

DIRECTORS' REPORT TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule thereunder) of the Securities and Exchange Rules 1987 and IAS – 1 (International Accounting Standards – 1) as adopted by the ICAB (The Institute of Chartered Accountants of Bangladesh), it is a pleasure of the Board of Directors to submit its report to the Shareholders for the year ended 30 June 2022 in the following paragraphs:

A] COMPANY OPERATIONS

1] Capacity/Production

Below table represents last five years production capacity and capacity utilization ratios:

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
[1.1] Spindles					
a) No. of Spindles installed	73,184	73,184	73,184	73,184	73,184
b) No. of Spindles in operation	69,248	65,900	66,394	69,484	67,539
[1.2] Production Capacity ('000 Kg):					
At Equivalent 28s Count (Ring Yarn)	18,185	18,257	17,225	18,286	17,937
[1.3] Actual Production ('000 Kg):					
At Equivalent 28s Count (Ring Yarn)	14,772	14,799	13,697	15,111	14,432
[1.4] Capacity Utilization (%)	81.24%	81.06%	79.52%	82.64%	80.46%

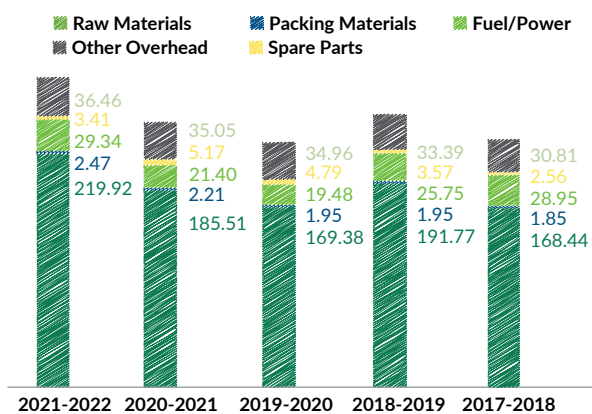
2] Cost of Production

The cost of production varied during the past years primarily due to wide price fluctuations of raw materials, packing materials, fuel & power, and spare parts. Price fluctuation being an external factor was beyond the control of Management. The level of costs and their incidences for last five years are given below:

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
(a) Output of Yarn ('000 Kg)	15,956	16,049	14,589	15,229	14,556
(b) Cost of Major items ('000Tk):					
Raw Materials	3,509,106	2,977,226	2,471,115	2,920,514	2,451,816
Packing Materials	39,406	35,533	28,473	29,735	26,983
Fuel/Power	468,237	343,440	284,210	392,118	421,455
Spare Parts	54,448	82,945	69,810	54,298	37,311
Other Overhead	581,756	562,484	510,005	508,537	448,428
Total Cost	4,652,953	4,001,627	3,363,613	3,905,203	3,385,993

Unit Cost/Kg (TK)	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Raw Materials	219.92	185.51	169.38	191.77	168.44
Packing Materials	2.47	2.21	1.95	1.95	1.85
Fuel/Power	29.34	21.40	19.48	25.75	28.95
Spare Parts	3.41	5.17	4.79	3.57	2.56
Other Overhead	36.46	35.05	34.96	33.39	30.81
Unit Cost	291.60	249.35	230.55	256.43	232.62
Raw Material Cost as % of Total	75.42%	74.40%	73.47%	74.79%	72.41%

COST OF PRODUCTION



The above chart reveals that overall unit cost increased by 17% in 2021-2022 over 2020-2021. Raw Material and Fuel/ Power cost increased by 19% and 37% and Spare Parts cost decreased by -34% respectively. On the other hand, other overhead cost increased by 4% respectively.

