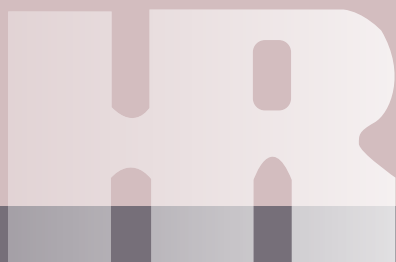


# Annual Report 2016-17



**H.R.TEXTILE MILLS LIMITED**

An enterprise of PRIDE GROUP with public Participation



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## Board of Directors

Chairman	:	Professor (Dr.) Muhammad Abdul Moyeen
Managing Director	:	Mr. Mohammad Abdul Moyeed
Directors	:	Professor Mohammad Abdul Momen Ms. Ruhey Rawa Ms. Sumbal Azwad Momen Ms. Sana Kainat Moyeen
Independent Directors	:	Professor Mushtaque Ahmed Mr. Mohammad Kabiruzzaman

## Corporate Information

Company Secretary	:	Mr. Md. Wali Ullah
Auditors	:	M/s. Rahman Mostafa Alam & Co. Chartered Accountants Paramount Heights (7th Floor-D2) 65/2/1 Box Culvert Road Purana Paltan, Dhaka-1000
Bankers	:	Trust Bank Limited Mutual Trust Bank Limited The Honkong and Shanghai Banking Corporation Ltd.
Share & Corporate Office	:	Mirandel (2nd Floor), House # 3, Road # 5 Block # J, Baridhara, Dhaka-1212 Tel : 9899147, PABX: 9899149, 9899159 (Ext. 101 Share Dept.) Fax : (8802) 9899147 E-mail : hrtex_cs@pride-grp.com www.pride-grp.com/hrt
Operational Office & Factory	:	4, Karnapara (Near Bank Town) Savar, Dhaka Tel : (8802) 7748694 - 96 Fax : (8802) 7745819

## **MISSION**

Be a caring company through enriching customer experiences  
by providing innovative solutions & process excellence.

## **VISION**

Be an industry thought leader.



## Photo Gallery of 32nd AGM



## Letter of Transmittal

All shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies and Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

Subject: **Annual Report for the year ended on 30th June 2017**

Dear Sir/Madam(s),

In terms of the requirement of the Articles of Association of the company, I have the pleasure to forward herewith a copy of the Annual Report of H.R. Textile Mills Limited which interalia covers the Directors Report, Audit Committee Report, Corporate Governance Report, Audited Financial Statements of the company covering Statement of Financial Position as on 30th June 2017, Statement of Comprehensive Income, Statement of Cash Flow, Statement of Changes in Shareholder's Equity, together with the Report of the Auditors for your information and necessary action.

Thank you.

Yours sincerely,



Md. Wali Ullah  
Company Secretary

# Notice of the 33<sup>rd</sup> Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of the Shareholders of H.R. Textile Mills Limited will be held on Monday, 22nd January 2018, at Spectra Convention Centre Limited, King's Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212 at 11:00 a.m., to transact the following business:

## Agenda

1. Confirmation of the minutes of the 32nd Annual General Meeting of the Shareholders held on 23rd January 2017;
2. To receive, consider and adopt the Directors Report and the Audited Financial Statements for the year ended 30th June 2017 together with the Auditors report thereon;
3. To approve cash dividend @ Tk. 1.00 per share (i.e. 10%) for the year ended 30th June 2017 as recommended by the Board of Directors;
4. To elect Directors in place of retiring Directors;
5. To approve extension of the tenure of office of Mr. Mohammad Kabiruzzaan as Independent Director for another term;
6. To appoint the auditors for the year 2017-18 and to fix their remuneration;
7. To transact any other business on the company with the permission of the Chair.

By Order of the Board



Md. Wali Ullah  
Company Secretary

Date: 23/10/2017

## Notes

- a. Shareholders whose names appeared in CDS/Company's Register on the Record date of 27th November 2017 will be eligible to attend the meeting and will be entitled for dividend for the year ended on 30th June 2017.
- b. Member entitled to attend and vote at the annual general meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Corporate Office of the company not less than 48 hours before the time fixed for the annual general meeting.
- c. For smooth conduct of the meeting, members having queries on the audited accounts or on the Directors Report are requested to submit the same to the office of the company at least 3 days ahead of the meeting.

N.B.: The shareholders will not be provided with any gift and or entertainment in the 33rd AGM as instructed by the BSEC Directive No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.

## Message from the Chairman

### For the year ended on 30th June 2017

“Bismillah Hir Rahmanir Rahim”

#### Distinguished Shareholders

Assalamu Alaikum

Once again, we are gathered here by the Grace of Almighty Allah to share our views on your company's affairs in this Annual General Meeting. Please accept my warm welcome!

Considering industry life cycle, the present day RMG industry has gone past its growth-phase and entered into the maturity-phase and only awaiting to pass on to the declining-phase. While in the growth-phase an industry enjoys high growth rate, in the maturity phase it experiences static demand. The recent EPBs data support this phenomenon.

