advance, deposits and prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions, adjustments or charges to other account heads such as PPE or inventory etc.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

**3.8. Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Amount of Cash and Cash Equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognized accordingly.

**3.9. Other current assets**

Other current assets have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the balance sheet.

**3.10. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as deduction from equity, net of any tax effects. Paid up capital represents total amount contributed by the shareholders and bonus shares, if any issued by the company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividend as declared from time and are entitled to vote at shareholder's meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders and creditors and fully entitled to any residual proceeds of liquidation.

**3.11. Trade creditors and accruals**

Trade and other payables are stated at cost.

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Trade Creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to Profit and Loss Account.

**3.12. Loans and borrowings**

Principal amounts of loans and borrowings are stated at their outstanding amount. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

**3.13. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**3.13.1. Financial assets**

The Company initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

The classification and measurement of financial assets is based on the basis of both:

- a. the entity's business model for managing the financial assets; and
- b. the contractual cash flow characteristics of the financial assets

Three measurement classifications for financial assets have been established: amortised cost, fair value through other comprehensive income and fair value through profit and loss. These measurement classifications align with three business models available under IFRS 9:

- Hold to Collect – Financial assets held with the objective to collect contractual cash flows
- Hold to Collect and Sell – Financial assets held with the objective to collect and sell contractual cash flows
- Other – Financial assets held for trading or assets that do not meet the criteria for either 'Hold to collect'

or 'Hold to collect and sell'. Financial assets designated as trading are held with an objective to sell the assets in the short term.

For purposes of determining the measurement classification, financial assets under the 'Hold to Collect' and 'Hold to Collect and Sell' business model require an assessment to determine whether the cash flows are solely payments of principal and interest (SPPI). Basic lending arrangements with limited volatility in cash flows typically have contractual cash flows that are SPPI; however, other factors should be considered in making this determination, such as whether interest payments provide only a consideration for the passage of time associated with time value of money.

Financial assets under a Hold to collect business model, with contractual cash flows that are SPPI, are classified and measured at amortised cost. Financial assets under a Hold to Collect and Sell business model, with contractual cash flows that are SPPI, are classified and measured at fair value through other comprehensive income (FVOCI).

Financial assets that have contractual cash flows that are not SPPI, are designated as trading or do not fit the business model criteria for hold to collect and old to collect and sell are measured at fair value through profit and loss (FVTPL). Equity instruments are always measured at FVTPL unless an irrevocable option is elected at initial recognition to present fair value changes in OCI. Fair value changes recorded in OCI for equity instruments are not recycled to profit and loss. The Company did not elect the option to present fair value changes through OCI for equity instruments.

Based on the above the basis of recognition and measurement are as follows:

**I. Amortized cost**

The asset is measured at the amount recognized at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance. Interest income is calculated using the effective interest method and is recognized in profit and loss. Changes in fair value are recognized in profit and loss when the asset is derecognized or reclassified.

**II. At fair value through profit or loss:**

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investment and makes purchase or sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transactions costs are recognized in profit and loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein which take into account and dividend income are recognized in profit or loss.

**III. At fair value through other comprehensive income**

The asset is measured at fair value and changes in value are transferred through other comprehensive income.

Financial assets currently being used by the Company are as follows:

**a. Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and other short-term deposits which are available for use by the Company without any restriction. Overdrafts that form part of day to day cash management of the Company are also included in cash and cash equivalents.

**b. Trade and other receivables**

Trade and other receivables represent the amounts due from customers for delivering goods or rendering services. Trade and other receivables are initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at amortized cost less impairment losses due to uncollectible of any amount so recognized.

**c. Investment in listed securities and FDR**

Investment in listed securities is measured at fair value through profit or loss on portfolio basis as per IFRS 9. The impairment provision on unrealized loss has been netted off against cost price. Investments in fixed deposits



with banks and financial institutions have been recognized at amortized costs.

### 3.13.2 Financial liabilities

The Company initially recognizes financial liabilities on the date that is originated. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the liabilities for expenses category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

#### (i) Trade and other payables

Trade and other payables represent the amounts due to suppliers for receiving goods or services. Trade and other payables are initially recognized at cost which is the fair value of the consideration received. After initial recognition these are carried at amortized cost.

#### (ii) Liabilities for expenses

Liabilities for expenses represent the amounts due to various parties for receiving services. These are initially recognized at cost which is the fair value. After initial recognition these are carried at amortized cost.

#### (iii) Borrowings

Interest-bearing borrowings include both short-term and long-term bank loan. Interest bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost using the effective interest method.

### 3.13.3 Equity instruments

Ordinary shares are classified as equity. In line with IAS 32 requirement, incremental costs directly attributable to the issue of ordinary shares are recognized as reduction in equity through charging directly to retained earnings instead of profit or loss. Paid-up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company.

### 3.14 Impairment

#### i) Financial assets

The Company recognise a loss allowance for expected credit losses on a financial asset that is measured at amortised cost or measured at fair value through other comprehensive income. These financial assets are assessed at each reporting date to determine impairment.

The Company measures impairment allowance for financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition impairment is assessed at an amount equal to 12 month expected credit losses.

Expected credit losses for trade receivables (not having financing components) are estimated using the simplified approach of lifetime ECL based on a combination of write-off history, ageing analysis and ability to make immediate repayment. As mention in note 3.6, provisions for doubtful debts calculated on the basis of ageing is based on this simplified model.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.



An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

**(ii) Non-financial assets**

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Carrying amount of the asset is reduced to its recoverable amount by recognising an impairment loss, if and only if, the recoverable amount of the asset is less than its carrying amount. Impairment loss is recognised immediately in profit or loss. As at 30 June 2022, the assessment of indicators of impairment revealed that impairment testing was not required for the Company. The lower capacity utilization during the period is considered to be temporary in nature and expected to become better once macro-economic and global geo-political situation is improved.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**3.15 Revenue from contracts with customers**

The Company has initially applied IFRS 15 Revenue from contract with customers from 1 January 2019. The Company recognizes as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, IFRS 15 establishes a five-step model as follows:

- Identify the contracts with customer;
- Identify the performance obligation in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Considering the five step model, the Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer contains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

**Sales of goods**

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. Revenue is recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Normally, revenue is recognized when the fabrics is supplied to the buyer or its agents. Scrap and wastage sales are included as part of revenue.

**3.16 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency (BDT) at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are re-translated into Bangladesh Taka at the exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost, are translated into Bangladesh Taka at the exchange rate ruling at the date of transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

### 3.17 Employee retirement benefits

#### 3.17.1 Defined contribution plan

Obligations for the Company's contributions to defined contribution plans (Provident Fund and Workers Profit Participation Fund) are recognized as an expense in the income statement as incurred.

#### 3.17.2 Defined benefit plan

The Company operates an unfunded Gratuity Scheme which is considered as Defined Benefit Plan. The present value of the obligation for a defined benefit plan is measured using the Projected Unit Credit method. As the Gratuity Scheme is fairly new and the numbers of staffs, who have completed the required service qualification period of ten years, are limited, no professional actuarial assessment of the Gratuity obligation is performed at Reporting Date. However, based on the review of undiscounted value of the present gratuity obligation Management is confident that the actuarial assessment will not result in any significant difference with the gratuity provision recorded.

#### 3.17.3. Workers Profit Participation Fund, Welfare Fund and Workers Welfare Foundation Fund

Despite the Company being 100% export oriented industry it makes a regular allocation of 5% on net profit before tax to these funds and payment is made to the workers as per provision of Bangladesh Labour Act, 2006 (as amended). Although government portion of WPPF is yet to be paid but provision has been made.

