

**RAHIM TEXTILE MILLS LIMITED**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**  
**FOR THE YEAR 2022-2023**

**Dear Shareholders,**

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 of the Bangladesh Securities and Exchange Rules 1987, BSEC Notification on CGC dated 03 June, 2018 and IAS (International Accounting Standards) applicable in Bangladesh, it is the pleasure of the Board of Directors to submit its Report to the Shareholders of the Company for the year ended 30 June, 2023 in the following paragraphs:

**Industry outlook and possible future developments in the industry:**

The textile industry in Bangladesh is the largest contributor to the national export earnings, started the year 2022 with a 30.36% annual growth. The sector was turning around quite well in the post-Covid-19 period; and then the Russia-Ukraine war has affected demand, resulting in high inventory levels among buyers and reduced work orders. However, exports of this sector contributed 84.5 per cent of Bangladesh's total exports, valued at \$ 46.99 billion, in FY 2022-23 registering a moderate y-o-y growth of 10.27%, which was \$ 42.61 billion in the last fiscal.

Bangladesh fared relatively better than China and Vietnam, which experienced contraction rates of 30.44% and 28.07% respectively which can be attributed to US buyers shifting from China. Vietnam and India also experienced declines in apparel exports to the US. Bangladesh has maintained relatively favorable position compared to its competitors and is on the right track to progressive higher demand between large economies such as USA, China, EU etc.

**The turnover growth of the company during past few years are given below:**

Year	Company's Growth Rate
2022-2023	(16.87%)
2021-2022	37.36%
2020-2021	1.49%
2019-2020	(0.51%)
2018-2019	27.45%

**Segment-wise or product wise performance:**

The actual production performance for the year under review has decreased due to decrease in utilization of production capacity caused by increased of raw material price, unavailable gas supply along with increase of gas & electricity price. Utilization of production capacity has decreased from 90.00% to 68.50% compared to the previous year.

**A comparative statement of productions position are given below:**

Particulars	2022-2023	2021-2022	% Increase/(decrease)
<b>01. Production Capacity:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	300.00	300.00	0%
<b>02. Actual Production:</b>			
a) Dyeing, Printing & Finishing unit (Lac yards)	205.50	269.99	(23.89%)
<b>03. Capacity Utilization:</b>			
a) Dyeing, Printing & Finishing unit (Percentage)	68.50%	90.00%	(21.50%)

**Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any:**

Global economic recovery from COVID-19 has been severely affected by the outbreak of Ukraine-Russian war. Textile factories are affected by the hit of it due largely to the disruption of China based supply chain system. Transportation cost for the hike of global energy price will impact the raw material cost directly effecting on the production cost and reducing the level of expected profit. All the negative parameter of textile business still remains, moreover in some area it had gone down. As a result, our company has made significant loss in spite of all hard efforts. Efficient and skilled staff and mechanism for production and supply chain management will be able to compensate the loss created by it and convert that into positive growth. We need to live in the challenges of global economy and compete with others without preferential trade access, meeting decreased demand from traditional customer market and switch to demand driven, value added and sustainable production and sourcing model.

## Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

### (a) Cost of Goods Sold:

This year's cost of goods sold was Tk.1,430.18 million (97.71% of turnover) as compared to last year's cost of goods sold of Tk. 1,608.83 million (91.38% of turnover). Production quantities has decreased by 6.45 million yards compared with the preceding year. Accordingly, production capacity utilization during the reporting year was 68.50%. The average production cost has increased by Tk.10.01 per yards (from Tk. 59.59 in 2021-22 to Tk.69.60 in 2022-23) due to increase of raw material price, unavailable gas supply along with increase of gas & electricity price and increase of dollar exchange rate.

### (b) Gross Profit:

The Gross Profit earned during the year was Tk.33.48 million (2.29% of turnover) compared to the last years' Gross Profit of Tk.151.77 million (8.62% of turnover). Gross Profit amount as well as ratio has decreased for increasing cost of goods sold due to increase of raw material price along with increase of gas & electricity price. As a result, GP ratio has decreased by 6.33% compared to last year.

### (c) Net Profit:

Net Loss (after tax) during the year was Tk.124.72 million (-8.52% of turnover) as compared to last year's Net profit (after tax) Tk. 14.95 million (0.85% of turnover). During the reporting year net loss incurred due to decrease in sales & production caused by lower buying orders and increase of raw material price, gas & electricity charges along with unavailable gas & electricity supply resulting using of extra CNG causes increase of cost of goods sold, shifting order and loss on non-operating segments for dollar exchange rate. As a result, Net Profit ratio has decreased.

