

MALEK SPINNING MILLS LIMITED
DIRECTORS' REPORT
TO THE SHAREHOLDERS FOR THE YEAR 2021-2022

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) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), 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, 2022 in the following paragraphs:

Background

Malek Spinning Mills Limited (here in after referred to as “MSML” or “the Company” was incorporated with the Registrar of Joint Stock Companies and Firms (RJSC) vide registration no. C-19018 (872)/89 dated 02 November, 1989 as a Private Limited Company. The status of the Company was converted into Public Limited Company in the year 2008. The company was listed with Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited in the year 2010.

The company has 3 (three) subsidiaries as follows:

- 1. Salek Textile Limited-** A composite mill of the Textile sector with three operational units. The rotor unit produces open end yarn of various counts having a capacity of 12,070,000 kgs. yarn per annum. Earlier it was 14,621,000 kgs. yarn per annum. Production capacity of yarn unit decreased due to re-arranged of capacity from open-end yarn to ring yarn considering market demand and higher profitability. The fabric unit produces denim fabric of various size and grade having capacity of 18,000,000 yards per annum. Earlier it was 9,600,000 yards per annum. Production capacity of fabric unit increased after installation of new machinery in the last quarter of the financial year 2021-2022. As per decision of the Board of Directors Meeting held on 18-12-2021 the RMG unit was closed due to accumulated losses and expiry of lease agreement of factory premises. A Price Sensitive Information was disseminated in this regard. Considering this fact, the operating result (revenue, cost of sales, other expenses, other income and tax expenses) of discontinue operation is presented separately from continuing operation (face of Profit or Loss Statement) as note in the financial statements in reference to the Paragraph 33 of IFRS 5: Non-current assets held for sale and discontinued operations. The net result (Profit after Tax) of RMG Unit (disposal group) is shown in the face of profit or loss statement. The prior year profit or loss statement has also been restated in this respect.
- 2 J.M. Fabrics Limited-** A Composite Knitting, Dyeing, Finishing and Garments factory located at South Nayapara, 6 No. Dogri, P.O. Bhawal, Mirzapur, Gazipur with a capacity of 52.92 million pcs. T-Shirt, Intimate garments & Seamless product per annum. Previous year 2020-2021 production capacity was 54.47 million. During the reporting year production capacity stood at 52.92 million because of re-arranged of Production line from Intimate Unit to Cut & Sewing Unit to meet the market demand and considering higher profitability.
- 3 Newasia Synthetics Limited-** A project promoted for setting up a polyester staple fiber and chips plant the implementation of which has since been kept in abeyance due to non-availability of energy/fuel & gas.

1. (5) (i) Industry outlook and possible future developments in the industry:

Our Company falls within the primary textile sector producing world class yarn of various counts. Bangladesh does not produce raw cotton, the basic raw materials of our company. So, we have to import 100% raw materials from outside. The success of the industry also depends on availability of raw materials, power & gas, world economy, international price trend, market situation of end product of export i.e. RMG export. Spinning mill is also a labour oriented industry. The growth & challenges of the company depends on:

- | | | |
|---------------------------|------------------------|---------------------|
| (a) Labor relations | (b) Labor productivity | (c) Energy |
| (d) Other infrastructures | (e) Law and order | (f) Financial costs |

If these issues are appropriately addressed in time, the growth is expected to improve substantially as Bangladesh has already attained the name for being a quality manufacturer with a very reasonably priced supplier.

1. (5) (ii) Segment-wise or product wise performance:

Our company produces 100% export oriented Knit Yarn. The existing installed production capacity of the company is 12,600,000 kg. yarn per annum with 63,624 Spindles.

Comparative position of its operating/financial performance for the year 2021-2022 and 2020-2021 are given below:

Sl. No.	Description	2021-2022 (Kg.)	2020-2021 (Kg.)
01	Production capacity	12,600,000	12,600,000
02	Actual Production	11,080,019	10,323,494
03	Capacity Utilization	87.94%	81.93%
04	Quantity Sold (kg)	10,063,475	10,721,632
05	Sales Revenue (Tk.)	4,044,426,607	2,976,287,495
06	Average selling price (Tk.)	401.89	277.60

1.(5)(iii) Risk and concerns including internal and external risk factors, threat to sustainability and negative impact on environment, if any:

All sectors of the textile industry face many of the similar challenges. These are lack of power, uncertain fiscal & monetary policies, labor unrest causing disruption of production, Buyers; dominance, international trade barriers and

increased cost of fund. Since a Spinning Mill has to depend on imported raw materials and local supply of labour. Price variation of raw material and increased cost of labour are the main risk for this type of industry. Uninterrupted power supply due to irregular gas supply and price variation also affects this type of industry. The Company is also aware of Financial Risk including Credit Risk, Liquidity Risk, Market Risk, Price Risk, Interest Risk and Currency Risk and is prepared to meet those by systematic control which are elaborately described in the notes of financial statement.

1. (5) (iv) Discussion on Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:

(a) Cost of Goods Sold: The cost of goods sold was 89.05% on sales during the year 2021-2022 compared to 84.85% during the previous year, a significant increase of 4.20% was due to increase of raw material price, cost of fuel/power etc. compared to the last year and salary & wages, repair & maintenance expenses for fire loss recovery and other overhead cost was increased compared to the last year.