The RMG industry experienced an erosion of its competitive advantage through the decline in the unit sale price in one hand and increases in cost (increase the wages, gas and other utilities) on the other. The cost-push could not have been absorbed due to the lack of concurrent increase in productivity, and product/market diversification. Your company is relentlessly putting efforts to enhance productivity and diversification and, so far, have achieved mixed results.

On issues of compliance of Accord standards, the management has adopted measures to mitigate the few issues raised as CAP (corrective actions plan) covering fire, electrical and infrastructural safety. Safety occupies a paramount position in the policy frame of your company. So far, by the grace Almighty, we have made considerable progress in terms of fire and electrical safety, while the CAPs on structural aspects are ongoing. The process is time-consuming; because the production and operations have to be kept intact while the corrective actions are being implemented.




The production of the company suffered significantly due to shortage and/or low pressure of gas. However, due to increase in gas pressure in the recent months the loss of production eased up. Besides we have added of new machinery, which has enhanced the quality of the products.

While we are taking all measures to enhance growth and sustainability, the macro economic factors, among others, such as time-based wages structure determined by minimum wage board and increasing trend of utility costs continue to erode our competitiveness. While we recognize the need and importance of enhanced take-home pay for the workers, the time based pay does not facilitate organizational sustainability to offer higher wages and thereby without loss of competitiveness. The Introduction of production/performance based pay structure in place of time-based pay structure may result in a win-win situation. BKMEA, BGMEA can play a vital role in setting up the standards needed for performance-based pay. Standards such as 'General Sewing Data' (GSD) stand as corner stone for performance based pay structure.

As per the Provision of the Articles of the company, I have the pleasure to present before you the Directors Report, the Audited Financial Statements of the company for the year ended 30th June 2017, along with the report of the auditors for your consideration.

Finally, the Board offers its sincere thanks to the workers, professionals, whom the management considers as the most valuable asset of the company, and hopes that they will continue to keep the spirit of teamwork in the coming years for the smooth growth of the company.

With best wishes for the time ahead



Professor Dr. Muhammad Abdul Moyeen  
Chairman

Dated: October 23, 2017

## Report of the Board of Directors

### For the year ended on 30th June 2017

“Bismillah Hir Rahmanir Rahim”

#### Distinguished Shareholders

Assalamu Alaikum,  
Alhamdu Lillahe Rabbil Aalamin

I have the pleasure to welcome you to this 33rd Annual General Meeting of your company and place before you the Directors Report for the year ended 30th June 2017 for your consideration.

#### Business Operations

The summary result of business operation compared with the previous period may be stated as follows:

Particulars	Taka in million		
	2016-17	2015-16	Increase (decrease) %
Fabric Sale	809.96	705.50	14.81
Garments Sale	830.69	725.96	14.43
Export Incentive	17.59	43.34	(59.41)
Total Revenue	1,658.24	1,474.80	12.44
Cost of goods sold	1,417.03	1,252.49	13.14
Gross Profit	241.22	222.30	8.51
Administrative, Selling and General Expenses	184.71	167.97	9.97
Net profit before tax	54.17	52.40	3.38
Net profit after tax	36.29	46.27	(21.57)
Earnings per share	1.43	1.83	(21.86)

#### Compliance Issues

As stated in the report of the Chairman, the compliance issues in all aspects of production, human resource management, eco-friendly environment, are getting more and more priority from buyers as well as from other regulatory agencies. H.R. Textile Mills Limited, being a company having 32 years of its operation, is complying with all requirements. However, the new compliance requirements warrant major change in the building structure and the company need to invest substantial amount in the coming years to improve production facilities and to upgrade compliance standards.

#### Board of Directors

There was no change in the Board of Directors of the company during the year.

Sl No	Name of the Directors	No of meetings held	No of meetings attended	Fee Paid Taka
1	Professor M.A Momen	5	3	15,000
2	Mr. M.A Moyeed	5	4	20,000
3	Professor Dr. M.A Moyeen	5	5	25,000
4	Ms. Ruhey Rawa	5	4	20,000
5	Ms. Sumbal Azwad Momen	5	2	10,000
6	Ms. Sana Kainat Moyeen	5	2	10,000
7	Professor Mushtaque Ahmed	5	5	25,000
8	Mr. Md. Kabiruzzaman	5	5	25,000

In addition to the board members, Mr. Md. Abu Amur Naheel, Chief Financial Officer, Mr. Sumnoon Moheb, Head of Finance & Accounts and Mr. Md. Wali Ullah, Company Secretary attended the Board Meetings on regular basis.

The Board normally deals with the policy issues, however in some important issues, the board members assists the operating management in resolving the issues. The Board members broadly looks after the business trend of the industry, policy issues, and suggests actions need to be taken. The Board members participate maintains liaison with the buyers, reviews the business developments nationally and internationally, and attunes the projection accordingly. The Board identifies need of equipment, and negotiates the prices and quality to cope up with the buyers' requirement. It also deals with availing financial assistance from banks and leasing companies, reviews the cost reduction programs, expansion of facilities, review of compliance related issues etc. The Independent Directors are also contributing significantly by taking part in the policy issues and guiding the management in order to keep the company on track.