### 3.18 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognized on maturity.

Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the Statement of Profit or loss and other Comprehensive Income using effective interest method except to the extent that they are capitalized during constructions period of the plants in accordance with IAS-23 Borrowing cost.

### 3.19 Earnings per share (EPS)

The Company calculates Earning per Share (EPS) in accordance with IAS 33: Earning per Share, which has been shown on the face of Statement of Comprehensive Income account, and the computation of EPS is stated in related note.

#### Basic earnings

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

#### Weighted average number of ordinary shares outstanding during the year

This represents the number of ordinary shares outstanding at the beginning of the year plus the number of shares issued during the year multiplied by a time-weighting factor. The time weighting factor is the numbers of days the specific shares are outstanding as a proportion of the total number of days in the year.

#### Basic earnings per share

This has been calculated by dividing the basic earnings by the weighted average number of ordinary shares outstanding for the year.

#### Diluted/restated earnings per share

In case of issuing bonus share the Company dilute the prior period's financial statement accordingly.

### 3.20 Statement of cash flows

Statement of cash flows has been prepared in accordance with IAS 7 "Statement of Cash Flows". The cash flows from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 18(a) of IAS-7 which provides that "Enterprises are encouraged to report cash flow from operating activities using the direct method".

### 3.21 Responsibility for preparation and presentation of financial statements:

The Management is responsible for the preparation and presentation of financial statements under section 183

of the Companies Act, 1994 and as per the provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the Financial Reporting Council (FRC).

**3.22 Risk and uncertainties for the use of estimates in preparing financial statements**

Preparation of Financial Statements in conformity with the International Accounting Standards requires management to make estimates and assumption that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

**3.23 Comparative and reclassification**

Comparative information has been disclosed in respect of the period ended 30 June 2022 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. Certain presentation for the period ended 30 June 2023 have been rearranged wherever considered necessary, to ensure better comparability with the current year's financial and to comply with relevant IAS and IFRS.

**3.24 Event after the reporting period**

Events after the reporting period that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements if any. The Board of Directors in its meeting held on 24 October 2023 recommended 5% cash dividend for the year ended 30 June 2023.

**3.25 Related party transactions**

The objective of Related Party Disclosure IAS 24 is to ensure that an entity's Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions. The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note – 33.

**3.26 Contingent liabilities and assets**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. No contingent liabilities and assets were recognized in the financial statements for the year as no such event existed.

**3.27 Segment reporting**

The Company has three interdependent units such as weaving, yarn dyeing and finishing units. These are process units of its finished products i.e. finished fabrics of different qualities. No price is available for its intermediate product and it is also not saleable. Furthermore, the Board being chief decision maker consider finished product for its decision making process Therefore, Segment reporting is not applicable for the company.

**3.28 New standards and interpretations yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however, the Company has not early applied these new or amended standards in preparing these financial statements.

- Classification of liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12, Income Taxes)

- Lease Liability in a Sale-and-Leaseback (Amendments to IFRS 16, Leases)

#### 4. Taxation

##### 4.1. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

It is a publicly traded Company in Textile business. Provision for corporate income tax is made @ 15% on estimated taxable profit in accordance with the income tax laws. The corporate income tax assessment of the Company is completed up to the assessment year 2021-2022 (accounting year ended 30 June 2021) and assessment for the year 2022-2023 is under process. No amount of Tax demand remains un-paid except the appeal procedures if applicable for the tax assessment as per Income Tax Ordinance 1984 or Income tax Act 2023.

##### 4.2. Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or sub-attentively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## Hamid Fabrics PLC

	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
<b>5 Property, Plant and Equipment</b>		
Land and land development	855,709,891	855,709,891
Building and construction	532,755,838	560,795,619
Plant and machineries	1,362,728,704	1,378,902,483
Vehicles	13,595,977	7,570,437
Electricity installation	57,613,265	64,014,739
Gas line installation	9,858,276	9,239,275
Office equipment	22,166,589	25,714,437
Furniture & fixtures	5,783,640	6,770,772
	<b>2,860,212,180</b>	<b>2,908,717,652</b>

For further details please refer to Annexure-A

The aforesaid assets of the Company are mortgaged with various banks and financial institutions to secure different current and long-term loans and borrowings.

## 6 Intangible Assets

This amount represents the value of computer software.

Opening balance	5,700,000	5,700,000
Capitalization	43,770,254	43,770,254
	49,470,254	49,470,254
Amortization	(13,964,425)	(5,087,968)
	<b>35,505,829</b>	<b>44,382,286</b>

## 7 Investment in FDR

Security deposit against Titas Gas	7.01	21,461,446	20,454,419
Lien against loan	7.02	21,745,920	20,752,210
		<b>43,207,366</b>	<b>41,206,629</b>

### 7.01 Security deposit against Titas Gas

Janata Bank Limited (lien to Titas Gas)	- unit-1	4,122,800	3,912,988
Janata Bank Limited (lien to Titas Gas)	- unit-2	13,597,937	12,932,767
Bank Asia Limited (lien to Titas Gas)	- unit-2	3,740,709	3,608,664
		<b>21,461,446</b>	<b>20,454,419</b>

### 7.02 Lien against Loan

Janata Bank Limited (lien against SOD loan)	21,251,890	20,277,601
Bank Asia Limited (lien against term loan)	494,030	474,609
	<b>21,745,920</b>	<b>20,752,210</b>

## 8 Trade Debtors

Receivable amount against trade debtors has been reflected in BDT and exchange rate fluctuation has been recognised accordingly. The above amount is considered good and secured by Letter of Credit(L/C). As part of banking Facilities trade debtors are hypothecated with related Banks. For further details please refer to Annexure-B

### 8.01 Age analysis of trade debtors

Less than 06 months	863,630,032	1,108,973,089
More than 06 months	6,826,203	-
	<b>870,456,234</b>	<b>1,108,973,089</b>

No amount was due by the Director (including Managing Director), Managing Agent, Manager & other Officers of the Company and any of them severally or jointly with any other person.

Trade Debtors includes Tk. 304,073,544 and Tk. 256,863,534 due from Hamid Weaving Mills Limited and Tazrian Weaving Mills Ltd. respectively, which are related party transaction against Tk. 116,863,462 and Tk. 79,974,979 on 30-06-2022 which has been done on arm length basis. The said amount is considered good and secured by Letter of Credit (L/C). Additional discloser also given in Note - 33.

		30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
<b>9</b>	<b>Advances, deposits and prepayments</b>		
	Advances	9.01	64,035,518
	Security deposits	9.02	24,411,950
	FC deposit with banks	9.03	55,545,591
		<b>143,993,059</b>	<b>181,122,778</b>
<b>9.01</b>	<b>Advances:</b>		
	Salary (head office)	57,250	224,250
	Salary (factory)	2,564,582	2,099,082
	Advance against ERP	4,041,748	4,135,997
	Advance against expenses	50,433,580	20,643,736
	Tax deduction at source	3,843,957	3,843,967
	Prepaid insurance	3,094,401	1,192,247
	Advance against services	<b>64,035,518</b>	<b>32,139,279</b>
<b>9.02</b>	<b>Security Deposits:</b>		
	Titas Gas Transmission Co. Ltd.	17,302,057	17,302,057
	Rural Electrification Board (REB)	4,476,657	4,476,657
	Bank guarantee margin - Titas Gas	2,388,236	2,388,236
	Bank margin deposit ( lease finance)	208,000	-
	Gas cylinder	32,000	32,000
	Mobile company	5,000	5,000
		<b>24,411,950</b>	<b>24,203,950</b>
<b>9.03</b>	<b>FC deposit with Bank:</b>		
	BTB L/C deposit - Janata Bank Limited	3,916	3,916
	Foreign currency held for BTB L/C - Bank Asia Limited	36,135,864	60,063,488
	Foreign currency held for BTB L/C - UCBL	19,405,811	64,712,145
		<b>55,545,591</b>	<b>124,779,549</b>

- i) All advances and deposits amount are considered good and recoverable.  
ii) There is no amount due from directors or officers of the company other than advance against salary and expenses to the employees.