(b) Export: The company had achieved an export turnover of Tk.4,044.43 million during the year ended 30th June 2022. Last year's export turnover was Tk. 2,976.29 million. The turnover had increased by 35.89% over the last year due to market demand was sufficient and yarn sale price had increased.

(c) Gross Profit: Gross Profit earned during the year 10.95% on sales as compared to 15.15% during the previous year. Gross profit had decreased by 4.20% on sales due to increase in cost of goods sold.

(d) Net Profit/(Loss): The company had earned Net Profit of Tk.242.02 million compared to last year's Net Profit of Tk.250.23 million. During the reporting year Net Profit was decreased compared to previous year due to increase in cost of goods sold percentage on sales, salary & wages, repair & maintenance expenses for fire loss recovery and other overhead cost increased compared to the previous year.

1. (5) (v) Discussion on continuity of any extraordinary activities and their implications (gain or loss):

During the year extra-ordinary income was Tk.19,363,181 which were earned from interest received from Bank Accounts, foreign currency exchange gain against export realization and foreign currency translation gain after adjustment of foreign currency exchange loss against import LC payment i.e. (Tk.890,306+755,426+18,219,120) =Tk.19,864,852-Tk.501,670= Tk. 19,363,181, which has been shown as Other Income/(Loss) in the Statement of Profit or Loss and other Comprehensive Income and in the note no.23.1 in the Notes of Account.

1. (5) (vi) Detailed discussion on related party transactions:

The company, in normal course of business, carried out a number of transactions with other entities that fall within the definition of related party contained in International Accounting Standard 24: Related Party Disclosures. All transactions involving related parties arising in normal course of business are conducted on an arm's length basis at commercial rates, on the same terms and conditions as applicable to the third parties. Separate agendas presented for sale of yarn (finished goods) to subsidiary/associate/sister companies exceeding sale of amounting 10% or above of total revenue or turnover for the immediate preceding financial year and approval for purchase of land from Directors/related parties for new plant at Bhaluka, Mymensingh. Details of Related party transactions are depicted in Note no.32.1 in the Notes of Solo Accounts and Note No.40 of Consolidated Accounts.

1. (5) (vii) 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 during the year.

1. (5) (viii) 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 the year 2010. There were no Repeat Public Offering, Rights Offer, Direct Listing, etc. in the history of the company.

1. (5)(ix) Explanation on any significant variance occurs between Quarterly Financial performance and Annual Financial Statements:

The company's earnings per share (EPS) in 1st quarter was Tk.0.35 per share, 2nd quarter was Tk.0.71 per share, 3rd quarter was Tk.1.08 per share and in annual financial statements it stood at Tk.1.25 per share. First quarter to Third quarter EPS were almost same. On the Annual Financial Statements Profitability as well as EPS has decreased due to increase in cost of goods sold and other overhead expenses in that quarter.

1. (5) (x) Statement of remuneration paid to the directors including independent directors is stated below:

Name of Directors	Designation	Remuneration paid from 1st July 2021 to 30th June 2022 (Tk.)
Mr. A. F. M. Zubair	Chairman	Nil
Mr. A. Matin Chowdhury	Managing Director	2,700,000
Dr. Shamim Matin Chowdhury	Director	Nil
Ms. Saima Matin Chowdhury	Director	Nil
Mr. Azizur Rahim Chowdhury	Director	Nil
Mr. Moshir Rahman	Director	Nil
Mr. Sultan Ahmed FCA	Independent Director	Nil
Mr. Muhammad Abul Hossain	Independent Director	Nil
Dr. Sultan Hafeez Rahman	Independent Director	Nil
Total		2,700,000

1. (5) (xi) to (xvii) Statement of Directors on Financial Reports:

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

1. (5) (xviii) Explanation that significant deviations from the last year's operating results of the company:

During the year 2021-2022 the company's Operating Profit earned was Tk.275,452,969 as against last year Operating Profit of Tk. 311,591,435. The significant decrease in operating results is due to increase in cost of goods sold on sales, salary & wages, repair & maintenance expenses for fire loss recovery and other overhead cost was increased compared to the last year, resulting decrease in operating profit during the year 2021-2022.

1. (5) (xix) Key operating and financial data of last preceding 5 (five) years have been presented in summarized form in page no. 09.**1. (5) (xx) Dividend:**

During the year 2021-2022 the Board of Directors has recommended for declaration of a Cash Dividend @10% i.e. Tk.1.00 (one) per share of Tk.10.00 each for all shareholders, whose names would appear in the Register of Members/Depository Register of CDBL on the Record Date will be entitled to receive the dividend.

1. (5) (xxi) Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend:

No bonus share or stock dividend has been declared during the year 2021-2022 as interim dividend.

1. (5) (xxii) The total number of Board Meetings held during the year 2021-2022 and attendance by each director, stated in Annexure-I.**1. (5) (xxiii) 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.****1. (5) (xxiv) 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 Independent Directors are stated in **Annexure-III**.

1. (5) (xxv) 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-IV**

1. (5) (xxvi) Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) are disclosed in Annexure-A.**1. (5) (xxvii) Report as well as certificate regarding compliance of conditions of this Code as required under condition No.9 are disclosed in Annexure-B and Annexure-C.****CAPITAL EXPENDITURES:**

The following Capital Expenditure was incurred during the years 2021-2022 & 2020-2021.