#### **Board Audit Committee**

The Audit Committee of the company held four meetings during the year under report. All the committee members attended the above meetings. The Audit Committee has been playing significant role in guiding the internal management. The Committee reviewed the draft financial statements, financial position of the company, and report of the Auditors and the operational results of the company, from time to time. A separate Report of the Audit Committee to the shareholders is enclosed at Annexure-B.

#### **Election of the Chairman of the Board**

The Managing Director apprised the Board, that in order to comply with the SEC notification No. SEC/CMRRCD/2006-158/Admin/02-08 dated 20th February 2006 and condition 1.3, Professor Mohammad Abdul Momen was elected as the Chairman from 29th January 2008 of the company. Professor Mohammad Abdul Momen informs the Board, that he desired to retire as the Chairman in view of his many assignments in hand. The Board accepted the resignation and thanked Professor

Momen for his valuable contribution as Chairman, during his tenure. The Board elected Professor Dr. Muhammad Abdul Moyeen, as Chairman for the next five years. Dr. Moyeen has been associated with the activities of the company directly, for a long time. His appointment as Chairman and the tenure will be approved in the ensuing AGM.

#### **Election of Directors**

Pursuant to Article 102, 103 and 104 of the company, Professor Abdul Momen and Ms. Ruhey Rawa, Directors of the company, will retire and being eligible, offer themselves for re-election.

#### **Extension of the tenure of office of Mr. Mohammad Kabiruzzaman as Independent Director for another term**

As per BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44, dated 7th August 2012, under condition No. 1.2(vi) Mr. Mohammad Kabiruzzaman was appointed as Independent Director. He would complete his three years' tenure in the 33rd AGM. The Board of Directors, as per the aforementioned notification, has recommended to extend Mr. Mohammad Kabiruzzaman's appointment as Independent Director, for another term. This extension of tenure, as Independent Director, would be approved in the ensuring 33rd AGM.

#### **Directors Remuneration**

The Managing Directors is paid his monthly remuneration as shown in the Financial Statements. Other than the Managing Director, all are non-executive directors are not paid any remuneration except the meeting attendance fee of Tk. 5,000 per attendance. Non-executive directors, including the independent directors, does not receive benefits of any other kind from the organization.

#### **Corporate and Financial Reporting**

The Board of Directors is pleased to confirm that

- a) The Financial statements together with the notes thereon have been drawn up in conformity with the companies Act 1994 and Bangladesh Securities and Exchange Rules 1987. These statements fairly present the company's statement of affairs, the results of its operations, cash flow and changes in equity.
- b) That proper books of account of the company have been maintained.

- c) That, appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) That, the International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
- e) That, the system of internal control is sound in design and has been effectively implemented and monitored.
- f) That, there are no significant doubts upon the company's ability to continue as a going concern.
- g) That, there are no significant deviations from last year in operating results.

Directors also report that the Managing Director (Chief Executive Officer) and the Chief Financial Officer have certified to the Board that they have reviewed the Financial Statements for the year ended 30th June 2017 and to the best of their knowledge and belief:

- a. The Financial Statements present a true and fair view of the affairs of the company and are in compliance with existing accounting standards and applicable laws;
- b. There is no statement which is materially untrue or misleading and there is no omission of facts in such statements; and

- c. No transaction has been entered into by the company which are fraudulent, illegal or in violation of the Company's Code of Conduct.

### Report of Chief Executive Officer and Chief Financial Officer

The Managing Director (Chief Executive Officer) and the Chief Financial Officer have performed their duties as per the rules, responsibilities and duties as detailed by the Board. Their report is placed in Annexure-D

### Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million) For the year ended 30th June	
	2017	2016
Net Profit before Tax	54.17	52.40
Less: Income Tax Expenses	(17.88)	(6.13)
Net Profit after Tax	36.29	46.27
Add: Profit brought forward from previous year	67.59	46.62
Profit Available for Appropriation	103.88	92.89
<b>Recommended for Appropriations:</b>		
Proposed Dividend (Cash)	(25.30)	(25.30)
Un-appropriated Profit carried forward	78.58	67.59

### Summary of key operating and financial data of preceding five years

The summary of the current year's key financial data, along with the same, for proceeding five years, are furnished below:

#### Financial Details

Particulars	For the year (Tk. in '000)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Total Assets	1,508,260	1,541,977	1,350,984	1,273,244	1,233,793
Fixed Assets	654,956	622,435	528,012	506,239	489,057
Reserve and Surplus	117,915	106,928	156,052	156,786	144,762
Working Capital	(37,356)	(180)	30,920	(7,824)	14,863
Authorised Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Shareholders' Equity	370,915	359,929	353,597	409,787	397,763
Paid up Capital	253,000	253,000	253,000	253,000	253,000
Long Term Loan	181,745	199,048	140,764	79,512	97,041

### Business Risk Perception

H.R. Textile Mills Limited has been operating under the same management for last three decades and during this period the company has gained significant franchise value in the market. The buyers, suppliers and the financial institution has been showing substantial interest and offering comparatively low interest rate and interested to offer financial assistance if required. Although H.R. Textiles is company established long before, it has been updating its system equipment and procedures every year. Technologically H.R. Textile is one of the most advanced composite knit manufacturing company and maintaining close liaison with the buyers. The Owner-Directors are directly looking after the business. Therefore there is no significant business risk in running the company.