<b>10</b>	<b>Inventories</b>		
	Yarn	180,608,182	240,711,683
	Work in process - yarn	61,831,881	44,304,718
	Finished fabrics	23,940,300	4,370,917
	Gray fabrics	98,477,080	83,738,571
	Spare parts	104,143,098	90,155,965
	Chemicals	126,078,766	97,257,608
	Dyes	270,588,500	144,299,754
	Work in process finished goods	117,095,220	120,038,243
	Lubricant	620,725	520,340
	WTP materials	808,650	637,800
	Packing materials	618,602	133,445
	Store in transit	8,116,172	26,020,157
		<b>992,927,176</b>	<b>852,189,201</b>

- A) The above inventories are as per physical checking made, valued and certified by the internal inventory team.  
B) Inventories in hand have been valued at lower of cost and net realizable value.  
C) Quantitative reconciliation shown in Annexure - D.  
D) Carrying amount of inventories are hypothecated as security with banks.



## Hamid Fabrics PLC

		30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
<b>11</b>	<b>Cash and Cash Equivalent</b>		
	Cash in Hand 11.01	298,222	168,292
	Cash at Bank 11.02	23,381,300	28,297,623
		<b>23,679,522</b>	<b>28,465,915</b>
<b>11.01</b>	<b>Cash in Hand</b>		
	Head Office	127,286	102
	Factory	20,936	18,190
	Petty Cash (Imprest)	150,000	150,000
		<b>298,222</b>	<b>168,292</b>
<b>11.02</b>	<b>Cash at Banks</b>		
	Janata Bank Limited CD A/C # 8534	11,555	66,895
	United Commercial Bank Limited -CD#20092/898	206,310	828,223
	United Commercial Bank Limited ERQ A/C#160 (USD)	9,255,457	6,681,934
	United Commercial Bank limited ERQ A/C#163 (USD)	43	-
	Prime Bank CD A/C # 546	359,204	360,044
	Brac Bank CD A/C # 9001	216,984	362,753
	Bank Asia CD A/C # 5473	537,858	402,281
	United Commercial Bank Limited -SND#365	4,781	9,183
	Bank Asia Limited (STD) account # 960	262,698	259,431
	United Commercial Bank Limited -SND#0072	11,014	293,351
	Unclaimed dividend account	1,403,014	818,526
	Janata Bank retention quota (USD)	51,285	39,841
	Prime Bank CD A/C # 266 (Gulshan)	31,325	32,015
	Prime bank STD # 1026 (Madhobdi)	4,147	8,813
	Brac Vanke CD A/C # 1001	1,196	1,886
	United Commercial Bank Limited -CD#20071/1030	4,101,950	1,077,533
	Bank Asia Limited CD#0023	4,908	12,311
	Bank Asia Limited ERQ#361 (USD)	952,653	920,892
	United Commercial Bank Limited ERQ A/C#182 (USD)	5,964,918	16,121,709
		<b>23,381,300</b>	<b>28,297,623</b>

Amount of cash and cash equivalent under USD has been reflected in BDT and exchange rate fluctuation has been recognised accordingly.

## 12. Share Capital

### Authorised Share Capital

200,000,000 Ordinary Shares of Tk. 10 each.

**2,000,000,000**

**2,000,000,000**

### Issued and Paid Up Capital

**910,573,120**

**910,573,120**

91,057,312 ordinary shares of Tk. 10 each. The composition of the share capital of the Company is as follows:

Name	No. of Shares	%	30-06-2022	30-06-2021
Mr. Abdullah Al-Mahmud	28,975,635	31.82%	289,756,350	289,756,350
Mr. A. H. M. Mozammel Hoque	1,837,166	2.02%	18,371,660	18,371,660
Ms. Salina Mahmud	4,809,131	5.28%	48,091,310	48,091,310
Ms. Nusrat Mahmud	4,647,431	5.10%	46,474,310	46,474,310
Ms. Nabila Mahmud	4,647,431	5.10%	46,474,310	46,474,310
Ms. Farhana Danesh	1,848,000	2.03%	18,480,000	18,480,000
Other Shareholders	44,292,518	48.64%	442,925,180	442,925,180
	<b>91,057,312</b>	<b>100%</b>	<b>910,573,120</b>	<b>910,573,120</b>



## Shareholding status as on 30 June 2023

Shares	No. of Sh. holders	%	Total No. of Shares as on 30-06-2023	Total No. of Shares as on 30-06-2022
Less than 500	6,702	1.36%	1,236,591	1,910,836
500 to 5,000	2,154	4.65%	4,238,306	2,252,554
5,001 to 10,000	433	3.67%	3,341,226	1,631,349
10,001 to 20,000	248	4.02%	3,656,566	1,705,692
20,001 to 30,000	95	2.64%	2,405,201	963,535
30,001 to 40,000	56	2.17%	1,977,327	1,097,560
40,001 to 50,000	36	1.82%	1,655,089	657,130
50,001 to 100,000	53	4.29%	3,906,498	2,709,839
100,001 to 1,000,000	46	12.00%	10,924,514	12,949,414
Above 1,000,000	11	63.38%	57,715,994	65,179,403
	9,834	100%	91,057,312	91,057,312

## 13 Share Premium Account

30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
973,600,000	973,600,000

This is related to Pre-IPO and IPO share issue as per approval of the regulatory authorities.

## 14 Revaluation reserve

Opening balance	664,118,725	669,043,292
Depreciation adjustment of revaluation assets	(4,678,339)	(4,924,567)
Less: transferred to deferred tax	(40,958,320)	-
	<b>618,482,066</b>	<b>664,118,725</b>
No assets was revalued during the year.	482,992,400	487,661,739
Revaluation on land	176,456,986	176,456,986
Revaluation on building	<b>659,449,386</b>	<b>664,118,725</b>

The revaluation of assets of Hamid Fabrics Limited was made 31 March 2012 by M/s Aziz Halim Khair Chowdhury., Chartered Accountants, an Independent Qualified Valuer, on Lands, Factory Building. The result of such revaluation was incorporated in these financial statements from its effective date and which increases the assets to BDT 713,100,650. The surplus arising from the revaluation was transferred to revaluation reserve. Initially, the management has not considered deferred tax on revaluation since the Company is 100% export oriented textiles mill and enjoyed reduced tax rate. However, in current year, the management has considered deferred tax on revaluation to comply with IAS 12 para 20 and effect of deferred tax on the revaluation has been shown under Note 18 "Deferred Tax Liabilities". As these changes have no impact on earnings and insignificant effect on net assets this has been applied prospectively.

## 15 Retained Earnings

Opening balance	931,780,685	887,994,474
Cash dividend	(22,135,576)	(22,077,830)
Depreciation adjustment of revaluation assets	4,678,339	4,924,567
Profit for the year	17,041,783	60,939,474
<b>Closing balance</b>	<b>931,365,231</b>	<b>931,780,685</b>

## 16 Loans &amp; borrowing - net off current maturity

The portion of long term loans which is not repayable within twelve months from the balance sheet date

UCB term loan - against acquisition of property	16.01	3,419,088	11,013,878
UCB term loan	16.02	29,933,824	97,304,487
		<b>33,352,912</b>	<b>108,318,365</b>

- 16.1 The loan of Tk. 11,93,00,000 was taken from United Commercial Bank, foreign exchange branch, Dhaka on August 30, 2014 for acquisition of property. This term loan is secured by mortgage of the land, personal guarantee of all directors and creation of first charge on fixed and floating assets. The rate of interest was @9% per annum. The loan has been rescheduled on November 04, 2021 for Tk. 2,26,00,000 with the same rate of interest and repayable by 36 equal installment including interest. An amount of Tk.,71,27,751 become payable in next fiscal year and shown under the head of loans and borrowing - current maturity, note-20.