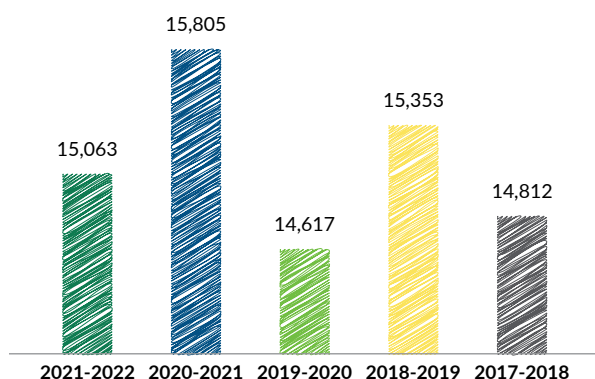
B] MARKETING OPERATIONS

1] Market Exposure

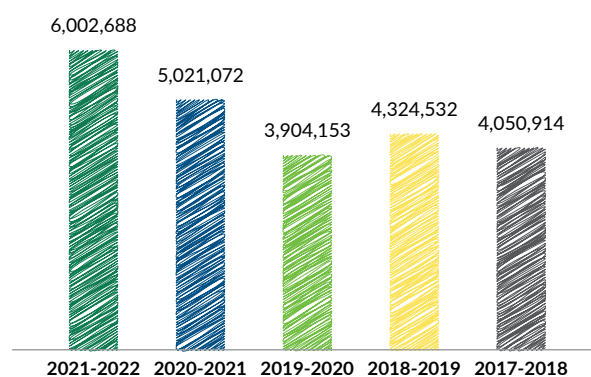
The Company's marketing operations continued its emphasis on export sales over the years as depicted below:

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
(a) Sales Volume ('000 Kg)	15,063	15,805	14,617	15,353	14,812
(b) Sales Revenue ('000 Tk)	6,002,688	5,021,072	3,904,153	4,324,532	4,050,914

Sales Volume ('000kg)



Sales Revenue ('000tk)



The above figures show that compared to prior year, 2021-2022 sales volume decreased by 5% and sales value increased by 20% respectively. Volume decreased due to 18 days production stop compare

to last year due to 11 days compulsory shut down declared by the Government and 7 days shut down of factory due to annual maintenance, but average selling price was increased due to market demand.

2] Selling Prices

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Average Selling Prices (Taka/Kg)	399	318	267	282	273
% Change - compare to prior year	25% up	19% up	-5% down	3% up	1% up

It indicates that average selling price maintained an upward trend in current year compared to the year 2020-21.

C] DEVELOPMENT ACTIVITIES

During the year 2021-22, the Company started to implement Production, Order, and Asset Maintenance Modules in Oracle ERP system. These modules would help to determine product costing faster and assessing inventory valuation on real-time basis.

D] CAPITAL EXPENDITURES

Details of capital expenditure for development activities are shown below (figures in '000 Taka):

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Land	12,546			7,922	1,849
Civil construction					
Existing	39,955	40,206	27,395	7,261	29,002
Mélange Project					
Synthetic Project					8,240
Special Yarn Project	82,022	84,292			
Plant and Machinery					
Existing	114,319	49,603	179,028	272,839	
Mélange Project	4,818	4,818			
Synthetic Project	17,898	17,898	31,701	37,125	25,408
Special Yarn Project	979,566	120,958			
Other Fixed Assets	4,676	4,676	99,489	4,161	21,283
Total	1,255,799	322,451	337,614	329,307	85,782

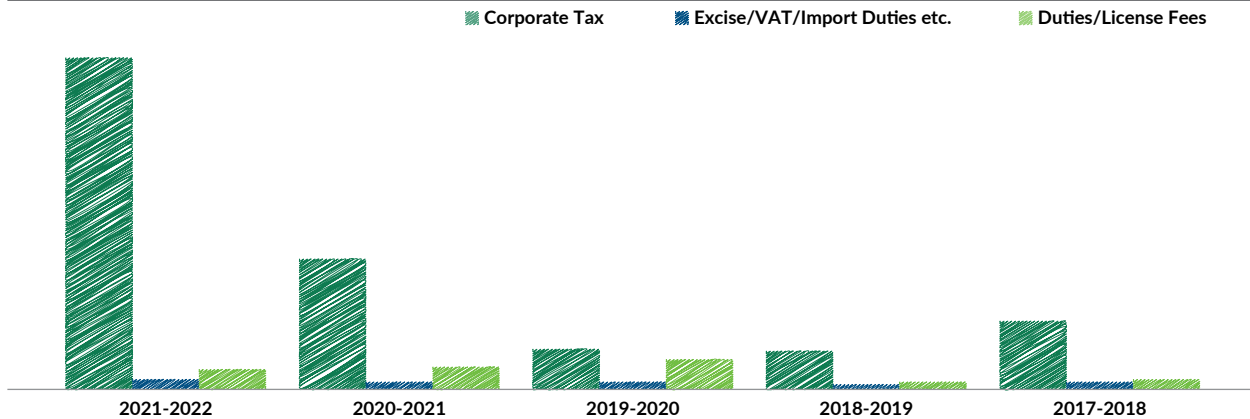
E] CONTRIBUTION

1] Contribution to National Exchequer

The Company contributed Tk. 220.64 million during 2021-2022 to the National Exchequer. Last five years comparative data are as follows (figures in million Taka):