## Discussion on continuity of any extraordinary activities and their implications (gain or loss):

During the year the company received interest on FDR Tk.49,172, Foreign Currency Translation Loss Tk.119,159 and Loss on Foreign Currency Exchange Rate Tk.3,954,508 Total Loss Tk. 4,024,495 which has been shown as Non-Operating Income/Loss in note no.24.00 in the Notes of Account.

## Detailed discussion on related party transactions:

Related party transactions are depicted in Note no. 31.00 in the Notes of Account.

## Statement of utilization of proceeds raised through public issues, right issues and/or any other instruments:

There were no public issues and/or right issues offered during the year.

## Explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.:

Initial Public Offering was made on 1988. There were no Repeat Public Offering, Rights Offer, Direct Listing, etc. in the history of the company.

## Explanation on any significant variance occurs between Quarterly Financial performance and Annual Financial Statements:

The unaudited Earnings per share (EPS) for 1<sup>st</sup> quarter was Tk. (2.01), 2<sup>nd</sup> quarter Tk. (4.71) and 3<sup>rd</sup> quarter Tk. (9.10). After Audit the Annual Audited Earning per share (EPS) stood at Tk. (13.18). EPS has significantly decreased almost same trend and the quarterly variance between 1<sup>st</sup> quarter to Annual Financial Statement due to increase in cost of goods sold for increasing raw materials price as well as increase of unit price of gas & electricity. financial and income tax expenses.

## Statement of remuneration paid to the directors including independent directors:

Name of Directors	Designation	Remuneration paid from 1st July 2022 to 30th June 2023 (Tk.)
Mr. Didar A. Husain	Chairman	Nil
Dr. Shamim Matin Chowdhury	Managing Director	Nil
Mr. A. Matin Chowdhury	Director	1,400,000
Ms. Saima Matin Chowdhury	Director	Nil
Mr. Azizur Rahim Chowdhury	Director	7,00,000
Lt. Col. Serajul Islam, Bir Protik (BAR) Retd.	Independent Director	48,000
Maj. Gen. Muhammed Masudur Rahman, Bir Protik nwc, psc (Retd.)	Independent Director	36,000
Mr. M. Sekander Ali	Independent Director	6,000
<b>Total</b>		<b>2,190,000</b>

\* Independent Directors remuneration means Board Meeting attendance fees.

The remuneration of Directors including Independent Directors are depicted in Note no.31.03 & 31.05 in the Notes of Account.

**Statement of Directors on Financial Reports:**

The above reports are depicted in **Annexure-I**

**Explanation that significant deviations from the last year's operating results of the company:**

Turnover decreased by 16.87% over the last year due to decrease in sales order. Cost of goods sold (COGS) percentage increased by 6.33% compared to the last year (from 91.38% to 97.71%) due to increase of production cost for increasing of raw material price, shortage of fully gas & power supply along with increase of gas and electricity price, increase of dollar exchange rate resulting decrease in utilization of production capacity. Operating profit decreased negatively by -1.59% on sales, last year it was 5.08% profit on sales due to effect of Cost of Goods Sold and decrease of GP ratio. Net profit after tax percentage on sales decreased by 9.37% compared to last year (from 0.85% to -8.52%) due to effect of Gross Profit, loss on non-operating segments for dollar exchange rate and adjustment of income tax provision.

**FINANCIAL RESULTS:**

The comparative statements of financial results of the Company for the year 2022-23 as compared to previous year 2021-22 are summarized as follows: (Tk. in Thousand)

Particulars	2022-23	% on Sales	2021-22	% on Sales	% Increase/ (Decrease) on Turnover	Actual percentage Increase/ (Decrease)
Turnover	1,463,655	--	1,760,607	--	(16.87%)	(16.87%)
Cost of goods sold	1,430,176	97.71%	1,608,833	91.38%	6.33%	(11.10%)
Gross profit	33,479	2.29%	151,774	8.62%	(6.33%)	(77.94%)
Operating expenses	56,685	3.87%	62,284	3.54%	0.34%	(8.99%)
Financial expenses	78,546	5.37%	45,464	2.58%	2.78%	72.77%
Operating profit	(23,205)	(1.59%)	89,490	5.08%	(6.67%)	(125.93%)
Net profit (AT)	(124,718)	(8.52%)	14,954	0.85%	(9.37%)	(934.00%)
Gross profit margin	2.29%	--	8.62%	--	--	--
Net profit margin	(8.52%)	--	0.85%	--	--	--
<b>Earnings per share (Tk.)</b>	<b>(13.18)</b>	<b>--</b>	<b>1.58</b>	<b>--</b>	<b>--</b>	<b>--</b>
Face value per share	10	--	10	--	--	--

**Key operating and financial data of last preceding 5 (five) years have been presented in summarized form in page no. 9**

**Dividend:**

During the year 2022-2023 due to net loss of Tk.124,717,846 the Board of Directors recommended no dividend to the shareholders.