Description	2021-2022 (Tk.)	2020-2021 (Tk.)
Land and Land Development	164,686,000	--
Factory Building	2,036,345	1,950,929
Plant & Machinery	--	--
Furniture & Fixtures	--	--
Office Equipment's	1,179,000	19,215,287
Total	167,901,345	21,166,216

SUBSIDIARY OPERATION:

Salek Textile Limited, Newasia Synthetics Limited and J.M. Fabrics Limited are subsidiaries and as such Directors Report along with, Auditors Report and Audited Accounts containing Statement of Financial Position, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been included as part of this report.

(a) Salek Textile Limited (STL):

The Company (MSM) holds 97.925% share of Salek Textile Limited i.e. 47,259,700 shares of Tk.10.00 each amounting to Tk. 472,597,000.00 out of 48,260,870 shares of Tk.10.00 each amounting to Tk.482,608,700.00. To comply the condition No. 9 of capital raising consent order No.BSEC/CI/CPLC(Pvt)-333/2011/446 dated June 24, 2014 of Bangladesh Securities and Exchange Commission (BSEC) and Notification No. SEC/CMRRC/2006-159/36/Admin/03-44 dated May 05, 2010 published in the Bangladesh Gazette dated 01-06-2010 the status of the Company was converted from Private Limited Company to Public Limited Company on 23rd August, 2014. Subsequently the par value of share was changed from Tk.100.00 per share to Tk.10.00 per share.

The production capacity of STL is 12,070,000 kgs yarn, 18,000,000 yards fabric per annum. As per decision of the Board of Directors Meeting held on 18-12-2021 the RMG unit has been closed due to accumulated losses and expiry of lease agreement of factory premises. The company made additional investment of Tk.354,262,836 during the year 2021-2022.

The Company's operating results as on 2021-2022 and 2020-2021 are given below:

Description	2021-2022	2020-2021 (Restated)
Production (Kg) Yarn	10,231,981	10,184,475
Production (Yards) Fabric	11,603,796	8,232,314
Sales Revenue (Tk.)	4,119,634,554	2,580,334,385
Gross Profit (Tk.)	544,927,827	347,310,400
Net Profit after tax (Tk.)	3,573,328	60,854,435

Gross Margin	13.23%	13.46%
Net Margin	0.09%	2.36%
EPS (Tk.)	0.07	1.26
EPS (Tk.) Continuing operation	3.01	1.77
NAV (Tk.) Per Share	54.00	53.93

The Company did not declare any dividend for the year 2021-2022 in order to strengthen the financial position of the company.

(b) Newasia Synthetics Limited (NSL):

The Company (MSM) holds 99.293% share of the Newasia Synthetics Ltd. i.e. 6,553,338 shares of Tk.100.00 each amounting to Tk. 655,333,800.00 out of 6,600,000 shares of Tk.100.00 each amounting to Tk.660,000,000.00 as on 30th June, 2022. The company had increased its paid up capital from Tk.500,000,000.00 to Tk.660,000,000.00 on 20th December 2020. A Price Sensitive Information was disseminated on 24th November, 2020 regarding the matter. The project could not be implemented due to non-availability of Gas connection from Titas Gas Transmission & Distribution Company Ltd., the project has been shelved until the situation changes regarding the availability of gas connection. The Company made additional investment of Tk.4,900,873.00 during the year 2021-2022 under Land & Land Development. The Net Assets Value (NAV) per share of the company as on 30th June 2022 stood at Tk.299.49.

(c) J.M. Fabrics Limited (JMFL):

The Company (MSM) holds 99.998% share of J.M. Fabrics Limited i.e. 3,999,900 shares of Tk.100.00 each amounting to Tk. 399,990,000.00 out of 4,000,000 shares of Tk.100.00 each amounting to Tk.400,000,000.00. The authorized share capital of the company has been increased from Tk.500,000,000.00 to Tk.2,000,000,000.00 vide Special Resolution dated 20th February 2022. The Company is engaged in the production of 100% export-oriented Garments and Knit Fabric with a production capacity of 18 (eighteen) Metric Tons Dyed Fabric and 82 (eighty two) lines of Cutting & Sewing and Seamless operation having capacity of 8 (eight) modules with all necessary facilities, storage etc. During the year additional investment of Tk.706.16 million has been made. The investments made during the year 2021-2022 were as follows:

Particulars	Taka
Land and Land Development	419,426,290
Building and Civil Construction	24,026,870
Plant & Machinery	143,846,893
Other Assets	118,865,443
Total	706,165,496

The Company's operating results as on 2021-2022 and 2020-2021 are given below:

Description	2021-2022	2020-2021
Production (Pcs)	40,355,632	42,475,688
Sales Revenue (Tk.)	9,446,095,091	7,995,720,932
Gross Profit (Tk.)	660,017,240	517,730,205
Net Profit (Tk.)	477,666,364	342,104,520
Gross Margin	6.99%	6.48%
Net Margin	5.06%	4.28%
EPS (Tk.) Per Share	119.42	85.53
NAV (Tk.) Per Share	446.73	327.31

The Company did not declare any dividend for the year 2021-2022 in order to strengthen the financial position of the company.