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Corporate Tax	216.75	85.48	26.49	25.09	44.85
Excise/VAT/Import Duties etc.	1.26	1.23	1.20	0.89	1.21
Duties/License Fees	2.63	2.98	4.06	1.20	1.54
Total	220.64	89.69	31.75	27.18	47.60

CONTRIBUTION TO NATIONAL EXCHEQUER



2] Foreign Exchange Earned/Saved

The Company contributed Tk.1,505 million to the Foreign Exchange Reserve of the country during the FY 2021-2022 through its export marketing operation. Last five years data are shown below (figures in million taka):

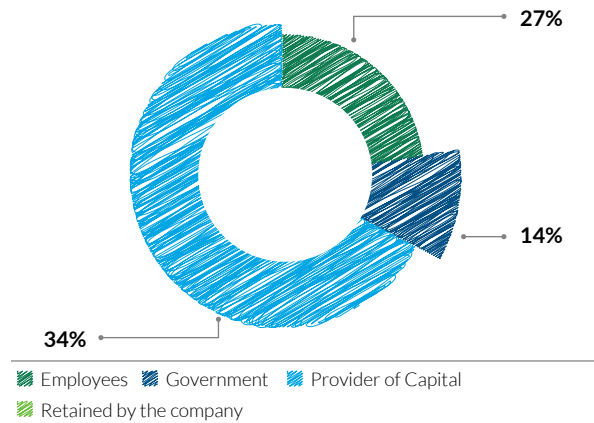
(Taka in Million)

Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Total Export Earnings	6,003	5,021	3,904	4,325	4,051
Less: Import Expenses					
Raw Cotton/Staple Fiber	(4,420)	(3,266)	(2,686)	(2,591)	(2,355)
Spare Parts	(78)	(51)	(62)	(61)	(99)
Net Foreign Exchange Earned	1,505	1,704	1,156	1,673	1,597

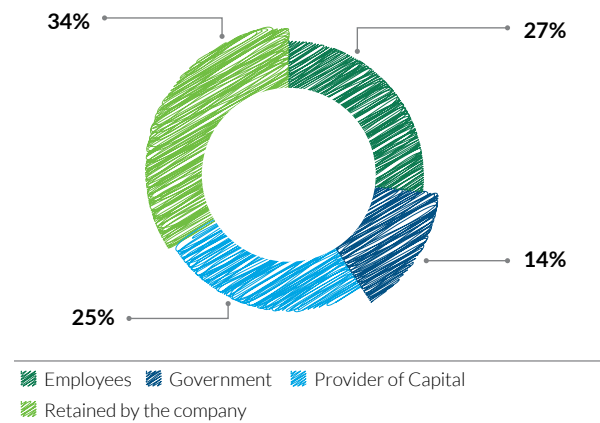
3] Value Added Statement (figures in '000 Taka)

Particulars	2021-2022	2020-2021
Source of Funds		
Net Turnover	6,002,688	5,021,072
Less: Purchased Materials and Services	(3,976,782)	(3,541,857)
Add: Other Income	(14,169)	98,291
Value Added	2,011,737	1,577,506
Applied in the following ways		
Employees	466,031	419,566
Salaries, Wages, Provident Fund & Other Benefits	403,790	377,427
Contribution to Workers' Profit Participation & Welfare Fund	62,242	42,139
Government	194,327	228,526
Corporate Tax	193,069	227,291
Other Government Dues	1,258	1,235
Provider of Capital	487,450	389,960
Dividend	487,450	389,960
Retained by the Company	863,929	539,455
Depreciation	299,618	313,936
Retained Earnings	564,311	225,519
Total Applied	2,011,737	1,577,506

2021-22



2020-21



F] APPROPRIATION

The net profit after tax of BDT 1,051,760,851 earned during the year 2021-2022 has been apportioned in the following manner:

Cash dividend is recommended by the Board of Directors at 50% (Tk.5 per share for 2021-2022, total Tk. 48,74,50,000)

G] AUDITORS

Hussain Farhad & Co., Chartered Accountants, have offered their willingness to be appointed as statutory auditors of the Company. The Board recommends their appointment as the statutory auditor of the Company for the year 2022-2023.