**Board's statement to the effect that no bonus shares or stock dividend has been or shall be declared as interim dividend:**

No bonus share or stock dividend has been declared during the year 2022-2023 as interim dividend.

**The total number of Board Meetings held during the year 2022-2023 and attendance by each director, stated in Annexure-I.**

**Report on the pattern of shareholding as required by clause 1. (5) (xxiii) of the BSEC Notification dated 03 June 2018, stated in Annexure-II.**

**Appointment/re-appointment of the directors:**

Brief resume and other required information of the directors who seek re-appointment in the ensuing AGM and appointment/re-appointment of Managing Director are stated in **Annexure-IV.**

**Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements:**

Management's Discussion and analysis signed by CEO or MD are stated in **Annexure-V.**

**Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) are disclosed in Annexure-A.**

**Report as well as certificate regarding compliance of conditions of the Corporate Governance Code of Bangladesh Securities & Exchange Commission as required under condition No. 9 of the Code are disclosed in Annexure-B and Annexure-C.**

**MARKETING:**

Recession in the global economy due to Covid-19 and Ukraine-Russian war, with low demand from European customers, low price offer, holding of orders and price hike of raw materials are newer challenges of marketing. Constant touch with buyers including creating competitive markets and sourcing will help survive the sector. We were always in touch with our customer as a result, we are getting positive response from customer and expecting better in coming year. More investment and development of skilled marketing is the way out to better bargain with the buyers and put pressure on buyers for better profit to manufacture. Marketing must look at value added products to compensate low order yet harness better margin.

**CAPITAL EXPENDITURES:**

During the year 2022-23 the following capital expenditure were incurred compared to 2021-2022:

(Tk. in million)

Particulars	2022-2023	2021-2022
Plant & Machinery	6.64	---
Equipment and Installation	6.28	0.94
Utility Facility	---	0.91
Other Fixed Assets	0.11	0.28
<b>Total</b>	<b>13.03</b>	<b>2.13</b>

**LONG TERM LOAN REPAYMENT:**

During the year the company has repaid the Term Loan amounting to Tk.34,055,309. As a result, the Term Loan position as on 30th June, 2023 stood at Tk. 222,850,378.

**APPROPRIATION OF PROFIT:**

The Board of Directors recommended for appropriation of profit as follows:

Retained Earnings brought forward from previous year	: Tk. 189,439,298.00
Less: Dividend distribution for the year 2021-2022	: (Tk. 9,459,683.00)
<b>Balance surplus brought forward</b>	<b>: Tk. 179,979,615.00</b>
Less: Net Profit/(Loss) after tax during the year 2022-2023	: (Tk.124,717,846.00)
Add: Transfer of excess depreciation of revalued assets	: Tk. 844,569.00
<b>Total net free surplus available for appropriation</b>	<b>: Tk. 56,106,338.00</b>
<b>Appropriation Proposed:</b>	
Proposed Dividend	: Nil
<b>Balance Transferred to Balance Sheet</b>	<b>: <u>Tk. 56,106,338.00</u></b>

**DECLARATION OF DIVIDEND:**

In the line of proposed appropriation of profit, the Board of Directors did not propose and recommend any dividend to the shareholders for the year 2022-2023 due to net loss incurred Tk.124,717,846 during the year. The balance of the free reserves be retained for ploughing back in the company for meeting liquidity and investment requirement as may be thought fit by Board of Directors.