FINANCIAL RESULTS:

The company's (MSM) operating financial results, as compared to the previous year are summarized as follows:

(Tk. in million)

Description	2021-2022	2020-2021
Sales	4,044.427	2,976.287
Cost of goods sold	3,601.749	2,525.430
Gross profit	442.678	450.858
Operating expenses	123.812	89.650
Financial expenses	43.413	49.617
Operating profit	275.453	311.591
Other Income	19.363	(2.607)
Net Operating Profit/(Loss)	294.816	308.984
Contribution to WPPF	14.039	14.713
Income Tax	38.758	44.041
Net profit (after tax)	242.019	250.230
Gross Margin	10.95%	15.15%
Net Margin	5.98%	8.41%
Earning per share –EPS (Tk.)	1.25	1.29
Return on Equity (ROE)	4.70%	4.89%
No. of shares outstanding	193,600,000	193,600,000
Face value per share (Tk.)	10	10
Consolidated Earning per share–EPS (Tk.)	3.72	3.36

APPROPRIATION OF PROFIT:

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

Retained Earnings brought forward from previous year	: Tk. 505,766,912.00
Less: Dividend Distribution for the year 2020-2021	: (Tk.193,600,000.00)
Balance surplus brought forward	: Tk. 312,166,912.00
Add: Net Profit (after tax) during the year 2021-2022	: Tk. 242,018,986.00
Add: Transfer of excess depreciation of revalued assets	: Tk. 32,400,019.00
Less: Prior year tax adjustment	: (Tk. 15,183,426.00)
Total net free surplus available for appropriation	:Tk. 571,402,491.00
Appropriation Proposed for the year 2021-2022:	
(a) Cash Dividend @ 10% i.e. Tk.1.00 (one) per share of Tk.10.00 each	: (Tk.193,600,000.00)
Retained Earnings be transferred to Balance Sheet	<u>Tk. 377,802,491.00</u>

DECLARATION OF DIVIDEND:

In the line of proposed appropriation of profit, the Board of Directors proposed and recommended for declaration of Cash Dividend at the rate of 10% i.e. Tk.1.00 (one) per share of Tk.10.00 each for all shareholders for the year 2021-2022. This will involve an amount of Tk.193,600,000 out of Reserve & Surplus/Retained Earnings (free reserves). The cash dividend will be available to the Shareholders whose names would appear in the Share Register of the Company or in the Depository on the Record Date. The Board also recommended the balance of free reserves Tk. 377,802,491 be retained for ploughing back in the Company for meeting liquidity and investment requirement as may be thought fit by Board of Directors. The Board noted that no dividend has been declared out of the capital reserve account or the revaluation reserve account or any unrealized gain or out of profit earned prior to the incorporation of the Company, if any, or through reducing paid-up capital or through doing anything so that the post dividend retained earnings become negative or a debit balance.

CONSOLIDATION OF ACCOUNTS:

In terms of BSEC Regulations, the Company has consolidated the Accounts following the relevant codes of International Accounting Standard IASs/IFRSs adopted by Bangladesh. However, separate reports including the audited financial statements, auditors' and directors' report for all subsidiary companies are provided at the respective section of this report.

ELECTION OF DIRECTORS:

Rotation of Directors:

Pursuant to Article 110 of the Articles of Association of the Company Ms. Saima Matin Chowdhury, Director and Mr. Moshir Rahman, Director would retire by rotation and being eligible as per Article 112 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-III**.

APPOINTMENT OF STATUTORY AUDITORS:

M/s. Malek Siddiqui Wali, Chartered Accountants, existing statutory auditors of the company retires at this 33rd Annual General Meeting. M/s. Malek Siddiqui Wali, Chartered Accountants (a panel auditor of BSEC), being eligible have offered themselves for re-appointment as statutory auditor of the company for the year 2022-2023. As recommended, by the Audit Committee, the Board recommended 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 2022-2023 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 2022-2023. 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 2022-2023 with fixation of their remuneration.

APPOINTMENT/RE-APPOINTMENT OF INDEPENDENT DIRECTORS:

The Board of Directors in its meeting held on June 22, 2022 re-appointed Dr. Sultan Hafeez Rahman as an Independent Director of the company for a period of three (3) years with effect from 23rd July, 2022 after completion his first tenure i.e. three (3) years. The Board in its meeting held on January 27, 2022 appointed Muhammad Abul Hossain (Non-shareholding) as an Independent Director of the company for a period of three (3) years with effect from 27th January 2022 in place of Mr. Sultan Ahmed FCA after completion his tenure. The above-mentioned Independent Directors have been recommended by the Nomination and Remuneration Committee for appointment and re-appointment and as per BSEC Regulations, this have been presented for approval by the shareholders in this Annual General Meeting. Brief resume and other information of the above-mentioned independent directors are depicted in **ANNEXURE-III**.

APPROVAL OF SALE OF YARN (FINISHED GOODS) WITH SUBSIDIARY AND SISTER COMPANY:

The Company (MSM) had entered into contract for sale of its finished goods i.e. yarn to its subsidiary company J. M. Fabrics Limited and a sister company Knit Asia Limited. The shareholders approved the contract in the 32nd AGM held on 27th December, 2021. Under this contract during the year 2021-2022, yarn sales to Knit Asia Limited were 2,525,215 kgs. amounting to Tk.951,814,513 and to J. M. Fabrics Limited 2,011,083 kgs. amounting to Tk.842,786,511 following the market price of yarn in the Bangladesh export-oriented market, based on fair price from time to time. Both the transactions exceeded the limit of 10% (ten percent) of the total revenue or turnover for the immediately preceding financial year. The Board of Directors gave guarantees to the above transaction which occurred as per the regular terms and conditions of the trade and no conflict of interest had arisen regarding the transaction.