### Political Risk

The Directors of the company are not involved with any political activities. Therefore, the company in no way, has the chance to face problem for political reasons. However, the risk may arise from general political strikes, blockage of road for shipment, workers strike etc.

### Going Concern Risk

H.R. Textile Mills Ltd has been operating as a sustainable organization since 1984. The sponsors always decide on operational and financial issues from the perspective of going concern. Having its own land, building and infrastructure, the company has been operating in such an industry, which is a basic requirement of human being that the management does not see any risk of continuance of the company as a going concern.

### Operational Risk

Operational risk arises from internal management, systems failure, maintenance product of quality etc. The company, over a period of time, has developed human resources, systems and procedures, equipped with production facilities with modern technology. With the above facilities, the company is now operating as a quality producer with high franchise value. It has developed a pool of quality human resources who are capable to undertake any type of export orders relating to knit garments. Therefore, the management does not foresee any significant operational risk.

### Foreign Exchange Fluctuation Risk

As an exporter H.R. Textile Mills Limited, earns its revenue in US dollars, and imports its major raw materials using the same dollars, as a result there is no foreign exchange fluctuation risk. But, it must be mentioned here that, Bangladesh Taka has become stronger against US dollars, we are getting less Bangladesh Taka while encasing the dollars, to meet our everyday needs.

### Market Risk

RMG export market is still volatile. Since the export market of the company is mainly in Europe and our exports are the low cost essential products and with the increasing trend of labour cost, in the Chinese market, Bangladesh is likely to be a beneficiary. However, the wage cost in Bangladesh is also increasing. In order to keep the cost at minimum, the company has been trying to increase the efficiency of the workers. Therefore, although there are market risks, to some extent, the management does not consider it to be very significant.

### Compliance Risk

The compliance requirement is becoming more strict now a days and more compliance requirements are forthcoming. The management of the company has been constantly keeping eye to remain compliant always and taking required measures to comply with the buyer's requirements.

### Interest rate risk

The interest rate of the banks and financial institutions are still quite high at present. The company management has been trying to use low cost funding to keep the financial service cost as low as possible.

### Dividend

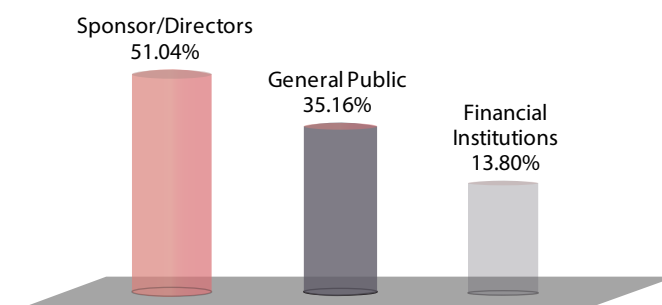
During the year under report, the company earned profit after tax of Tk. 36,286,448. Out of the above the Board recommended a cash dividend of Tk. 1.00 (i.e. 10%) per share of Tk. 10 against 10% cash dividend per share of Tk. 10 in the last year. The above would require a cash outflow of Tk. 25.30 million. The balance amount of Tk. 10.99 million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

## Annexure - A

**Shareholding Pattern**

The shareholding of the sponsors remained at 51.04% without any change during the year. Out of the balance shares, the Financial institutions are holding 13.80%, which was 14.72% in the previous year. The shareholding of the general public has increased to 35.16% compared to 34.24% in the previous year, on the date of year closing. The above change was mainly due to sale of shares by some institutions. The shareholding pattern of the company for the year closing on 30th June 2017 has been shown at page 30 of this Annual Report.

Name of Shareholders	No. of Shares	Percentage
1.5) (xxi) a) Parent Company/Subsidiary/Associated Companies/ Other Related Parties:	Nil	-
1.5) (xxi) b) Directors, Chief Executive Officer, Chief Financial Officer, Head of Finance & Accounts, Company Secretary their Spouse and Minor Children:		
Mr. Mohammad Abdul Moyeed	3,762,256	14.87
Professor Dr. Muhammad Abdul Moyeen	3,762,254	14.87
Professor Mohammad Abdul Momen	3,762,254	14.87
Ms. Ruhey Rawa	507,285	2.01
Ms. Sumbal Azwad Momen	507,285	2.01
Ms. Sana Kainat Moyeen	507,285	2.01
Professor Mushtaque Ahmed	Nil	-
Mr. Mohammad Kabiruzzaman	Nil	-
Mrs. Rokeya Sultana	40,320	0.15
Mrs. Umbrrin Moyeed	15,812	0.06
Dr. Shaheen Afroze	15,812	0.06
Mrs. Shirly Momen	15,812	0.06
Mrs. Rukhsana Sultana	3,870	0.02
Mrs. Umme Saleha	3,870	0.02
Mrs. Umme Salma	3,870	0.02
Ms. Sayma Rahman	3,870	0.02
Chief Financial Officer	Nil	-
Company Secretary	Nil	-
Head of Finance & Accounts	Nil	-
Minor Children	Nil	-
Total Shares	12,911,855	51.04