## Hamid Fabrics PLC

- 16.2 The loan of Tk. 44,66,34,850.50 was taken from United Commercial Bank, foreign exchange branch, Dhaka against a term loan sanctioned for import of capital machinery. This term loan is secured by hypothecation of the machineries. The rate of interest was @ 9% per annum. The loan has been rescheduled on November 04, 2021 for Tk. 18,98,00,000 with the same rate of interest and repayable by 36 equal installment including interest. An amount of Tk.6,63,86,739 become payable in next fiscal year and shown under the head of loans and borrowing - current maturity, note-20.

### 17 Lease - net off current maturity

30-06-2023  
Amount in Taka

30-06-2022  
Amount in Taka

The portion of lease which is repayable within twelve months from the balance sheet date.

Bank Asia Limited - transport loan	2,517,737	-
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The loan of Tk. BDT 64,15,000 was taken from Bank Asia Limited, Principal Office Branch, Dhaka for purchase of 3 cars. This term loan is secured by mortgaged of these cars. The rate of interest was @ 9% per annum.

### 18 Deferred tax liabilities/(assets):

#### 30-Jun-23

	Carrying amount in balance sheet	Tax Base	Taxable/(deductible) temporary difference
Property, plant and equipment - assets	1,828,045,303	738,803,888	1,089,241,415
Intangible assets (computer software)	35,505,829	40,070,906	(4,565,077)
Gratuity provision	(79,792,353)	-	(79,792,353)
	<b>1,783,758,779</b>	<b>778,874,794</b>	<b>1,004,883,985</b>

Applicable rate	15%
Deferred tax liability-(A)	150,732,598
Deferred tax on revaluation of Land	14,489,772
Deferred tax on revaluation of Land	26,468,548
	<b>191,690,918</b>

#### 30-Jun-22

Property, plant and equipment	1,750,753,934	843,221,728	907,532,206
Intangible assets (computer software)	44,382,286	-	44,382,286
Gratuity provision	(68,715,756)	-	(68,715,756)
	<b>1,726,420,464</b>	<b>843,221,728</b>	<b>883,198,736</b>

Applicable rate	15%
Deferred tax liability-(B)	132,479,810

**Net increase/ (Decrease) in deferred tax liability (A-B)** **18,252,787**

### 19 Provision for gratuity:

Opening balance	68,715,756	59,397,639
Provision for the year	12,749,607	11,316,538
Less : paid during year	(1,673,010)	(1,998,421)
	<b>79,792,353</b>	<b>68,715,756</b>

### 20 Loans & borrowing - current maturity:

The portion of long term loans which is repayable within twelve months from the balance sheet date.

UCB term loan - against acquisition of property	16.01	7,695,356	7,127,751
UCB term loan - 02	16.02	72,705,019	66,386,739
UCB term loan - 03	16.03	888,340	1,981,547
BA term loan - BRPD-05/2021	20.01	5,891,427	22,008,126
BA term loan - BRPD-05/2021	20.01	-	4,816,808
BA term loan - BRPD-05/2021	20.01	-	1,387,990
		<b>87,180,142</b>	<b>103,708,961</b>

- 20.1 These loans of Tk. 4,30,95,231, was taken from Bank Asia Limited, Principal Office Branch, Dhaka against demand loan to meet the working capital requirement. subsequently these loans are converted into term loan. The rate of interest is @9% per annum of each. All loans are payable within next accounting period.

	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
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**21 Lease - current maturity**

The portion of lease which is repayable within twelve months from the balance sheet date.

Bank Asia Limited - transport loan	<b>2,603,317</b>	-
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**22 Short term loans & borrowings:**

Janata Bank Limited - CCH	129,047,255	124,160,487
Bank Asia Limited O/D A/C # 2721	30,636,503	30,300,528
United Commercial Bank Limited O/D	75,184,515	81,588,831
United Commercial Bank Limited - bills discounted	54,363,998	68,106,981
Bank Asia Limited - bill discounted	180,378,767	130,254,192
Bank Asia Limited PC A/C	23,618,528	35,584,895
Bank Asia Limited LTR A/C	56,718,467	29,026,667
Bank Asia Limited - cash incentive loan	3,179,099	2,526,676
United Commercial Bank Limited - loan general	-	26,896,312
United Commercial Bank Limited - cash incentive loan	7,094,020	1,802,384
	<b>560,221,152</b>	<b>530,247,953</b>

These loans are taken from various local banks mainly for the purpose of working capital financing. To secure these facilities the company has mortgaged its property, plant and equipment and hypothecated its Stocks and Debtors to the relevant banks and financial institutions. Other information shown in Annexure - E.

**23 Trade creditors**

Trade creditors (payable to suppliers)	63,193,481	74,167,527
BTB ;Liabilities to banks	129,335,231	372,058,804
	<b>192,528,712</b>	<b>446,226,331</b>

**For further details please refer to Annexure-C**

- Trade creditors under foreign currency has been presented in BDT and fluctuation loss has been charged to profit and loss account.
- This represents amount payable to regular suppliers of raw materials, chemicals, packing materials etc.
- All suppliers were paid on a regular basis.

**24 Others payable**

Gas bill	51,417,157	25,501,746
Electricity Bill	8,386,213	10,241,821
Salary- head office	20,417,878	12,193,354
Salary- factory	85,832,944	68,224,446
Audit fee	250,000	250,000
Interest payable 24.01	1,175,933	876,233
WPPF - non-current portion 24.02	23,160,025	22,038,279
WPPF - current portion	2,536,120	3,150,448
Unclaimed dividend account	1,403,014	818,526
Others	76,927,060	64,882,598
	<b>271,506,344</b>	<b>208,177,451</b>

- These payable were incurred from normal business operation and paid regularly.

**24.01 Interest payable**

UCB term loan - against acquisition of property	36,122	58,960
UCB term loan - 02	1,136,036	808,851
UCB term loan - 03	3,775	8,422
	<b>1,175,933</b>	<b>876,233</b>

**24.02 Provision for WPPF (non-current portion):**

Opening balance	22,038,279	20,644,811
Provision for the year (5% of net profit before tax)	3,657,866	4,543,916
Less : current portion	(2,536,120)	(3,150,448)
	<b>23,160,025</b>	<b>22,038,279</b>