H] MANAGEMENT APPRECIATION

The Board of Directors record with deep appreciation the performance of management, the officers, staff and workers whose efforts helped to maintain the desired level of productivity as well as net profit despite the natural and unnatural adverse factors of production and marketing throughout the country. The Board of Directors together with the competent workforce, innovation, state-of-the-art technology is determined to be the leading quality manufacturer in the Country. It is expected that the employees and the management will continue to improve the results in the interest of shareholders whose unwavering trust in management has always been an inspiration to the Board of Directors. The Directors acknowledge and express their profound gratitude for the continued cooperation and unflinching support received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, CDBL, RJSC, National Board of Revenue, and other agencies of the public and private sector.

For and on behalf of Board of Directors

Abdul Wahed
Chairman

ANNEXURE TO DIRECTORS' REPORT

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

(i) Industry Outlook and possible future developments in the industry.

The Company is operating as a backward linkage industry to the RMG exporting Companies largely within DBL Group. Along with continuing growth of RMG sector in the Country DBL Group is also in the continuing process of expansion of its capacity of RMG. Keeping in view of future growth potential of RMG sector in the country the Company has increased production capacity through establishment of new production units in order to meet the requirement of RMG. Currently total production capacity of the Company is 51 tons of yarn in a day which covers less than 50% of DBL Group's total demand.

We are pleased to inform our valued stakeholders that MSMPCLC has successfully completed its Special Yarn Unit and started commercial production from 01 August 2022. The new unit capable of producing 10 tons of special yarn per day and our total production capacity increased to 61 tons per day from 51 tons. The demand for special yarn is on rise and the high value products should bring better revenue for the company.

(ii) Segment-wise or product-wise performance

The Company is domiciled in Bangladesh. The Company does not have any non-current assets that are located outside Bangladesh. There are also no revenue arising from transactions with a single external customer that comprises 10% or more of the Group's revenue for the years ended 30 June 2022.

The Company is primarily engaged in the manufacturing and sale of single product of yarn in Bangladesh and this forms the focus of the Company's internal reporting system. While the Company has clearly differentiated brands, segmentation within a wide portfolio of brands is not part of the regular internally reported financial information to the Chief Operating decision maker. Therefore, it is not possible to segment the Company's results by brand without a high degree of estimation. However, yarn type and export sales has been provided in Note 26 in the notes to the Financial Statements.

(iii) Risk and Concerns

The company as other spinning sector in the country is confronted with the supply/price risk of raw cotton and staple fiber which are entirely imported from abroad. Beside the company is facing severe irregular supply of Gas and Electricity. Price of gas is increasing continuously and price of diesel has already increased significantly. To augment low pressure and insuppicient of Gas supply, the company maintains alternative power sources such as Diesel Generator, Rural Electrification Board, United Power Generation & Distribution Co. Ltd.

The Company Management perceives investment risk within the national and international economic perspectives in relation to legal and moral requirements involving inter alia, intellectual property right, scientific intervention, WTO Regulation and monetary and fiscal investment policies and has prepared its production & marketing strategies to meet the challenges from these risks.

(iv) Discussion on Cost of goods sold, Gross Profit Margin & Net Profit Margin.

Cost of goods sold, compared to last year, increased by 15.70% mainly because of raw material cost increased by 21.87% and other manufacturing overheads increased by 11% compared to last year. Though increased of cost of goods sold yarn price increased more than that for this reason mainly drives higher gross and net profit margin in 2021-2022.



(v) Discussion on continuity of any Extraordinary gain or loss.

There was no extraordinary gain or loss in the Financial Statements under report.

(vi) Basis of related party transactions.

Related party transactions are depicted in Note-42 in the notes to the Financial Statements.

(vii) Current Status and Utilization of proceeds from Public Issue

Not applicable

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

Not applicable

(ix) Explanation of significant variance occurs between Quarterly financial performance and Annual Financial Statements

Explanatory notes for the significant variations in the Financial Statements for the year ended 30 June 2022:

Issue-1: Significant Increase in Revenue

It is reported that our total sales revenue has increased by 19.55% during the reporting period compared to last year due to significantly increased yarn price for huge increase in the demand of cotton-based products globally. Moreover, during this period our combed yarn sales has been increased significantly by around 38.78% besides other fancy yarns compare to the last year that has contributed a lot to significantly increase our sales revenue.

Issue-2: Significant Increase in EPS

EPS has been increased due to increase in Sales Revenue and there was no significant additional fixed expenditure against the incremental revenue except raw material cost. It is also reported that the company has purchased raw materials in a reasonable and competitive rate which has contributed a lot to achieve our extra margin. As such there is a positive impact of EPS enhancement. Also noted that during the reporting year, MSMPPLC management has decided to make a sum of provision for bad and doubtful debts due to the non-realization of long pending outstanding from the external customer as per IFRS 9. There was no other significant Extraordinary Transactions during this year.