**Shareholding Pattern**



- c) Non of the top executives of the company other than Mr. Mohammad Ali Chowdhury, Asstt. Manager, and Taxes hold 1,000 shares each which was issued to them at the time of IPO from employee's quota.
- d) Shareholders holding ten percent (10%) or more votes' interest in the company (name wise details):

Name	No. of shares
Mr. Mohammad A. Moyeed	3,762,256
Professor (Dr.) Muhammad A. Moyeen	3,762,254
Professor Mohammad A. Momen	3,762,254

### Subsidiary Company

H.R. Textile Mills Limited does not have any subsidiary company.

### Extra-Ordinary Gain or Loss

There is no extra-ordinary gain or loss during the financial year.

### Related Party Transactions

H.R. Textile Mills Limited exports garments and also fabric as "Deemed Export" to one concern, namely, Fashion Knit Garments Limited. The Fashion Knit Garments Limited is owned by three sponsor Directors of the company. The transactions between H.R. Textile Mills Limited and Fashion Knit Garments Limited are being transacted on Arm's Length Basis and at market price.

### Report on the compliance of the conditions of BSEC's notification

In accordance with the BSEC's Notification dated 7th August 2012, the Board of Director's are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern of the company and a statement on the compliance with the BSEC's conditions is given on Annexure-A and Annexure-C on page 13 and page 16 respectively of this Annual Report.

### Corporate Governance Compliance Audit

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Notification No. SEC/CMRRCD/2006-158/134/ Admin/44 dated 7th August 2012, the company appointed M/s. N.M Tareque and Associates, a firm of Cost and Management Accountants to conduct audit as per the requirement of the BSEC Rules. The Report of the company is enclosed as Annexure-E.

### Appointment of Auditors

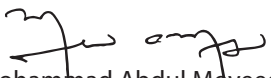
The existing Auditor M/s. Rahman Mostafa Alam & Co, Chartered Accountants has completed three years and as per BSEC rules they are not eligible for re-appointment. Therefore, the shareholders are required to appoint new auditors for the year. The office has so far received few applications and some are expected and in pipe line. All will be placed for your consideration and application.

### Conclusion

The Board of Directors of the company takes the opportunity to express its sincere thanks and appreciation to its valued shareholders, the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Government Agencies, Banks, Financial Institutions, Contractors, Suppliers and Auditors for their co-operation and support. We offer our heartfelt thanks to our valued international buyers and local buying houses who have contributed significantly as our strategic partners.

Finally, the Board offers its sincere thanks to the workers, professionals, whom the management considers as the most valuable asset of the company, and hopes that they will continue to keep the spirit of teamwork in the coming years for the smooth growth of the company.

For and on behalf of the Board of Directors

  
 Mohammad Abdul Moyeed  
 Managing Director & CEO  
 Dated: October 23, 2017

## Annexure - B

### Audit Committee Report to the Shareholders For the year ended 30th June 2017

I have the pleasure to report before the shareholders as the Chairman of the Audit Committee of your esteemed company. I am one of the independent Directors in the board and the Board appointed me as the Chairman of the Committee. H.R. Textile Mills Limited is a public limited company having quite large number of shareholders and stakeholders. It is an important responsibility of the Audit Committee to protect the interest of stakeholders and the Committee is aware of its responsibilities to see in a greater detail, how the financial operation of the company is taking place by complying with all rules and regulations. The Committee, being constituted by the Board reports to the Board from time to time.

The committee was especially interested to see that the financial transactions of the company are taking place for the purpose of the company and for its smooth and effective operation, funds are appropriately deployed, internal audit is carried out periodically. The meeting also reviewed the pre-audit reports, systems and procedures and guided the board for further necessary action as and when needed.

The Audit Committee consisted of the following persons

Names	Designation
Professor Mushtaque Ahmed	Chairman
Professor Dr. Muhamamd Abdul Moyeen	Member
Professor Mohammad Abdul Momen	Member
Mr. Mohammad Kabiruzzaman	Member

The Committee held 4 (four) meeting during the year. The meetings were also attended by the Company Secretary and Chief Financial Officer. The Company Secretary is also working as the Secretary of this Committee.

The Board Audit Committee expressed its sincere thanks to the members of the Board, Management, and Auditors for their support in carrying out its duties and responsibilities effectively.