**ELECTION OF DIRECTORS:**

**Rotation of Directors:**

Pursuant to Article clause 120 of the Articles of Association of the Company, Mr. A. Matin Chowdhury, Director and Mr. Azizur Rahim Chowdhury, Director shall retire by rotation and being eligible as per Article 121 of the Articles of Association of the Company, they offered themselves for re-election. Brief resume and other information of the above-mentioned directors as per clause 1(5) (xxiv) of BSEC notification dated 3 June, 2018 are depicted in

**ANNEXURE-IV.**

#### **APPOINTMENT OF STATUTORY AUDITORS:**

The existing Auditor of the company M/s. Malek Siddiqui Wali, Chartered Accountants (a panel auditor of BSEC), who would retire at the ensuing Annual General Meeting, had expressed their interest to be re-appointed as statutory auditor of the company for the year 2023-2024. As recommended by the Audit Committee and being eligible, the Board proposed the name of M/s. Malek Siddiqui Wali, Chartered Accountants, 9-G, Motijheel C/A, Dhaka-1000 for appointment as statutory auditors of the Company of the year 2023-2024 with fixation of their remuneration.

#### **APPOINTMENT OF CORPORATE GOVERNANCE COMPLIANCE AUDITORS:**

M/s. Das Chowdhury Dutta & Co., Chartered Accountants, existing compliance auditors of the company being eligible offered themselves for re-appointment as corporate governance compliance auditors of the company for the year 2023-2024. As recommended, by the Audit Committee, the Board proposed the name of M/s. Das Chowdhury Dutta & Co., Chartered Accountants, Well Tower (1st Floor), Flat-A/1, 12/A, Purana Paltan Line, Dhaka for re-appointment as corporate governance compliance auditors of the Company of the year 2023-2024 with fixation of their remuneration.

#### **RE-APPOINTMENT OF MANAGING DIRECTOR:**

As per provision of the Companies Act 1994, Managing Directors are appointed for a period of 5 (five) years. The tenure of Dr. Shamim Matin Chowdhury, Managing Director of the Company will expire on 31-12-2023. The Board after due evaluation of her performance, has re-appointed her as Managing Director of the Company for another period of 5 (five) years with effect from 31-12-2023 on the existing terms and conditions, subject to approval of the shareholders in the ensuing 42<sup>nd</sup> Annual General Meeting. Brief resume and other information of the Managing Director is depicted in **Annexure-IV**.

#### **MANAGEMENT'S DISCUSSION & ANALYSIS**

Management's Discussion and Analysis signed by the Managing Director presenting detailed analysis of the Company's position and operations along with a brief discussion of changes in the financial statements and other requirements of the Corporate Governance Code is disclosed in **Annexure-V** of this report.

#### **CORPORATE GOVERNANCE COMPLIANCE REPORT IN ANNEXURE:**

We are pleased to confirm that the company has complied with all necessary guidelines in accordance with the requirement of BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3 June 2018. The Corporate Governance Compliance Report for 2022-2023 is attached (**Annexure-C**) in Annual Report along with the certificate of Compliance required under the said guidelines.

The company obtained a certificate from Das Chowdhury Dutta & Co., Chartered Accountants, regarding compliance of conditions of corporate governance codes of the Commission, which is enclosed in the Annual Report as **Annexure-B**.

#### **ACKNOWLEDGEMENT:**

The Directors are pleased to express their gratitude for the co-operation and support provided by the Shareholders, Customers, Bankers, Insurance Companies, Suppliers, BSEC, DSE, CDBL, RJSC and dedication by Workers and Employees of the company without whose active support the result would not have been possible.

Looking forward to a bright future for all of us.

On behalf of the Board of Directors,



**Didar A. Husain**  
Chairman

## ANNEXURE –I

to the Directors' Report

### The Directors also report that:

- Related Party Transactions are depicted in Note no.31.00 in the Notes of Account.
- Remuneration of Directors including Independent Director have been shown in Note no. 31.03, 31.04 and 31.05 in the Notes of Account.
- 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.
- Proper books of account as required by the prevailing law have been maintained.
- Appropriate accounting policies have been followed in formulating the financial statements and accounting estimates were reasonable and prudent.
- The financial statement was prepared in accordance with IAS/IFRS as applicable in Bangladesh and any departure there from has been adequately disclosed.
- The internal control system is sound in design and is effectively implemented and monitored.
- The minority shareholders have been protected from abusive actions by, or in the interest of controlling shareholders acting either directly or indirectly and have effective means of redress.
- There is no significant doubt about the company's ability to continue as a going concern.
- Significant deviation from the operating result compared to the last year is depicted in page no. 13 above.
- Key operating and financial data of last five years have been presented in summarized form in page no. 09.
- No bonus share or stock dividend has been declared during the year 2022-2023 as interim dividend.
- The number of Board Meeting and the attendance of directors during the year 2022-2023 were as follows:

Name of Directors	Position	Meeting Held	Attended
Didar A. Husain	Chairman	09	05
Dr. Shamim Matin Chowdhury	Managing Director	09	09
A. Matin Chowdhury	Director	09	09
Saima Matin Chowdhury	Director	09	05
Azizur Rahim Chowdhury	Director	09	09
Lt. Col. Serajul Islam, Bir Protik (BAR) Retd	Independent Director	09	08
Maj. Gen. Muhammed Masudur Rahman, Bir Protik nwc, psc (Retd.) *	Independent Director	09	06
Mr. M. Sekander Ali	Independent Director	09	01

Maj. Gen. Muhammed Masudur Rahman, Bir Protik nwc, psc (Retd.) has been appointed as an Independent Director on 30-08-2022 after resignation of Mr. M. Sekander Ali.

- The pattern of shareholding as required by clause 1.(5) (xxiii) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-II.**
- Information of Directors who seek appointment/re-appointment including Managing Director as required by clause 1.(5) (xxiv) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-IV.**
- Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission is enclosed as **Annexure –C.**

## ANNEXURE-II

to the Directors' Report

### Pattern of Shareholding as on 30<sup>th</sup> June, 2023:

Name of the Shareholders	Status	Shares held	%
<b>i. Parent/Subsidiary/Associated Companies and other related parties</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>ii. Directors:</b>			
Didar A. Husain	Chairman	1,789,223	18.91
Dr. Shamim Matin Chowdhury	Managing Director	1,169,359	12.36
A. Matin Chowdhury	Director	1,633,046	17.26
Saima Matin Chowdhury	Director	1,777,168	18.79
Azizur Rahim Chowdhury	Director	342,256	3.62
Maj. Gen. Muhammed Masudur Rahman, Bir Protik nwc, psc (Retd.)	Independent Director	Nil	Nil
Lt. Col. Serajul Islam, Bir Protik (BAR) Retd	Independent Director	Nil	Nil
<b>iii. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit &amp; Compliance and their Spouses and Minor Children:</b>			
Dr. Shamim Matin Chowdhury	Chief Executive Officer	1,169,359	12.36
Md. Kamruzzaman	Company Secretary	Nil	Nil
Amit Kumar Saha	Chief Financial Officer	Nil	Nil
Md. Jamal Uddin	Head of Internal Audit & Compliance	Nil	Nil
A. Matin Chowdhury	Husband of Dr. Shamim Matin Chowdhury	1,633,046	17.26
Shirin Didar Husain	Wife of Didar A. Husain	249,761	2.64
<b>iv. Executives</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>v. Shareholders holding 10% or more voting interest in the Company</b>			
Didar A. Husain	Chairman	1,789,223	18.91
Dr. Shamim Matin Chowdhury	Managing Director	1,169,359	12.36
A. Matin Chowdhury	Director	1,633,046	17.26
Saima Matin Chowdhury	Director	1,777,168	18.79

## ANNEXURE-III

to the Directors' Report

### Explanation of Emphasis of Matter of Auditors' Report

With reference to Emphasis of Matter of Auditors, the company is incurred huge loss of Tk. 13.18 per share during the year in comparative with profit per share of Tk.1.58 in comparative year due to decrease in sales & production caused by lower buying orders and increase of raw material price, gas & electricity charges along with unavailable gas & electricity supply resulting using of extra CNG causes increase of cost of goods sold resulting underutilization of production capacity during the year

## **ANNEXURE-IV**

to the Directors' Report

### **Brief Resume of the Directors**

#### **Re-appointment of Directors:**

##### **Mr. A. Matin Chowdhury:**

Mr. A. Matin Chowdhury is a Sponsor Director of the Company since 1981. He is a renowned and dynamic personality in the Textile Sector of Bangladesh. After his active participation in the liberation War of Bangladesh in 1971, he voluntarily retired from the Bangladesh Army as a Major. He entered into the family business with his brother late Mr. A. Malek Chowdhury into Graphics Limited, a company that pioneered printing, office equipment and other technology equipment.

In the last many years, he moved from indenting to the manufacturing and is currently the Managing Director of Malek Spinning Mills Ltd, Salek Textile Ltd, Knit Asia Ltd, Hejaz Publications Ltd. and the Chairman of J.M. Fabrics Ltd., Newasia Synthetics Ltd. and Director of Rahim Textile Mills Ltd. and Fatehbagh Tea Co. Ltd.