Issue-3: Increase in Operating Cash flows

MSMPPLC sales proceeds collection has been increased significantly over the reporting period against both site and deferred LC compared to the last year. For this reason, receivables are decreased significantly. It is also observed that the inventory of raw materials and finished goods has increased during the reporting period significantly to ensure an uninterrupted supply of raw materials to production as well as to get price benefit since raw materials demand and prices are also increasing trend. Although inventory has been increased but collection from customers has been improved significantly, resultantly MSMPPLC Net Operating Cash Flow per Share has increased compared to that of the previous year.

Issue-4: Net Asset Value per Share

Net Asset Value per share has been increased considerably due to excellent operating performance for the year under review as reflected in the EPS as well.

(x) Remuneration to Directors including Independent Directors

Remuneration of Directors has been shown in Note-39 in the notes to the Financial Statements. No such remuneration is given to the Independent Directors.



(xi) Fairness of Financial Statement

The Financial Statements prepared by the management of the Company present fairly its state of affairs, result of its operations, cash flows, and changes in equity.

(xii) Maintenance of proper books of account

Proper books of account of the Company have been maintained.

(xiii) Adoption of appropriate accounting policies and estimates

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

(xiv) Compliance with IAS and IFRS in preparation of Financial Statements

International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the Financial Statements and any departure there from has been adequately disclosed.

(xv) Soundness of Internal Control System

The Board of Directors assures the shareholders that the Company has a robust risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. Although it is possible that all risks to the business are not known at present, the Company takes reasonable steps to identify material risks that may hamper business results and systematically reviews these risks in light of the changing internal and external environment in order to assess that the controls in place are adequate to address these risks.

(xvi) Minority shareholder interest

The interests of the minority shareholders are duly protected in the Company.

(xvii) Ability to continue as a going concern

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

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

Operating result showing increase in net profit after tax to Tk. 1,051 million during 2021-22 from Tk. 615 million for the year 2020-21 are mainly due to increase of yarn price by 23.61%

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

The Company's operating financial results as compared to the previous years are summarized below. Numbers presented in SL# 1-13 are in '000 taka and SL# 16 is in '000 quantity.

SL	Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
1	Revenue	6,002,688	5,021,072	3,904,153	4,324,532	4,050,914
2	Cost of sales	(4,390,750)	(3,923,962)	(3,364,549)	(3,949,186)	(3,441,942)
3	Gross Profit	1,611,938	1,097,111	539,604	375,345	608,972
4	Operating Expenses	(246,816)	(269,232)	(228,524)	(227,902)	(232,883)
5	Finance Cost	(43,881)	(41,261)	(87,751)	(99,388)	(87,709)
6	Operating Income	1,321,241	786,617	223,329	48,055	288,380



SL	Particulars	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
7	Other Income	(14,169)	98,291	42,769	79,938	85,155
8	Net Profit before WPPF	1,307,072	884,909	266,099	127,993	373,536
9	Workers' profit participation	(62,242)	(42,139)	(12,671)	(6,095)	(17,787)
10	Net Profit before Tax	1,244,830	842,770	253,427	121,898	355,748
11	Income Tax	(192,832)	(222,197)	(44,925)	(17,788)	(31,721)
12	Deferred Tax	(237)	(5,094)	1,709	(9,762)	(21,422)
13	Net profit / loss after tax	1,051,761	615,479	210,211	94,348	302,605
14	Gross Margin (%)	26.9%	21.9%	13.8%	8.7%	15.0%
15	Net Margin after tax (%)	17.5%	12.3%	5.4%	2.2%	7.5%
16	Outstanding Shares	97,490	97,490	97,490	97,490	97,490
17	Face Value per share (Taka)	10.00	10.00	10.00	10.00	10.00
18	Earnings per share	10.79	6.31	2.16	0.97	3.10
19	Return on Equity (ROE)	18.85	12.24	4.68	2.24	7.25

(xx) Reasons for not declaring dividend

Not Applicable.

(xxi) Interim dividend

No bonus or stock dividend was declared during the period under review as interim dividend.

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

This has been narrated in Note-38 in the notes to the Financial Statements.