## Hamid Fabrics PLC

			<b>2022-2023</b> Amount in Taka	<b>2021-2022</b> Amount in Taka
<b>25</b>	<b>Income tax provision</b>			
	<b>Opening balance</b>		87,110,391	99,901,012
	Add : provision made during the year	25.01	37,862,742	13,631,748
			<b>124,973,134</b>	<b>113,532,760</b>
	Less : tax settled (2020-2021)		(10,405,772)	(26,422,369)
	<b>Closing balance</b>		<b>114,567,362</b>	<b>87,110,391</b>
<b>25.01</b>	<b>Income tax provision for the year</b>			
	Profit before income tax		<b>73,157,313</b>	<b>90,878,319</b>
	Income tax provision for the year		37,862,742	13,631,748
<b>25.02</b>	<b>Minimum Tax</b>			
	Gross Revenue		<b>2,746,011,056</b>	-
	Income Tax provision for the year		9,885,640	-
<b>26</b>	<b>Revenue</b>			
	Sale of fabrics		2,095,019,641	1,878,170,919
	Dyeing, finishing and processing charge		633,289,683	622,891,684
	Cash subsidy		10,876,000	5,173,450
	Others sales		4,403,786	4,298,550
			<b>2,743,589,110</b>	<b>2,510,534,603</b>
<b>26.01</b>	<b>Revenue in foreign currency</b>			
	Sale of fabric in USD		<b>\$ 24,950,245</b>	<b>\$ 26,749,333</b>
<b>27</b>	<b>Cost of goods sold</b>			
	Material consumed	27.01	1,214,421,867	1,025,043,644
	Manufacturing overhead	27.02	1,117,315,372	1,143,151,041
	Manufacturing costs for the year		<b>2,331,737,239</b>	<b>2,168,194,685</b>
	Add : Opening stock of work in process		164,342,961	72,937,636
			<b>2,496,080,200</b>	<b>2,241,132,322</b>
	Less : Closing stock of work in process		178,927,101	164,342,961
	Cost of goods manufactured		<b>2,317,153,099</b>	<b>2,076,789,361</b>
	Add : Opening stock of finished goods		4,370,917	13,254,481
			2,321,524,016	2,090,043,843
	Less : Closing stock of finished goods		23,940,300	4,370,917
	Cost of goods sold		<b>2,297,583,716</b>	<b>2,085,672,925</b>
<b>27.01</b>	<b>Material consumed:</b>			
	Opening stock of raw materials		324,450,254	170,699,156
	Add : Purchase during the year through L/C		1,169,056,875	1,178,794,742
			<b>1,493,507,129</b>	<b>1,349,493,898</b>
	Less : Closing stock of raw materials		279,085,262	324,450,254
	Material consumed		<b>1,214,421,867</b>	<b>1,025,043,644</b>
<b>27.02</b>	<b>Manufacturing overhead :</b>			
	Direct labour	27.02.a	341,755,191	307,451,711
	Factory overhead	27.02.b	775,560,181	835,699,330
			<b>1,117,315,372</b>	<b>1,143,151,041</b>
<b>27.02.a</b>	<b>Direct labour</b>			
	Wages		312,117,432	288,909,550
	Bonus		29,637,759	18,542,161
			<b>341,755,191</b>	<b>307,451,711</b>

**27.02.b Factory overhead**

Dyes and chemicals:  
Opening stock  
Add: purchase during the year through L/C

Less: closing stock  
Dyes and chemicals consumed

**Direct factory overhead**

Electricity bill  
Gas and fuel  
External processing cost through L/C  
Exchange rate fluctuation loss  
Welfare expenses  
Medical expenses  
Water treatment expenses through L/C  
Workers' fooding etc.  
Medical expenses  
Repairs and maintenance  
Carrying and handling  
Spare parts (electrical and mechanical) through L/C  
Depreciation

	<b>2022-2023</b> Amount in Taka	<b>2021-2022</b> Amount in Taka
	241,557,362	210,376,533
	438,319,403	375,563,136
	<b>679,876,765</b>	<b>585,939,669</b>
	396,667,266	241,557,362
	<b>283,209,499</b>	<b>344,382,307</b>
	<b>492,350,682</b>	<b>491,317,023</b>
	76,183,042	76,679,709
	205,955,024	169,153,227
	18,573,724	12,221,200
	13,368,916	31,814,975
	7,725,703	5,794,483
	21,363,655	25,100,997
	27,941,226	28,026,778
	19,264,457	19,802,203
	1,121,093	734,064
	5,655,821	8,919,291
	997,687	944,884
	3,785,186	18,758,169
	90,415,148	93,367,043
	<b>775,560,181</b>	<b>835,699,330</b>
	900,000	900,000
	110,879,922	96,215,022
	9,231,720	5,806,531
	1,539,837	1,773,772
	490,612	432,661
	6,589,668	7,075,096
	953,277	573,160
	1,200,000	3,312,000
	68,613	129,069
	637,000	777,429
	5,639,052	6,616,542
	3,877,534	3,663,844
	2,975,197	2,846,994
	14,130,196	13,578,417
	223,212	307,169
	12,749,607	11,316,538
	584,043	480,640
	1,235,292	738,956
	3,175,152	3,232,664
	344,654	470,657
	33,000	60,000
	624,652	531,868
	-	399,850
	2,704,347	2,988,671
	3,074,628	3,562,438
	154,600	152,100
	250,000	250,000
	1,750,482	88,450
	268,594	180,630
	708,818	376,773
	1,876,872	2,501,822
	-	6,058,697
	8,876,457	153,008
	22,080,432	22,246,196
	<b>219,827,470</b>	<b>199,797,663</b>

**28 Administrative expenses**

Directors remuneration  
Salary  
Bonus  
Printing and stationery  
Entertainment  
Factory insurance premium  
Group insurance premium  
Office rent  
Newspaper and periodicals  
Subscription and donation  
Rates and taxes  
Fuel  
Travelling and conveyance (local)  
Travelling and conveyance (foreign)  
Medical expenses  
Gratuity  
Vehicle maintenance  
Miscellaneous expenses  
Telephone  
AGM expenses  
Board meeting fee  
Legal fees  
Welfare expenses  
Utility bills  
Contribution to provident fund  
Trade promotion  
Audit fee  
Guest house expenses  
Gardening  
Postage and parcel  
Repairs and maintenance  
Provision for bad debt  
Amortization of computer software  
Depreciation

## Hamid Fabrics PLC

		<b>2022-2023</b> Amount in Taka	<b>2021-2022</b> Amount in Taka
<b>29</b>	<b>Selling and distribution expenses</b>		
	Selling and distribution expenses	25,391,341	16,962,206
	C & F expenses	792,108	403,551
	Advertisement - free sample	473,368	158,921
	Trade promotion expenses	5,261,210	5,339,058
	Local carrying cost- fuel bill	7,458,385	7,103,306
		<b>39,376,412</b>	<b>29,967,042</b>
<b>30</b>	<b>Financial expenses</b>		
	Janata Bank Limited	11,286,769	13,096,712
	Bank Asia Limited	33,638,993	30,501,766
	UCBL	39,063,803	22,182,742
	Bank charge and commission	12,858,414	12,892,826
	Interest on term loan	15,560,301	23,202,567
		<b>112,408,280</b>	<b>101,876,613</b>
<b>31</b>	<b>Contribution to WPPF</b>		
	This amount represents the provision @ 5% on the profit before income tax	<b>3,657,866</b>	<b>4,543,916</b>
<b>32</b>	<b>Non-operating income</b>		
	Interest income	2,421,946	2,201,876
		<b>2,421,946</b>	<b>2,201,876</b>
<b>33</b>	<b>Earnings per share (EPS)</b>		
	(a) Profit after tax	17,041,783	60,939,474
	(b) Numbers of shares outstanding	91,057,312	91,057,312
		<b>0.19</b>	<b>0.67</b>
<b>34</b>	<b>Net assets value per share</b>		
	(a) Shareholders' equity	3,434,020,417	3,480,072,530
	(b) No. of share outstanding	91,057,312	91,057,312
	<b>Net assets value per share (a/b)</b>	<b>37.71</b>	<b>38.22</b>
	<b>Net assets value per share without revaluation</b>		
	(a) Shareholders' equity	3,434,020,417	3,480,072,530
	Less: revaluation reserve	618,482,066	664,118,725
		2,815,538,351	2,815,953,805
		<b>30.92</b>	<b>30.92</b>

### 35 Related party transaction

List of related parties with whom transactions have taken place and their relationship as identified and certified by management is as under:

Name of Party	Name of the Common Directors	Relationship	Nature of transaction	Amount as on 01-07-2022	Transaction during the Year		Balance as on 30-06-2023
					Addition	Adjustment	
Hamid Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud 4) Mrs. Salina Mahmud 5) Ms. Nabila Mahmud	Common Directors	Trade Debtors	116,863,462	420,041,058	232,830,976	304,073,544
Tazrian Weaving Mills Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Nusrat Mahmud 4) Mrs. Salina Mahmud 5) Ms. Nabila Mahmud	Common Directors	Trade Debtors	79,974,979	392,809,785	215,921,230	256,863,534
Crystal Insurance Co. Limited	1) Mr. Abdullah Al Mahmud 2) Mr. A. H. M. Mozammel Hoque 3) Ms. Farhana Danesh 4) Ms. Nusrat Mahmud 5) Ms. Nabila Mahmud	Common Directors	Insurance Premium Payable	-	8,199,434	8,199,434	-
Mr. Abdullah Al-Mahmud		Director	Remuneration			900,000	
Mr. Abdullah Al-Zahir		Brother of Managing Director	Office Rent				6,00,000



**36 Contingent liabilities**

This has been considered as per IAS 37" provisions, contingent liabilities, and contingent assets". As on 30 June 2023 following dues revealed as contingent liability of the Company.

<b>Particulars</b>	<b>Amount (BDT)</b>
Letter of credit	1,451,060,000
Bank guarantee	66,690,000

**37 Financial risk management**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company management has overall responsibility for the establishment and oversight of the company's risk management framework. the company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the Company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**37.01 Credit risk**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. receivables are normally paid within very short time from when they are invoiced and credit risk from these receivables is very minimal.

The Company generally does not sell goods other than Export L/C confirmed by concerned Banks being a deemed exporter.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**(a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>30 June 2023</b> Amount in Taka	<b>30 June 2022</b> Amount in Taka
Trade receivables	309,519,156	912,134,648
Intercompany receivables	560,937,078	196,838,441
	<b>870,456,234</b>	<b>1,108,973,089</b>

Intercompany receivable is also through L/C confirmed by respective Banks.

**(b) Ageing of receivables**

The ageing of trade receivables and intercompany receivables at the end of the reporting period were:

(i) The ageing of trade receivable as at the date of the statement of financial position was:

Invoiced 0-30 days	21,974,121	266,018,839
Invoiced 31-60 days	23,459,701	261,543,026
Invoiced 61 days and above	264,085,334	384,597,783
	<b>309,519,156</b>	<b>912,159,648</b>

30-06-2023	30-06-2022
Amount in Taka	Amount in Taka

(ii) The ageing of inter-company receivable as at the statement of financial position was:

Invoiced 0-30 days	30,432,730	33,323,402
Invoiced 31-60 days	37,695,716	22,575,477
Invoiced 61 days and above	492,808,632	140,939,562
	<b>560,937,078</b>	<b>196,838,441</b>

The Company's export L/C is made for 04 months credit period.

### 37.02 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. the company's approach to managing liquidity (cash and cash equivalents) is to ensure, as far 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, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow 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. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flow projections and credit lines with banks are negotiated accordingly.

### 37.03 Market risk

Market risk is the risk that any change in market prices, such as foreign exchange rates and interest rates will affect the Company's income 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. As stated earlier, 100% of the company's sales revenue and substantial part of payments are denominated in USD, creating natural hedge in foreign exchange risk exposure.

Particulars	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
Value of Raw materials & Dyes Chemicals:		
Raw materials and Dyes Chemical Foreign L/C	672,805,772	927,361,925
Raw materials and Dyes Chemical Local L/C	934,570,506	626,995,953
	<b>1,607,376,278</b>	<b>1,554,357,878</b>
Spare parts	31,759,452	22,893,996
Foreign travel for Company's business	14,130,196	13,578,417

### 37.04 Operating Environment

In the wake of the ongoing COVID-19 recovery, Russia-Ukraine conflict has put the harmony of global supply chain under threat triggering new geopolitical risks and uncertainties. The conflict has squeezed the essential supplies and thus pushing up prices to an unprecedented level, especially of energy and food market. Most of these events also had significant impact in the local economic environment affecting the Company's operation. From time to time, the Government of Bangladesh and the local Central Bank (Bangladesh Bank) has issued various directives to manage impacts from these events which the Company has followed. Management on regular basis review and monitor the global and country specific macro-economic situation and factor these issues into the decision making process. However, the long-term effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from the actual results.

## 38 Capacity utilisation

Particulars	Unit	Installed Capacity	Utilisation during the period	% of Utilisation	Over/(Under) utilisation
*Woven Fabric	Yards	21,600,000	17,873,409	82.75%	(3,726,591)
*Gray Fabric	Yards	9,878,000	9,021,618	91.33%	(856,382)
Yarn Dye	Kgs.	1,368,750	324,014	23.67%	(1,044,736)

\*Production Capacity for 2 shifts.

**39 Payments/ perquisites to directors/officers**

No director gets any remuneration from the Company other than Managing Director Mr. Abdullah Al-Mahmud. The amount of his remuneration is Tk. 900,000 for one year.

The number of staff and their drawing criteria mentioned below:

	30-06-2023	30-06-2022
Number of staff drawing Tk 36,000 and above per year	1,336	1,366
Number of staff drawing below Tk 36,000 per year	-	-
<b>Total number of staff</b>	<b>1,336</b>	<b>1,366</b>

**40 Post balance sheet events**

The Board of Directors of the Company in its meeting dated 24-10-2023 recommended 5% Cash Dividend for general shareholders only for the year 2022-2023.

**41 Status of tax assessment**

Tax assessment of the Company has been completed up to the Assessment Year 2021-2022.

**42 General**

- Figures in the notes and annexed financial statements have been rounded off to the nearest Taka.
- These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.
- Figures relating to the previous year included in this report have been rearranged, wherever considered necessary, to make them comparable with those of the current year without, however, creating any impact on the operating result and value of assets and liabilities as reported in the financial statement for the current year.
- Reconciliation of net income with cashflows from operating activities.

	2022-2023 Amount in Taka	2021-2022 Amount in Taka
<b>Cash flows from operating activities</b>		
Profit After tax	17,041,783	60,939,474
Adjustment to reconcile net profit to net cash provided by operating activities:		
<b>Non- cash expenses:</b>	<b>137,962,773</b>	<b>69,209,163</b>
Depreciation	112,495,578	115,613,239
Amortization	8,876,457	153,008
Deferred Tax	18,252,787	16,307,097
Net effect of Foreign currency transtion	(1,662,049)	(62,864,181)
Non Operating Item:	-	-

	2022-2023 Amount in Taka	2021-2022 Amount in Taka
<b>Change in Working Capital:</b>	<b>(15,264,512)</b>	<b>(64,121,837)</b>
Increase/ Decrease Inventory	(140,737,975)	(280,178,455)
Increase/ Decrease accounts receivable	238,516,855	(194,228,231)
Increase/ Decrease advance deposit and prepayment	37,129,719	30,752,145
Increase/ Decrease accounts payable	(253,697,619)	323,080,663
Increase/ Decrease others payable	63,328,893	40,830,617
Increase/ Decrease in Income Tax Payable	40,195,616	15,621,424
<b>Net Cash Generated from Operating Activities</b>	<b>139,740,045</b>	<b>66,026,801</b>
v) Net operating cash flow per ashare		
Net cash flows from operating activities/	139,740,045	66,026,800
Number of share	91,057,312	91,057,312
=	<b>1.53</b>	<b>0.73</b>

vi) Causes of Fluctuation of Profit of the Company:

- (i) Provision of higher income tax due to imposition of higher tax deduction at source from the export proceeds realization, which is treated as minimum tax.
- (ii) Increase in Imported Raw materials cost, utility charges, etc.