He is the former Chairman of Bangladesh Textile Mills Association (BTMA), Under Privileged Children's Programs (UCEP), Education, Science, Technology and Cultural Development Trust (ESTCDT) and Independent University Bangladesh (IUB). He is also involved with many other non-profit organizations including Diabetic Association of Bangladesh (DAB) as a Member of the National Council, Founder Trustee of Independent University Bangladesh (IUB), Founder Member, Board of Governors of Bangladesh Enterprise Institute (BEI), Board Member of Bangladesh Legal Aid and Services Trust (BLAST), Executive Committee Member and Vice President of Anjuman Mufidul Islam and many other voluntary organizations. He has more than 51 (fifty one) years' experience in the textile sector.

##### **Mr. Azizur Rahim Chowdhury:**

Mr. Azizur Rahim Chowdhury is a Director of the Company since 2007, son of Mr. A. Matin Chowdhury. He obtained graduation from Purdue University in the U.S.A. with a major in Computer Science and Business Management. He has more than 16 (Sixteen) years working experience in the textile sector. He is also the Director of Malek Spinning Mills Limited (listed company), Salek Textile Limited, Knit Asia Limited, Hejaz Publications Limited, Fatehbagh Tea Company Limited and also the Managing Director of J.M. Fabrics Limited.

He is the Director of Bangladesh Textile Mills Association (BTMA), where he has extensive contribution for the modernization of the sector with emphasis on product diversification, energy management and compliance.

#### **Re-appointment of Managing Director:**

##### **Dr. Shamim Matin Chowdhury**

Dr. Shamim Matin Chowdhury is a Sponsor Director of the Company since 1981. She is the Managing Director of Rahim Textile Mills Limited. She has more than 40 (Forty) years' experience in the textile sector. She completed M.B.B.S from Dhaka Medical College and postgraduate studies from the U.K. Dr. Chowdhury is a famous Child and Adolescent Psychiatrist. She is the former Chief Consultant of Pabna Mental Hospital. She is also the Chairperson of Special Olympics in Bangladesh. She is the Director of Malek Spinning Mills Limited (listed company), Salek Textile Limited, Knit Asia Limited, J.M. Fabrics Limited, Hejaz Publications Limited, Fatehbagh Tea Company Limited and Newasia Synthetics Limited. She is the Member of Audit Committee and Nomination and Remuneration Committee of Malek Spinning Mills Limited and Rahim Textile Mills Limited.



## ANNEXURE-V

to the Directors' Report

### Management's Discussion and Analysis

Management's Discussion and Analysis of the company's position and operations along with a brief discussion of changes in the financial statements as per condition no 1.5(xxv) of Corporate Governance Code dated June 03, 2018.

- (a) The financial statements of the company under reporting have been prepared under historical cost convention other than land & building which stated at revalued amount as a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice in Bangladesh in compliance with the Companies Act, 1994, the Securities and Exchange Rules 1987, International Accounting Standards (IAS) so far adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), International Financial Reporting Standards (IFRS), Financial Reporting Act, 2015 and other applicable laws and regulations. The following IAS are complied with for the financial statements for the year under review:

IAS-1	Presentation of Financial Statements
IAS-2	Inventories
IAS-7	Statement of Cash Flow
IAS-8	Accounting Policies, Changes in Accounting Estimates and errors
IAS-10	Events after the Reporting Period
IAS-12	Income Taxes
IFRS-8	Operating Segment (Not Applicable)
IAS-16	Property, Plant & Equipment
IFRS-15	Revenue from Contracts with Customers
IFRS-16	Leases
IAS-19	Employee Benefits
IAS-21	The Effects of Changes in Foreign Exchange Rates
IAS-23	Borrowing Costs
IAS-24	Related Party Disclosures
IAS-27	Separate Financial Statements
IAS-28	Investment in Associates and Joint Venture (Not Applicable)
IAS-33	Earning Per Share
IAS-36	Impairment of Assets
IAS-37	Provisions, Contingent Liabilities and Contingent Assets
IAS-38	Intangible Assets (Not Applicable)
IFRS-9	Financial Instruments
IAS-40	Investment Property (Not Applicable)

- (b) Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Preparation of Financial Statement" for the year ended June 30, 2023. The previous year's figures were presented following the same accounting principles.