In Compliance with the BSEC Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021 the Shareholders are requested (excluding the vote of concerned or connected shareholders or directors or related party) to approve the above-mentioned sale of yarn to J.M. Fabrics Limited and Knit Asia Limited, which exceeded 10% (ten percent) or above of the total revenue/turnover for the immediately preceding financial year.

APPROVAL OF PURCHASE OF LAND FROM DIRECTORS/RELATED PARTIES FOR NEW PLANT AT BHALUKA, MYMENSINGH

The Board of Directors of the company in its meeting held on 22nd June 2022 decided to purchase 55.00 Bigha or 1,815.00 decimal land at a consideration of approximately Tk.55.00 crore at Bhaluka, Mymensingh from its Directors/Related parties on fair market price basis. A Price Sensitive Information was disseminated on 23rd June 2022 regarding the matter. Under this decision during the year 2021-2022 total 27.66 Bigha or 913.00 decimal land was purchased at Bhaluka, Mymensingh for new plant at consideration of Tk,138,528,000. Land measuring 448.00 decimals was purchased from the Managing Director, Mr. A. Matin Chowdhury at Tk.67,992,420, from Director, Shamim Matin Chowdhury 170.00 decimal at Tk.25,821,580, from Director, Azizur Rahim Chowdhury 126.00 decimal at Tk.19,026,000 and from Director, Saima Matin Chowdhury 169.00 decimal at Tk.25,688,000 respectively of the Company. The above transaction exceeded limit of 1% (one percent) or above of the total tangible assets shown in the statement of financial position as of end of the immediately preceding financial year. The Board of Directors of the company and the Directors (land sellers) gave guarantees that the above transactions had occurred as per regular terms and conditions following the market price and declared that no conflict of interest had arisen regarding the transaction.

In Compliance with the BSEC Notification No. BSEC/CMRRCD/2009-193/10/Admin/118 dated 22 March 2021 the Shareholders are requested (excluding the vote of concerned or connected shareholders or directors or related party) to approve the above-mentioned purchased of land from Managing Director and Directors of the company which exceeded 1% (one percent) or above of the total tangible assets shown in the statement of financial position as of end of the immediately preceding financial year.

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-IV** 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 2021-2022 is attached (**Annexure-C**) in Annual Report along with the certificate of Compliance required under the said guidelines.

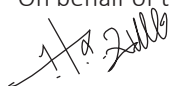
The company obtained a certificate from Das Chowdhury Dutta & Co., Chartered Accountants, regarding compliance of conditions of corporate governance codes of the Commission, which is enclosed in the Annual Report as **Annexure-B**.

ACKNOWLEDGEMENT:

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

Looking forward for a bright future for all of us.

On behalf of the Board of Directors,



A. F. M. Zubair
Chairman

ANNEXURE –I

to the Directors' Report

The Directors also report that:

- Related Party Transactions are depicted in Note no. 32.1 in the Notes of Solo Accounts and Note No.40 of Consolidated Accounts.
- 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 which is depicted in page no. 13 clause 1.(5) (xviii) 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 2021-2022 as interim dividend.
- The number of Board Meeting and the Attendance of Directors during the year 2021-2022 were as follows:

Name of Directors	Position	Meeting Held	Attended
Mr. A. F. M. Zubair	Chairman	08	06
Mr. A. Matin Chowdhury	Managing Director	08	08
Dr. Shamim Matin Chowdhury	Director	08	08
Ms. Saima Matin Chowdhury	Director	08	04
Mr. Azizur Rahim Chowdhury	Director	08	08
Mr. Moshiur Rahman	Director	08	07
Mr. Sultan Ahmed FCA	Independent Director	08	04
Dr. Sultan Hafeez Rahman	Independent Director	08	06
Mr. Muhammad Abul Hossain	Independent Director	08	02

- Mr. Muhammad Abul Hossain has been appointed as an Independent Director on 27-01-2022 after completion of tenure of Independent Director, Mr. Sultan Ahmed FCA.
- 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 Independent Directors as required by clause 1.(5) (xxiv) of the BSEC Notification dated 03 June, 2018, stated in **Annexure-III**.
- 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 June 30, 2022