**HAMID FABRICS LIMITED**  
**Schedule of Property, Plant & Equipment**  
 As on 30 June 2023

Annexure-A

SL No	Particulars	Cost				Dep. Rate	Depreciation				W.D.V as on 30.06.2023
		Balance as on 01.07.2022 (acquisition cost/ revalued amount)	Addition/ adjustment during the period	Disposal/ Capitalisation during the period	Total as on 30.06.2023		Balance as on 01.07.2022	Charge for the period	Adjustment for Disposal	Total as on 30.06.2023	
01	Land & Land Development	855,709,891	-	-	855,709,891	-	-	-	-	-	855,709,891
02	Building & Construction	787,244,891	-	-	787,244,891	5%	226,449,272	28,039,781	-	254,489,053	532,755,838
03	Plant & Machinery	2,158,444,599	52,771,345	-	2,211,215,944	5%	779,542,115	68,945,124	-	848,487,240	1,362,728,704
04	Vehicles	45,272,908	9,170,000	-	54,442,908	20%	37,702,471	3,144,460	-	40,846,931	13,595,977
05	Electrical Installation	151,202,305	-	-	151,202,305	10%	87,187,566	6,401,474	-	93,589,040	57,613,265
06	Gas Line Installation	61,442,016	1,667,661	-	63,109,677	10%	52,202,741	1,048,659	-	53,251,401	9,858,276
07	Office Equipment	81,973,075	349,600	-	82,322,675	15%	56,258,638	3,897,448	-	60,156,086	22,166,589
08	Furniture & Fixtures	28,686,491	31,500	-	28,717,991	15%	21,915,719	1,018,632	-	22,934,351	5,783,640
	<b>Total at 30-06-2023</b>	<b>4,169,976,176</b>	<b>63,990,106</b>	<b>-</b>	<b>4,233,966,282</b>		<b>1,261,258,524</b>	<b>112,495,578</b>	<b>-</b>	<b>1,373,754,102</b>	<b>2,860,212,180</b>
	<b>Grand total at 30-06-2022</b>	<b>4,128,695,399</b>	<b>41,280,777</b>	<b>-</b>	<b>4,169,976,176</b>		<b>1,145,645,285</b>	<b>115,613,239</b>		<b>1,261,258,524</b>	<b>2,908,717,652</b>

Allocation of Depreciation:		Depreciation (Tk.)
Cost of Production		90,415,148
Administrative Expenses		22,080,431
<b>Total</b>		<b>112,495,578</b>

## HAMID FABRICS LIMITED

## List of Trade Debtors

## Annexure-B

Name of Receivables	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
Aboni Fashions Ltd	25,506,295	67,011,399
A. G. Dresses Ltd.	745,365	-
Agami Apparels Ltd.		2,691,242
Ananta Casual Wear Ltd.	6,887,197	39,355,396
Armour Garments Ltd	5,926	3,902,403
Artistic Design Ltd		1,671
Atlantic Garments Ltd	21,255	430,106
Babylon Garments Ltd	834,840	3,194,783
Basic Shirts Ltd.	535,500	-
Brandix Apparels Ltd	17,372,160	-
Comfort Knit Fashion Ltd.	-	10,435,175
Continental Garments Ind. (Pvt.) Ltd	-	7,608,805
Crown Wear Pvt Ltd	477,427	477,427
Dekko Apparels Ltd	-	15,297,622
Dekko Garments Ltd.	-	6,710,190
Denitex Ltd.	9,841,200	-
Eco-Fab Limited	12,124,753	63,491,523
Epoch Garments Ltd.	8,575,191	
Eurozone Fashion Ltd		6,645,686
Globus Garments Ltd.		43,231,806
Identity International Company Limited	54,946	9,780,388
IFL Factory Ltd.	1,791,310	27,909,531
Islam Garments Ltd.(Unit-2)	2,585,205	31,301,783
Interfab Shirt Manufacturing Limited	8,640	-
Laila Styles Ltd		306,815
Mahadi Fashion Ltd		2,406,608
Moon Readywears Ltd		22,727,102
Manta Apparels Ltd.	1,897,557	
Modiste (Bangladesh) Ltd.	875,000	
Next Retail Ltd.	4,168	4,168
Orbitex Knitwear Ltd.	481,250	-
Paddock'S Jeans Limited	2,108,029	703,251
Panasia Clothing Ltd.	-	15,975,417
Panorama Apparels Ltd.	-	5,257,061
Parkstar Apparel Limited	449,415	187,724
Plummy Fashion Ltd.	-	769,825
Prime Solution Asia	1,676,339	2,087,927
Posh Garments Ltd.	363,775	-
Refat Garments Limited	2,442,569	2,442,569
Regency Three Ltd.	5,680,883	67,530,052
Remi Holdings Ltd.	-	743,888

## HAMID FABRICS LIMITED

## List of Trade Debtors

Name of Receivables	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
Russel Garments	544,225	-
Section Seven Apparels Ltd.	-	6,483,016
Shams Styling Wears Limited	35,012,447	54,028,938
Sharaf Apparels Limited	71,770,560	153,384,654
Shin Shin Apparels Ltd	-	5,810
Simba Fashion Ltd	501,635	8,640,283
Southern Designers Ltd	-	2,279,060
Swan Jeans Ltd	4,565	4,565
Talisman Ltd	31,469	1,709,941
Thats It Sportswear Ltd	1,719,543	-
Tiffany'S Wear Ltd	1,541,701	1,541,701
Tusuka Denim Ltd	-	2,386,748
Tusuka Trousers Ltd	596,625	-
Vertex Wear Ltd.		682,924
Volmont Fashion Ltd.	4,505,530	-
Wear Mag Ltd	1,115,716	69,999,807
Windy Apparels Ltd	-	16,966,030
Aswad Composite Mills Ltd.	3,681,313	3,649,730
Noor Checks and Strips Ltd.	3,801,925	2,026,632
The Shanin Corporation Ltd.	2,355,772	2,355,772
Fakir Fashion Ltd.	-	255,428
Knit City Ltd.	-	366,452
Sensible Fashion (Pvt) Ltd.	-	210,730
Chorka Textile Ltd.	4,289,212	-
Arnab Knit Composite Ltd.	272,138	-
Hamid Weaving Mills Ltd.	304,073,544	116,863,462
Tazrian Weaving Mills Ltd.	256,863,534	79,974,979
Fluctuation Gain On Debtors.	74,428,585	124,537,085
<b>Sub Total</b>	<b>870,456,234</b>	<b>1,108,973,089</b>