Professor Mushtaque Ahmed  
Chairman of Audit Committee  
Date: October 23, 2017

## Corporate Governance Compliance Report

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission's, Notification No. SEC/CMRRCD/ 2006-158/134/Admin/44: dated 7th August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

### Report under Condition No. 7.00

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
<b>1</b>	<b>Board of Directors:</b>			
1.1	Board Size: Board members should not be less than 5 and more than 20	✓		
1.2(i)	Independent Director at least 1/5th of the total number of directors	✓		
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the paid-up	✓		
1.2(ii) b)	Not connected with any sponsor/director/shareholders who holds or	✓		
1.2(ii) c)	Does not have any relationship, whether pecuniary or otherwise,	✓		
1.2(ii) d)	Not a member, director or officer of any stock exchange	✓		
1.2(ii) e)	Not a shareholder, director or officer of any member of stock exchange	✓		
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive	✓		
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies	✓		
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter	✓		
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude	✓		
1.2(iii)	Independent Directors has been appointed by the board of directors	✓		
1.2(iv)	Not remain vacant for more than 90 (ninety) days	✓		
1.2(v)	Board shall lay down a code of conduct of all board members	✓		
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) year's, which may be extended for 1 (one) term only	✓		
1.3(i)	Independent Directors Knowledgeable individual with integrity to ensure compliance	✓		
1.3(ii)	Experienced and educational background of Independent Directors	✓		
1.3(iii)	Special cases for relaxation of qualification of Independent Directors		N/A	
1.4	Individual Chairman of the Board and Chief Executive Officer (CEO)	✓		
1.5(i)	Industry outlook and possible future developments in the industry	✓		
1.5(ii)	Segment-wise or product-wise performances	✓		
1.5(iii)	Risks and concerns	✓		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss	✓		
1.5(vi)	Basis for related party transactions	✓		
1.5(vii)	Utilization of proceeds from public issues, rights issues and or through any others		N/A	
1.5(viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO etc.		N/A	
1.5(ix)	Explanation about significant variance occurs between Quarterly Financial	✓		
1.5(x)	Remuneration to directors including independent directors	✓		
1.5(xi)	The financial statements present fairly its state of affairs, result of its operation	✓		
1.5(xii)	Maintenance of proper books of accounts	✓		
1.5(xiii)	Appropriate Accounting Policies and estimates have been applied	✓		
1.5(xiv)	Followed IAS/BAS/IFRS and BFRS in preparation of Financial Statements	✓		
1.5(xv)	Internal Control System has been effectively implemented and monitored	✓		
1.5(xvi)	Ability to continue as a going concern	✓		
1.5(xvii)	Significant deviations from last year's in operation results	✓		
1.5(xviii)	Key operation and financial summarized data of at last preceding five year's	✓		
1.5(xix)	Reasons for not declared dividend		N/A	
1.5(xx)	Number of Board Meetings held during the year and attendance by the Directors	✓		
1.5(xxi)	Shareholding pattern/position	✓		
1.5(xxii)	Appointment/re-appointment of Director	✓		
<b>2</b>	<b>CFO, Head of Internal Audit and Company Secretary:</b>			
2.1	Appointment of CFO, HIA and CS	✓		
2.2	CFO and CS shall attend the meeting of the Board of Directors	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
<b>3</b>	<b>Audit Committee</b>			
3.1 (i)	Audit Committee composed of at least 3 (Three) members	✓		
3.1 (ii)	Members of the audit committee have been appointed by the Board of Directors	✓		
3.1 (iii)	Qualified members in audit committee	✓		
3.1 (iv)	Term and conditions of service of audit committee members	✓		
3.1 (v)	Secretary of the audit committee	✓		
3.1 (vi)	Quorum of the audit committee	✓		
3.2 (i)	The Chairman has been selected by the Board of Directors	✓		
3.2 (ii)	The Chairman of the audit committee present in the AGM	✓		
3.3 (i)	Oversee the financial reporting process	✓		
3.3 (ii)	Monitor choice of the accounting policy and principals	✓		
3.3 (iii)	Monitor Internal Control Risk Management Process	✓		
3.3 (iv)	Oversee hiring and performance of external auditors	✓		
3.3 (v)	Review the annual financial statements before submission to the board for approval	✓		
3.3 (vi)	Review of quarterly and half yearly financial statements before submission	✓		
3.3 (vii)	Review of adequacy of internal audit function	✓		
3.3 (viii)	Review statement of significant related party transaction	✓		
3.3 (ix)	Review Management letters/Letter of internal control weakness	✓		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue		N/A	
3.4.1	Reporting to the Board of Directors	✓		
3.4.1 (i)	Activities of audit committee shall be reported to the Board of Directors	✓		
3.4.1 (ii)a	Conflicts of interest	✓		
3.4.1 (ii)b	Suspected or presumed fraud or irregularity or material defect in the internal control system	✓		
3.4.1 (ii) c	Infringement of laws, rules and regulations	✓		
3.4.1 (ii)d	Any other mater disclosed to the Board of Directors	✓		
3.4.2	Reporting to the Authorities	✓		
3.5	Reporting to the Shareholders and General Investors	✓		
<b>4</b>	<b>External/Statutory Auditor:</b>			
4 (i)	Appraisal or valuation services or fairness opinions	✓		
4 (ii)	Financial information system design and implementation	✓		
4 (iii)	Book-keeping or other services related to the accounting records or financial statements	✓		
4 (iv)	Broker-dealer services	✓		
4 (v)	Actuarial services	✓		
4 (vi)	Internal Audit Services	✓		
4 (vii)	Services that the Audit Committee determines	✓		
4 (viii)	Audit firm shall not hold any share of the company they audit	✓		
4 (ix)	Audit/certification services on compliance of corporate governance as required under clause (i) of condition No. 7	✓		
<b>5</b>	<b>Subsidiary Company:</b>			
5 (i)	Composition of the Board of Directors to be holding company		N/A	
5 (ii)	At least 1 (one) independent director to be in both holding and subsidiary company		N/A	
5 (iii)	Submission of Minutes subsidiary company to the holding company		N/A	
5 (iv)	Review of Minutes of subsidiary company by the holding company		N/A	
5 (v)	Review of financial statements by the holding company		N/A	
<b>6</b>	<b>Duties of CEO and CFO:</b>			
6 (i)a	Reviewed the materially untrue statement or omit any material fact of the financial statement	✓		
6 (i)b	Reviewed compliance and maintained existing accounting standards	✓		
6 (ii)	Reviewed about no transaction entered by the company which were fraudulent, illegal or violation of the company's code of conduct	✓		
7(i)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	✓		
7 (ii)	Annexure attached in the Director's Report	✓		