- (c) Comparative analysis of financial performance or results and financial position as well as cash flows for current financial year with immediately preceding five years explaining reasons are as follows:

Figures in Million Taka

Particulars	Jul 22 to Jun 23	Jul 21 Jun 22	Jul 20 Jun 21	Jul 19 Jun 20	Jul 18 Jun 19	Jul 17 Jun 18
Turnover	1,463.66	1,760.61	1,281.73	1,262.90	1,269.32	995.95
Gross Profit	33.48	151.77	166.40	140.78	172.13	157.20
Net Profit before tax	(105.78)	36.69	33.99	8.56	68.91	61.94
Net Profit after tax	(124.72)	14.95	21.24	7.09	54.50	50.78
Shareholders' Equity	225.05	359.23	359.41	348.58	358.69	319.83
Total Assets	1,657.97	1,746.01	1,718.45	1,692.53	2,016.87	1,591.88
Total Current Assets	1,048.08	1,089.15	998.08	898.67	1,225.90	795.70
Total Current Liabilities	1,203.34	1,297.14	1,211.81	1,096.02	1,385.25	978.49
Current Ratio	0.87	0.84	0.82	0.82	0.88	0.81
Net Asset Value per share	23.79	37.97	37.99	36.85	41.71	40.91
Earnings per share	(13.18)	1.58	2.25	0.75	5.76	5.90
NOCFPS	1.69	0.09	0.28	19.60	(28.50)	13.74

**Turnover:**

Turnover has increased over the last few years but decreased in the reporting year due to reduction of work orders and increase of production cost for increasing raw material price, shortage of gas & power supply along with increase of gas and electricity price, increase of dollar exchange rate resulting decrease in utilization of production capacity.

**Net Profit after Tax:**

Net Profit after tax decreased during the year 2022-23 compared to previous year 2021-22 due to decrease in GP margin for increase of raw materials price, increase of gas & electricity charges along with unavailable gas supply resulting using of extra CNG and adjustment of income tax. On the other hand, during the year 2021-22, 2020-21, 2019-20, 2018-19 and 2017-18 Gross profit margin on sales were higher from the year 2022-23.

**Earnings Per Share (EPS):**

Earnings Per Share (EPS) decreased during the year 2022-23 compared to previous year due to decrease in GP margin for increase of cost and reduction of sales & underutilization of production capacity, increasing of raw materials price, increase of gas & electricity charges along with unavailable gas supply resulting using of extra CNG and adjustment of income tax. On the other hand, during the year 2021-22, 2020-21, 2018-19, 2017-18 EPS were higher from the year 2022-23 due to Gross profit margin on sales were higher in those years compared to the reporting year.

**Net Operating Cash Flow Per Share (NOCFPS):**

Net Operating Cash Flow Per Share (NOCFPS) has been increased during the year 2022-23 compared with the financial years 2021-22, 2020-21 due to increase in collection against bills receivable and other receipt.

**(d) Compare such financial performance or results and financial position as well as cash flows with the peer industry scenario:**

Figures in Million Taka

Particulars	Rahim Textile Mills Ltd. June 30, 2023	Evince Textiles Ltd. June 30, 2022	Anlima Yarn Dyeing Ltd. June 30, 2022	M. L. Dyeing Ltd. June 30, 2022
Revenue (Turnover)	1,463.66	2,522.08	155.57	1,656.08
Gross Profit	33.48	329.80	11.31	152.54
Operating Expenses	56.68	96.14	18.35	30.93
Financial Expenses	78.55	151.15	6.36	6.97
Net Profit before tax	(105.78)	93.65	(3.48)	118.11
Net Profit after tax	(124.72)	70.07	(3.26)	100.11
Net Profit in %	(8.52%)	2.78%	(2.10%)	6.04%
Earnings per share (EPS)	(13.18)	0.38	(0.18)	0.43
NOCFPS	1.69	(1.18)	0.98	3.70
Shares Outstanding	9,459,683	182,952,000	17,867,800	232,434,090
Shareholders' Equity	225.05	2,275.02	184.79	3,527.66
Total Assets	1,657.97	5,341.12	383.62	3,848.38
Total Liabilities	1,432.91	3,066.10	198.83	320.73
Current Assets	1,048.08	2,240.61	152.29	935.82
Current Liabilities	1,203.34	1,972.12	170.20	160.81

**(e) Financial and Economic Scenario of Bangladesh and the Globe (in brief):**

Global economy has been experiencing a turmoil of price hike and output fall due to the unprecedented COVID-19 pandemic followed by the war of Russia-Ukraine. While global economy had started recovering strongly from the COVID-19 pandemic, the prolonged war in Russia-Ukraine and supply restrictions caused by sanctions appeared to trigger the economic losses created by unprecedented pandemic COVID-19. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. Sluggish growth rates between advanced economics and emerging and developing economics will be divergent. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.5 percent in 2022 to 0.5 percent in 2023 and 1.6 percent in 2024.