## HAMID FABRICS LIMITED

## List of Trade Creditors

## Annexure- C

Name of Payables	30-06-2023 Amount in Taka	30-06-2022 Amount in Taka
<b>HFL-1</b>		
S S Enterprise	399,457	399,457
The Portland carrier	-	138,000
The Nizampur Agency	177,935	-
Al Helal transport Agency	160,000	160,000
Anowara Logistics	209,403	2,317,449
Safe Express	152,078	95,298
Xplore Enterprise	5,439	36,211
M. Shaheen & Co. Ltd	111,252	131,776
Shakiat Construction	566,806	2,197,140
Lion Trading coropration	403,336	213,583
K.N.W Transport	35,000	158,000
S. S Syndicate Ltd	1,801,035	536,187
DSV Air & Sea Ltd C& F	-	177,914
Orni Dye Chemicals	2,650,580	8,667,989
Local Supplier Dhaka	-	162,000
Republic Trade & Transport	439,000	-
K.Z International Ltd	5,599	-
<b>HFL-2</b>		
Emon/Harun Paper Tube	1,712,420	3,256,256
M. Shaheen & Co. Ltd	35,379	100,957
Al Helal transport Agency	247,000	247,000
Anowara Logistics	1,232,814	1,394,486
N.P. Chemical	937,217	937,217
Safe Express	105,675	316,597
The Nizampur Agency	940,329	1,116,656
The Portland carrier	-	121,500
Taxsource International	8,437,750	10,192,334
Sparkle colors	168,400	168,400
Shakiat Construction	1,989,640	603,547
SK Texsourcing	1,581,570	1,531,363
K.N.W Transport	62,900	262,900
Samuda Chemical Complex Ltd	-	1,264,130
Tasnim Chemical Complex Ltd	1,427,850	4,058,700
Kalkini Commercial Pvt Ltd	246,899	171,331
Orni Dye Chemicals	8,648,574	10,070,249
Brothers corporation	6,443,480	10,838,950
S . S Syndicate Ltd	765,164	344,313
DSV Air & Sea Ltd C& F	-	56,790
S S Enterprise	504,000	-
Trade Chemical Enterprise	5,096,128	-
SR Chemical Industries Ltd	893,750	-
Super Silica Bangladesh Ltd	594,500	-
Verde Mulino Tex BD Ltd	4,414,375	-
DSV Air & Sea Ltd Transport	-	17,000
Republic Trade & Transport	392,600	-
S S Trade Internation	9,198,147	11,705,847
<b>Sub-total</b>	<b>63,193,481</b>	<b>74,167,527</b>
<b>BTB Liabilities to Banks:</b>		
Bank Asia Limited	95,272,839	189,174,642
United Commercial Bank Limited	23,003,550	141,102,158
Fluctuation Gain on BTL Liabilities	11,058,842	41,782,005
<b>Sub-total</b>	<b>129,335,231</b>	<b>372,058,804</b>
<b>Grand Total</b>	<b>192,528,712</b>	<b>446,226,331</b>

**HAMID FABRICS LIMITED**  
**Itemwise Quantity and Value of Inventory**  
 As on June 30, 2023

Annexure- D

Items Name	Opening as on 01 July, 2022		Purchase/Production		Consumption/Sales		Closing as on 30 June, 2023	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Yarn (Kgs)	552,008	285,016,401	2,370,986	1,169,056,875	2,531,961	1,211,633,213	391,033	242,440,063
Gray Fabrics (Yrds)	1,247,072	203,776,814	9,738,312	-	10,172,940	-	812,444	215,572,300
Finished Fabrics (Yrds)	23,506	4,370,917	6,857,010	2,114,589,024	6,800,715	2,095,019,641	79,801	23,940,300
<b>Total</b>		<b>493,164,132</b>		<b>3,283,645,899</b>		<b>3,306,652,854</b>		<b>481,952,663</b>

**Note:**

1. The Management certified that all stocks are in good condition and does not include any wastage & defective materials.
2. The Management carried out physical verification of stock as on the close of the year and found right in terms of quality and weight.

**HAMID FABRICS LIMITED**  
**The Loan and Security details of the Bank facilities**  
As on June 30, 2023

## Annexure- E

Name of Bank	Limit (in Million Taka)										Nature of Securities
	Letter of Credit	Overdraft (OD)	Cash Credit (H)	WCSP	BG	Cash Incentive	Bill Purchase/ Discount	Loan Against Trust Receipts	Time Loan	Packing Credit	
Janata Bank	318.70	-	120.60	-	-	-	-	-	-	-	Export L/C, directors' personal guarantee, hypothecation & pledge of imported materials, FDR lien, land mortgage
Rate of Interest			9.00%								
Renewal date	30-Sep-23										
Bank Asia	760.00	30.00	-	-	35.61	5.00	250.00	81.00	-	40.00	Export L/C, directors' personal guarantee, hypothecation of fixed and floating assets
Rate of Interest		9.00%				9.00%	9.00%	9.00%		7.00%	
Renewal date	31 March-24										
United Commercial Bank	1130.00	80.00	-	30.00	30.00	10.00	570.00	63.00	10.00	-	Corporate guarantee of sister concern, directors' personal guarantee, mortgage of land, hypothecation of fixed and floating assets
Rate of Interest		9.00%		9.00%			9.00%	9.00%	9.00%		
Renewal date	31-Jan-2024										

## NOTICE OF THE TWENTY NINTH ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting (AGM) of the Shareholders of **Hamid Fabrics PLC** will be held on **Thursday, December 28, 2023** on Digital Platform at **3.30 p.m.** through the link <https://hfl.bdvirtualagm.com> to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the audited Financial Statements for the year ended June 30, 2023 together with the Reports of Directors and Auditors thereon.
2. To declare Dividend for the year 2022-23.
3. To elect Directors as per Articles of Association of the Company.
4. To appoint Statutory Auditors for the year 2023-24 and fix their remuneration.
5. To appoint a Professional Firm for Corporate Governance Compliance for the year 2023-24 and fix their remuneration.
6. Miscellaneous:
  - i) To consider approval for issuing Corporate Guarantees.

### Special Business:

1. To amend the Articles of Association of the Company.

To adopt and approve addition of a clause in the Articles of Associations of the Company by adopting the following special resolution:

“RESOLVED THAT insertion of the following clause in the Articles of Association be and is hereby approved -

74A. The Board may issue Corporate Guarantee to any Bank or FI or any other Financial Organization or favoring any Company of the Group or Associate Company and stand as Guarantor for availing credit facilities under whatever term it may be called.”

Dhaka  
December 05, 2023

By order of the Board  
Sd/-  
ASM Mijanur Rahman  
Company Secretary

### Notes:

- i) The Shareholders whose names appeared in the Depository Register on the Record Date i.e., November 30, 2023 will be entitled to attend the Annual General Meeting and be entitled to the dividend.
- ii) Scanned copy of the Proxy form duly filled, signed and stamped with Tk 100 must be sent by email to [info@mahingroup.com](mailto:info@mahingroup.com) at least 48 hours before the time fixed for the Meeting.
- iii) Soft copy of the Annual Report 2022-2023 will be sent to the Shareholders' respective email addresses as available in their BO account. The Annual Report will also be available in the Company's website at [www.mahingroup.com](http://www.mahingroup.com)
- iv) The Shareholders will be able to submit their questions or comments and vote electronically before 24 hours of beginning the AGM and during the AGM.



# HAMID FABRICS PLC

Hamid Tower (7th Floor), 24, Gulshan C/A, Circle-2, Dhaka-1212.

Phone : (+8802) 8834564-5, 8834104, 58814775, Fax : (+8802) 58813077

Email: info@mahingroup.com, Web site: www.mahingroup.com

## PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of **Hamid Fabrics PLC** do hereby appoint

Mr. /Ms. \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Seventh Annual General Meeting of the Comany to be held on **Thursday, December 28, 2023** on Digital Platform at **03:30 p.m.** through the link **<https://hfl.bdvirtualagm.com>**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023 Signature of Shareholder \_\_\_\_\_

\_\_\_\_\_  
Signature of Proxy

Folio/BO ID No \_\_\_\_\_

No. of Shares \_\_\_\_\_

Revenue  
Stamp  
TK 100/-

### Note :

- (1) The Proxy Form duly filled, signed and stamped with Tk.100 must be deposited at the Registered Office of the Company at least 48 hours before the time fixed for the meeting.
- (2) Signature of the Shareholder must agree with the specimen Signature registered with the Company and depository register.



# **HFL HAMID FABRICS PLC**

Hamid Tower (7th Floor), 24, Gulshan C/A, Circle-2, Dhaka-1212.  
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