(xxiii) Shareholding Pattern

Pattern of Shareholding as on 30 June 2022:

Name of the Shareholders	Status	Shares held	%
a) Parent/Subsidiary/Associated Companies and other related parties			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77
Flamingo Fashions Limited	Associate Company	2,448,000	2.51
Jinnat Knitwears Limited	Associate Company	2,622,000	2.69
Thanbee Print World Limited	Associate Company	855,139	0.87
Hamza Textiles Limited	Associate Company	281,200	0.27
Jinnat Fashions Limited	Associate Company	227,850	0.23
b) Director			
Abdul Wahed	Chairman	5,849,250	5.99
M. A. Rahim	Vice Chairman	5,849,250	5.99
M. A. Jabbar	Managing Director	5,849,250	5.99
M. A. Quader	Director	5,849,250	5.99
Selina Perveen	Director	2,130,000	2.18
Tanzeen Khurshid	Director	2,130,000	2.18
Taslima Begum	Director	2,130,000	2.18
Md. Hassan Imam	Director	2,130,000	2.18

Name of the Shareholders	Status	Shares held	%
c) Managing Director, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Children			
M. A. Jabbar	Managing Director and his spouse	7,979,250	8.18
Mohammad Emarot Hossain FCA, FCS	Chief Financial Officer	Nil	Nil
Md. Shah Alam Miah FCS	Company Secretary	Nil	Nil
Md. Monirul Islam	Head of Internal Audit	Nil	Nil
d) Executives			
Shamimul Haque	Chief Production Officer	Nil	Nil
Engr Md. Shafiqul Islam	GM-Utility	Nil	Nil
Azad Shahriar	Addl. GM-Maintenance	Nil	Nil
Golam Kibria	DGM-Admin	Nil	Nil
e) Shareholders Holding 10% or more voting interest in the Company			
Jinnat Apparels Limited	Associate Company	29,025,000	29.77

(xxiv) Appointment/re-appointment of Directors

The Directors retiring as per Article 100 of the Company's Articles of Association are Mr. M.A. Rahim, Ms. Taslima Begum, and Mr. Md. Hasam Imam being eligible to offer themselves for re-appointment. A brief resume of the directors has been provided in the "Brief Profile of Directors" section.

Managing Director's tenure expired on 15th September 2022. The Board of Directors re-appointed him for a further period of 5 years subject to approval by the Shareholders in the 20th Annual General Meeting.

Directorship with other company and membership of committees of the Board:

SL	Entity	M. A. Rahim	Taslima Begum	Md. Hasan Imam
1	Dulal Brothers Limited	√		
2	Color City Limited	√		
3	DBL Ceramics Ltd	√		
4	DB Tex Ltd	√		
5	Flamingo Fashions Ltd	√		
6	Jinnat Fashions Ltd	√		
7	Jinnat Apparels Ltd	√		
8	Jinnat Knitwears Ltd	√		
9	Hamza Textiles Ltd	√		
10	Mymun Textiles Ltd	√		
11	Parkway Packing & Printing Industries PLC	√	√	
12	Mawna Fashions Ltd	√		
13	Textile Testing Services Ltd	√		
14	DBL Telecom LTd	√		
15	DBL Pharmaceuticals Ltd	√		
16	DBL Dredging Ltd	√		
17	DBL Healthcare Ltd	√		
18	DBL Distributions Ltd	√		

SL	Entity	M. A. Rahim	Taslima Begum	Md. Hasan Imam
19	DBL Lifestyle Ltd.	√		
20	DBL Industrial Park Ltd.	√		
21	Jinnat Textiles Mills Ltd.	√		
22	Audit Committee, MSMPLC	√		√
23	Nomination and Remuneration Committee, MSMPLC	√		√

(xxv) Management Discussion and Analysis

Management's discussion and analysis has been highlighted in the Managing Director's Statement and in Directors' Report.

(xxvi) Declaration by the Managing Director and the CFO

Declaration by the Managing Director and CFO has been given on page 72.

(xxvii) Report on Compliance of the Corporate Governance Code

MSMPLC adheres to appropriate good Corporate Governance practices, as described on pages 74 to 86 [Annexure - C]

The Company also complied with all the requirements of Corporate Governance as required by the Bangladesh Securities and Exchange Commission (BSEC). In accordance with the BSEC Notification Corporate Governance Compliance Report is shown in Annexure - B & C

Further in compliance with the BSEC notification dated June 3, 2018 Suraiya Parveen & Associates, Chartered Secretaries in practice issued the Corporate Governance Compliance Certificate which is shown on page 72 of this report.

(xxviii) Directors' Compliance on Corporate Governance

This has been narrated in Statement on Corporate Governance part of the Annual Report.



Abdul Wahed

Chairman of the Board