International organizations revised their forecasts for economic growth prospects and inflation. In the World Economic Outlook (WEO) April 2023, International Monetary Fund (IMF) projected that the global economy will grow by 2.8 percent in 2023 and 3.0 percent 2024. In the World Bank's Global economic prospect, the global economic growth is forecast to decline to 1.7 & 2.7 percent in 2023 and 2024 respectively, while growth was estimated 2.9 percent in 2022.

The Bangladesh economy has been showing sustainable recovery from the impact of the global coronavirus pandemic. The COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20 from 7.88 percent growth of pre-pandemic year. However, GDP growth rebounded and stood at 6.94 percent in FY 2020-21 and 7.10 percent in FY 2021-22. But due to Russia-Ukraine crisis, the economic growth in FY 2022-23 has been hampered. According to the provisional estimate of BBS, the GDP growth of Bangladesh is expected to be 6.03 percent in FY 2022-23.

Inflation in FY 2020-21 stood at 6.15 percent. Like all others countries of the world, an upward trend of price level is being observed in Bangladesh as the economic damages created by COVID-19 pandemic which is triggered by war in Ukraine. The inflation rate is estimated to be 7.5 percent in FY 2022-23. The actual budget deficit for FY 2022-23 stood at 5.0 percent of GDP. The recent trends in weighted average lending and deposit rates show downtrend movement.

Although global trade has turned around after the effects of COVID-19 pandemic, the Russia-Ukraine conflict negatively impacted the world trade. As a result, food supply chains have been disrupted and Western sanctions on Russia have led to global trade instability. At the same time, the prices of petroleum, gas, electricity along with commodity prices are rising, which is also creating inflationary pressures on the economics. However, Bangladesh's export growth is on a positive trend and it is expected that the economy of Bangladesh will return to its previous high and steady growth trajectory shortly.

Government of Bangladesh has provided different supports under incentives packages to the industry sector to overcome the shock of COVID-19 as well as to revitalize. Special fund for export-oriented industries, working capital for the affected industries, working capital to SME's and credit guarantee skims for SME's etc. As a result, industry sector has rebounded. Like other developing countries, bio-diversity rich Bangladesh is combating against environmental degradation, a crucial challenge for Bangladesh. Efforts are continuing to integrate issues pertaining to environment with mainstream development policies to ensure economic growth and environmental sustainability.

The development projects like Padma Bridge, Metro-rail, Bus Rapid Transit, Dhaka Elevated Expressway, Karnaphuli Tunnel and some other mega-projects are contributing as the driving force of the economy and to GDP growth of the country. It is expected that the economy of Bangladesh will return to its previous high and steady growth trajectory shortly.

**(f) Risk and concerns related to the financial statements and such risk and concerns mitigation plan:**

**(1) 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. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Risk exposures from other financial assets, i.e. Cash at bank and other external receivables are nominal.

**(2) 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. In extreme stressed conditions, the company may get support from the related company in the form of short-term financing.

**(3) Market Risk:**

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holding financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**(4) Currency Risk:**

The company is exposed to currency risk on certain purchases such as import of raw material, machineries and equipment. Majority of the company's foreign currency transactions are denominated in USD and relates to procurement of raw materials, machineries and equipment from abroad.

**(5) Interest Rate Risk:**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

**(g) Future plan or projection or forecast for company's operation, performance and financial position:**

The Company has, for now, necessary plan outlines to continue its current strategies until any change in national/international business outlook.



**Dr. Shamim Matin Chowdhury**  
Managing Director

## Annexure-A

to the Directors' Report

[As per condition No.1 (5) (xxvi)]

## Rahim Textile Mills Limited Declaration by CEO and CFO

Date: October 23, 2023

The Board of Directors  
Rahim Textile Mills Limited  
117/A, Tejgaon Industrial Area  
Dhaka-1208  
Bangladesh

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

Dear Sirs,

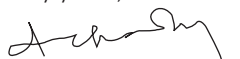
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of Rahim Textile Mills Limited for the year ended on 30th June 2023 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of 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 30th June 2023 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**(Dr. Shamim Matin Chowdhury)**  
Managing Director



**(Amit Kumar Saha)**  
Chief Financial Officer