Name of the Shareholders	Status	Shares held	%
i. Parent/Subsidiary/Associated Companies and other related parties	Nil	Nil	Nil
ii. Directors:			
Mr. A.F.M. Zubair	Chairman	8,470,000	4.37%
Mr. A. Matin Chowdhury	Managing Director	18,075,200	9.34%
Dr. Shamim Matin Chowdhury	Director	17,410,000	8.99%
Mr. Azizur Rahim Chowdhury	Director	18,585,600	9.60%
Ms. Saima Matin Chowdhury	Director	17,004,000	8.78%
Paragon Poultry Limited, Represented by Mr. Moshir Rahman	Director (Nominated by Paragon Poultry Limited)	12,100,000	6.25%
Mr. Muhammad Abul Hossain	Independent Director	Nil	Nil
Dr. Sultan Hafeez Rahman	Independent Director	48,400	0.02%
iii. Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit & Compliance and their Spouses and Minor Children:			
Mr. A. Matin Chowdhury	Chief Executive Officer	18,075,200	9.34%
Mr. Syed Saiful Haque	Company Secretary	Nil	Nil
Mr. B. K. Chaki	Chief Financial Officer	Nil	Nil
Md. Rakibul Islam	Head of Internal Audit & Compliance	Nil	Nil
Dr. Shamim Matin Chowdhury	Wife of Mr. A. Matin Chowdhury	17,410,000	8.99%
Mr. Shyan Zubair	Son of Mr. A. F. M. Zubair	3,872,000	2.00%
iv. Executives (Top 5 salaried executives other than those mentioned under (iii) :			
Mr. Ghaus Mohammad	Director, HR & Admin	Nil	Nil
Mr. Arup Kumar Podder	Senior G M (Operation)	Nil	Nil
Mr. Nazrul Islam	GM (Production)	Nil	Nil
Mr. S. M. Iqbal Sarkar	DGM (Acc. & Fin.)	Nil	Nil
Mr. Sadiqur Rahman	AGM (Marketing)	Nil	Nil
v. Shareholders holding 10% or more voting interest in the Company:			
		Nil	Nil

ANNEXURE-III

to the Directors' Report

Brief Resume of the Directors

Re-appointment of Directors:

Ms. Saima Matin Chowdhury:

Ms. Saima Matin Chowdhury is a Director of the Company since 2007, daughter of Mr. A. Matin Chowdhury. She is a bright young executive having High School graduation from Concord Academy, Concord, Massachusetts, USA- B.Sc. from Swarthmore College, Pennsylvania, USA and MBA from Wharton Business School, University of Pennsylvania USA. She has work experience in the United States with Ernst & Young and Victoria's Secret. She has more than 15 (Fifteen) years working experience in the textile sector. She is also the Director of Rahim Textile Mills Limited (listed company), Salek Textile Limited, J.M. Fabrics Limited, Knit Asia Limited, Fatehbagh Tea Company Limited and Design Asia Limited.

Mr. Moshir Rahman:

Ms. Moshir Rahman is a Director of the Company since 2008, aged about 65 years after his graduation has to his credit training experience from Heidelberg on modern and economical working methods on advance printing technology. He successfully ran for many years Udayan Press Limited a business enterprise of family. In 1989, Mr. Rahman launched his own printing & packaging industry named Paragon Press Limited-a press with high quality printing & packaging facility. Mr. Rahman also achieved tremendous growth in his vertically integrated poultry business. Besides, Mr. Rahman initiated and set up a bio fertilizer plant with the view to protect the environment and conserve nature. Mr. Rahman is associated with many businesses, social & sports associations.

He is the Managing Director of Paragon Poultry Ltd., Usha Poultry Ltd., Paragon Feed Ltd., Paragon Agro Ltd., Paragon Plast Fiber Ltd., Paragon Plastics Ltd., Paragon Press Ltd., Parasole Energy Ltd., Parasole Footwear Ltd., Rangpur Poultry Ltd., Aqua Breeders Ltd., Chittagong Feed Ltd., Chittagong Chicks Ltd., Jessore Feed Ltd., DENIM Poultry Complex (Pvt.) Ltd, Shalbahan Farms Ltd, Bay Chicks Ltd, Moynamoti Hatchery Ltd, Kanun Valley Dairy Ltd. Kanun Valley Plantation Ltd, and Fatehbagh Tea Company Ltd. He is also the Chairman of Sympa Solar Ltd. and Director of Asia Pacific Insurance Company Ltd., Newasia Synthetics Ltd. and Aadi Bd. Ltd. He is the nominated Director of Malek Spinning Mills Limited, Salek Textile Limited and J.M. Fabrics Ltd. He is also the Member of Audit Committee and Nomination & Remuneration Committee (NRC) of Malek Spinning Mills Ltd.

Appointment/Re-appointment of Independent Directors:

Mr. Muhammad Abul Hossain:

The Board appointed Muhammad Abul Hossain, as an Independent Director of the company for a period of three (3) years with effect from 27-01-2022. Muhammad Abul Hossain Ph.D, Psc, a freedom fighter and former Secretary of the Government of Bangladesh, MA from Polytechnic of Central London (University of Westminster), UK, Ph.D in Social Science (Public Administration) Department of Public Administration, Faculty of Social Science, Dhaka University, Ph.D in Economics, London School of Economics (could not be finished due to Govt's refusal to grant leave for higher studies) and former Major of Bangladesh Army, Passed Staff College (psc). Mr. Hossain is a (Non-shareholding) Independent Director of the Company and he has been appointed in place of ceased Independent Director, Mr. Sultan Ahmed FCA after completion his 3 (Three) years tenure. Mr. Muhammad Abul Hossain has also been appointed as Chairman of the Audit Committee of Malek Spinning Mills Limited.

Dr. Sultan Hafeez Rahman:

The Board also Re-appointed Dr. Sultan Hafeez Rahman, as an Independent Director of the company for a further period of three (3) years with effect from 23-07-2022 after completion his first tenure i.e. 3 (Three) years. Dr. Rahman is a renowned economist and former Director General of Asian Development Bank (ADB), South Asia and a Senior Research Fellow of Bangladesh Institute of Development Studies (BIDS). He was also Adviser/consultant to the Ministries of Jute, Industry, Commerce and Finance and Planning of Govt. of Bangladesh. He also served as Member of the Board of Director of Agrani Bank from 1988-91. He is a respected economist and has published on a wide range of economic issues. He obtained Ph.D. and M A degrees from Stanford University and M A in economics from Vanderbilt University. Dr. Sultan Hafeez Rahman has also been appointed as Chairman of the Nomination and Remuneration Committee of Malek Spinning Mills Limited.