### Declaration of CEO and CFO to the Board of Directors

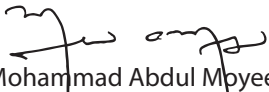
Dated: 17th October 2017

[Issued under Condition No. 6 of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CMRRC-D/2006-158/134/Admin/44: dated 7th August 2012]

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission by H.R. Textile Mills Limited for the year ended 30th June 2017 as stipulated in clause 6 of the BSEC Notification No. SEC/CMRRC-D/2006-158/134/Admin/44: dated 7th August 2012. Our views in the form prescribed by the BSEC on the specific points are enclosed.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the Company's management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received. This is a scrutiny and verification only and not an expression of opinion or audit on the Financial Statements of the Company.

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, the Company has complied with the conditions of corporate governance stipulated in the above mentioned BSEC notification.

  
Mohammad Abdul Moyeed  
Chief Executive Officer

  
Md. Abu Amur Naheel  
Chief Financial Officer

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N.M Tareque and Associates  
Cost and Management Accountants  
Nakshi Homes (1st Floor)  
6/1/A, Segunbagicha, Dhaka-1000

Annexure - E

### Certificate on Compliance of Corporate Governance Guidelines to the Shareholders of H.R. Textile Mills Limited

[Issued under Condition No. 7(i) of Corporate Governance Guidelines of BSEC vide Notification No. SEC/CMRRC-D/2006-158/134/Admin/44: dated 7th August 2012]

We have been appointed by the Management to carry out an Audit on the compliance status of the company on the points specified vide Bangladesh Securities and Exchange Commission a Notification No. SEC/CMRRC-D/2006-158/134/Admin/44: dated 7th August 2012. Our views in the form prescribed by the BSEC on the specific points is enclosed

We do hereby certify that we have examined the books and records of H.R. Textile Mills Limited specially related the corporate governance areas. We are of the opinion that the company has complied with the Conditions of Corporate Governance Guidelines for the year ended 30th June 2017 as prescribed by the above BSEC Notification.



N.M Tareque & Associates  
Cost and Management Accountants

Dated: November 02, 2017

**Rahman Mostafa Alam & CO.**  
**Chartered Accountants**  
**Auditors' Report**  
**to**  
**The Shareholders of H.R. Textile Mills Limited**

We have audited the accompanying financial statements of H.R. Textile Mills Limited ("the Company") which comprise the Statement of Financial Position as at June 30, 2017, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-35 to the financial statements for the year then ended.

**Management's responsibility for the Financial Statements**

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs); the Companies Act, 1994 and Securities and Exchange Rules, 1987 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of H.R. Textile Mills Limited as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the applicable sections of the Companies Act, 1994, the Bangladesh Securities and Exchange Rule, 1987 and other applicable laws and regulations.

**Other Matters**

The comparative figures disclosed into the financial statements for the period from July 01, 2015 to June 30, 2016 has been compiled by the Company management from audited financial statements of two separate periods, i.e., October 01, 2014 to September 30, 2015 and October 01, 2015 to June 30, 2016.

**We also report that**

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- (d) The expenditure incurred was for the purposes of the Company's business.