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 for the year ended June 30, 2022 as per condition no 1.5(xxv) of Corporate Governance Code dated June 03, 2018.

(a) The company has prepared and presented its financial statement as per IAS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The consolidate financial statements have been prepared in consolidation with the audited accounts of the company and the audited accounts of Salek Textile Limited, Newasia Synthetics Limited and J. M. Fabrics Limited according to the relevant IFRS or IAS. The following IAS are applicable for the financial statements for the year under review:

IAS-1	Presentation of Financial Statement.
IAS-2	Inventories.
IAS-7	Statement of Cash Flows.
IAS-8	Accounting Policies, Changes in Accounting Estimates and Errors.
IAS-10	Events after the Balance Sheet Date.
IAS-12	Income Tax.
IAS-16	Property, Plant & Equipment.
IAS-19	Employee Benefits.
IAS-20	Accounting for Government Grants and Disclosure of Government Assistance.
IAS-21	The effect of changes in Foreign Exchange rate.
IAS-23	Borrowing Cost.
IAS-24	Related Party Disclosure.
IAS-27	Separate Financial Statements.
IAS-33	Earning per share.
IAS-36	Impairment of Assets.
IAS-37	Provisions, Contingent Liabilities and Contingent Assets.
IAS-38	Intangible Assets.
IFRS-3	Business Combination.
IFRS-8	Operating Segments.
IFRS-10	Consolidated Financial Statements.
IFRS-15	Revenue from Contracts with Customers.
IFRS-16	Leases.

(b) The financial statements of the company under reporting have been prepared under historical cost convention, except land, Building and Machinery which is stated at revalued amount, in a going concern concept and on accrual basis other than Cash Incentive Income which is recognized on cash 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, Listing Regulations of DSE and CSE and in compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The financial statements have been prepared in compliance with requirement of IAS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The financial statements, except cash flows statements, have been prepared using the accrual basis of accounting. Under this concept, the company recognizes items as assets, liabilities, equity, income and expenses when they satisfy the definitions and recognition criteria for those elements as per related accounting standard and framework.

The financial statements have been prepared in assuming that the company is going concern and it has ability to continue as going concern for foreseeable future. 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" and IAS-27 preparation of separate financial statements and presentation of financial statements. The previous year's figures were presented according to 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 immediate preceding five years explaining reasons are as follows:

Figures in Million Taka

Particulars	Jul 21 to Jun 22		Jul 20 Jun 21		Jul 19 Jun 20		Jul 18 Jun 19		Jul 17 Jun 18	
	Consolidated	Standalone	Consolidated (Restated)	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
Turnover	16,756	4,044	13,054	2,976	9,765	2,584	10,352	2,780	10,792	3,003
Gross Profit	1,648	443	1,316	451	519	125	831	242	903	319
Net Profit before tax	1,020	281	778	294	(251)	(60)	202	73	296	141
Net Profit after tax	720	242	652	250	(332)	(73)	149	59	228	119
Shareholders' Equity	9,469	5,149	8,957	5,115	8,306	4,865	8,796	5,043	8,841	5,177
Total Assets	22,736	7,934	22,277	7,818	18,983	7,040	17,299	6,768	16,069	6,465
Total Current Assets	12,172	3,888	11,879	3,844	8,779	3,132	7,304	2,774	7,076	2,584
Total Current Liabilities	10,132	2,325	9,935	2,232	7,507	1,672	5,800	1,199	5,175	883
Current Ratio	1.20	1.67	1.20	1.72	1.17	1.87	1.26	2.31	1.37	2.93
Net Asset Value per share	48.91	26.59	46.27	26.42	42.90	25.13	45.13	26.05	45.36	26.74
Earning per share	3.72	1.25	3.36	1.29	(1.68)	(0.38)	0.76	0.31	1.17	0.62
NOCFPS	0.10	2.19	2.00	1.75	1.74	(0.23)	2.17	0.06	2.10	0.60

The rated capacity of Malek Spinning Mills Ltd. (MSML) during the year 2017-2018 to 2021-2022 was unchanged and Turnover was more or less same, except the year 2019-2020 and 2021-2022. During the year 2019-2020 MSML sales/turnover had decreased due to adverse effect of COVID-19 but during the year 2021-2022 sales/turnover had substantially increased due to increase in average selling price of yarn. During the year 2021-2022 the Company had earned lower net profit compared to previous year because of increase in Cost of Goods sold including prices of raw materials, fuel/power and increase of salary & wages, repair & maintenance expenses for fire loss recovery and other overhead cost. As a result, MSML's Gross Profit and Net Profit had decreased. Due to increase of collection from sales & receivables and decrease of financial expenses NOCFPS of the Company increased.

(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	Malek Spinning Mills Ltd. June 30, 2022	Square Textiles Ltd. June 30, 2021	Matin Spinning Mills Ltd. June 30, 2021	Saiham Textile Mills Ltd. June 30, 2021
Revenue (Turnover)	4,044.43	11,924.70	5,021.07	2,570.41
Gross Profit	442.68	1,335.72	1,097.11	284.48
Operating Expenses	123.81	241.27	269.23	68.44
Financial Expenses	43.41	344.17	41.26	69.51
Net Profit before tax	280.78	733.10	842.77	140.68
Net Profit after tax	242.02	621.63	615.48	100.72
Net Profit in %	5.98%	5.21%	12.26%	3.92%
Earnings per share (EPS)	1.25	3.15	6.31	1.11
NOCFPS	2.19	5.64	0.40	0.68
Shares Outstanding	193,600,000	197,252,000	97,490,000	90,562,500
Shareholders' Equity	5,148.58	7,305.66	5,248.60	3,885.89
Total Assets	7,933.98	15,418.90	8,276.23	5,836.13
Total Liabilities	2,785.39	8,113.24	3,027.64	1,950.24
Current Assets	3,887.57	8,523.67	3,445.06	2,343.69
Current Liabilities	2,324.71	5,207.50	2,770.34	1,502.04

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

While global economy had started recovering strongly from the COVID-19 pandemic, the war in Ukraine posed a setback to the ongoing recovery. A rise in the global commodity prices and sluggish economic activities by war induced supply chain disruption is being observed. In the World Bank's Global economic prospect, January 2022, the global economic growth is projected 4.1 and 3.2 percent in 2022 and 2023 respectively, while growth was estimated 5.5 percent in 2021.

Sluggish growth rates between advanced economics and emerging and developing economics will be divergent. Growth in advanced economics is expected to decline from 5 percent in 2021 to 3.8 percent in 2022 and 2.3 percent in 2023. In the World Economic Outlook (WEO) April 2022, International Monetary Fund (IMF) projected that the global economy will grow by 3.6 percent both in 2022 and 2023.

Bangladesh economy was growing consistently high over a decade crossing 8.0 percent milestone in FY 2018-19. However, the COVID-19 pandemic reduced the growth rate to 3.45 percent in FY 2019-20. The economy grew by 6.94 percent in FY 2020-21. According to the provisional estimates of BBS, the GDP growth stood at 7.25 percent in FY 2021-22 and per capita GDP and per capita national income stood respectively at US\$2,723 and US\$2,824 in FY 2021-22 compared to US\$2,462 and US\$ 2,591 respectively in FY 2020-21. The consumption increased to 78.44 percent of GDP in FY 2021-22 from 74.66 percent in FY 2020-21. The gross investment stood at 31.68 percent of GDP in FY 2021-22, where public investment and private investment accounted for 7.62 percent and 24.06 percent of GDP respectively.

Inflation in FY 2020-21 stood at 5.56 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 actual budget deficit for FY 2020-21 stood at 4.3 percent of GDP. The recent trends in weighted average lending and deposit rates show downtrend movement.

Although global trade has turned around in 2021 after the effects of COVID-19 pandemic, the Russia-Ukraine conflict has been showing significant negative impact on 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 along with commodity prices are rising, which is also creating inflationary pressures on the economics. However, Bangladesh's export growth in on a positive trend.

To overcome the shock of COVID-19 as well as to revitalize, Government of Bangladesh has provided different supports under incentives packages to the industry sector. 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 inauguration of the Padma Bridge carries a lot of significance as the structure has been built entirely with domestic financing. The Padma Multipurpose Bridge is likely to raise the country's gross domestic product growth by 1.23 percent and there is a projection that the GDP growth in the south-western region will go up by 2.5 percent. The Padma Bridge will be the main driving force of the economy and this will add to the geographical division we had and through this Bangladesh will emerge as an integrated economy.

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

i. Credit Risk:

Credit risk is the risk of financial loss to the company if a buyer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivable from customers and investment securities. The Company's sales are made to renowned RMG exporting company. Sales made to the entity are fully secured by Letter of Credit issued by local scheduled banks. Credit risk of the Company arises principally from trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

ii. Liquidity Risk:

Liquidity risk is the risk that the company unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity 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. In general, management ensures that it has sufficient cash and cash equivalent to meet expected operation expenses, including the servicing of financial obligation through preparation of cash forecast, prepared based on timeline of payment of the financial obligation and accordingly arranged 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 payments of obligations in the events that there is sufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly. Seeks to maintain a balance between the higher returns that might be possible with the higher levels of borrowings and the advantages and security afforded by a sound capital position. The board also monitors dividend trend to ordinary shareholders.

iii. Market Risk:

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

iv. Price Risk:

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company does not have any financial instrument that expose the price risk.

v. Interest Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions. At the reporting date, the company does not hold any interest-bearing financial instrument.

vi. Currency Risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and foreign currency loan, which, are entered in a currency other than BDT. The foreign currency transactions (both purchase and sales) are mainly occurred in USD. As such, the foreign currency fluctuation rate does not, normally, expose material risk.

vii. Capital Risk Management:

The objective of the Company when managing capital, i.e. its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

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

The Company does not have any major policy change in immediate future.


A. Matin Chowdhury
Managing Director

Annexure-A

to the Directors' Report

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

Malek Spinning Mills Limited Declaration by CEO and CFO

Date: October 23, 2022

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

Subject: Declaration on Financial Statements for the year ended on 30th June 2022.

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 Malek Spinning Mills Limited for the year ended on 30th June 2022 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 2022 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,


(A. Matin Chowdhury)
Managing Director


(B. K. Chaki)
Chief Financial Officer