Dated: Dhaka, October 23, 2017

  
Rahman Mostafa Alam & Co.  
Chartered Accountants



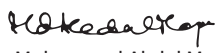
## H.R. Textile Mills Limited

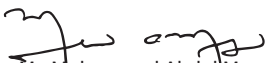
### Statement of Financial Position


As on 30 June 2017

CAPITAL EMPLOYED IN: NON-CURRENT ASSETS:	<u>Notes</u>	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Property, Plant and Equipment	2	654,955,516	622,435,333
Total Non-Current Assets		<u>654,955,516</u>	<u>622,435,333</u>
<b>CURRENT ASSETS</b>			
Stocks and Stores	3	318,011,364	268,897,227
Trade and Other Debtors	4	308,746,156	441,549,311
Export Incentive Receivables	5	95,177,576	125,066,201
Advances, Deposits and Prepayments	6	49,288,275	43,394,886
Cash and Cash Equivalents	7	82,080,927	40,634,434
<b>Total Current Assets</b>		<u>853,304,298</u>	<u>919,542,059</u>
<b>Total Assets</b>		<b>1,508,259,814</b>	<b>1,541,977,392</b>
<b>SHAREHOLDERS' EQUITY :</b>			
Share Capital	8	253,000,000	253,000,000
General Reserve	9	6,956,752	6,956,752
Tax Holiday Reserve	10	22,378,988	22,378,988
Dividend Equalisation Reserve	11	10,000,000	10,000,000
Unappropriated Profit		78,579,347	67,592,899
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>370,915,087</b>	<b>359,928,639</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term Loans - Secured Future Maturity	12	181,745,275	199,048,499
Provision for Gratuity	13	29,166,174	31,304,282
Deferred Tax Liabilities	14	35,773,545	31,973,737
<b>Total Long-term Liabilities</b>		<b>246,684,994</b>	<b>262,326,518</b>
<b>CURRENT LIABILITIES :</b>			
Bank Overdrafts - Secured	15	89,658,237	77,811,475
Time Loan	16	14,483,306	-
Trade Creditors	17	588,826,909	570,393,047
Accrued Expenses	18	27,324,749	23,380,222
Provision for Taxation	19	27,755,655	13,673,421
Bills Receivable Discounted	20	33,424,991	144,817,615
Workers' Participation/Welfare Funds	21	27,678,894	35,996,566
Current Maturity of Long-term Loans	22	81,506,992	53,649,889
<b>Total Current Liabilities</b>		<b>890,659,733</b>	<b>919,722,235</b>
<b>Total Liabilities</b>		<b>1,137,344,727</b>	<b>1,182,048,753</b>
<b>Total Equity and Liabilities</b>		<b>1,508,259,814</b>	<b>1,541,977,392</b>
Net Assets Value (NAV) per value of Tk.10		<u>14.66</u>	<u>14.23</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Mr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Signed in terms of our separate report of even date.

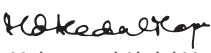
Dated: Dhaka  
October 23, 2017

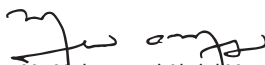
  
Rahman Mostafa Alam & Co.  
Chartered Accountants


**H.R. Textile Mills Limited**  
**Statement of Profit or Loss and**  
**other Comprehensive Income**  
**For the year ended 30th June 2017**

Particulars	Notes	For the year from 1 July 16 to 30 June 17 Taka	For the period from 1 Oct 15 to 30 June 16 Taka	For the period from 1 July 15 to 30 Sept 15 Taka	For the year from 1 July 15 to 30 June 16 Taka
Sales	23	1,640,655,729	1,120,410,794	311,043,281	1,431,454,075
Export Incentive	24	17,589,653	15,798,703	27,543,813	43,342,516
Turnover		1,658,245,382	1,136,209,497	338,587,094	1,474,796,591
Less: Cost of Goods Sold	25	1,417,026,861	970,976,267	281,518,585	1,252,494,852
Gross Profit		241,218,521	165,233,230	57,068,509	222,301,739
Less: Administrative, Selling and General Expenses	26	184,707,006	128,572,245	39,393,923	167,966,168
Operating Profit		56,511,515	36,660,985	17,674,586	54,335,571
Add: Other Income	27	365,400	274,050	409,641	683,691
Profit before Workers' Participation/Welfare Funds		56,876,915	36,935,035	18,084,227	55,019,262
Less: Contribution to Workers' Participation/Welfare Funds	21	2,708,425	1,758,811	861,154	2,619,965
Net Profit/(Loss) before Tax		54,168,490	35,176,224	17,223,073	52,399,297
Income Tax Expenses		17,882,042	3,544,657	2,583,461	6,128,118
Provision for Income Tax (Current)	28	14,082,234	5,914,983	2,919,273	8,834,256
Provision for Income Tax (Deferred)	14	3,799,808	(2,370,326)	(335,812)	(2,706,138)
Net Profit/(Loss) after Tax (Transferred to the statement of Changes in Equity)		36,286,448	31,631,567	14,639,612	46,271,179
Earning per share (EPS) of Tk. 10		1.43	1.25	0.58	1.83

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Dr. Muhammad Abdul Moyeen  
Chairman

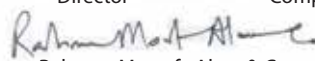
  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Signed in terms of our separate report of even date.

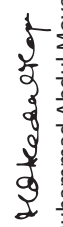
Dated: Dhaka  
October 23, 2017

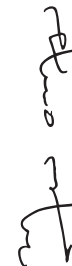
  
Rahman Mostafa Alam & Co.  
Chartered Accountants


**H.R. Textile Mills Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the year ended 30th June 2017**


Particulars	Share Capital	General Reserve	Tax holiday Reserve	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th September 2015	253,000,000	6,956,752	22,378,988	10,000,000	61,261,332	353,597,072
Net profit after tax	-	-	-	-	31,631,567	31,631,567
Cash Dividend declared 2015	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639
Balance as at 30th June 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639
Net profit after tax	-	-	-	-	36,286,448	36,286,448
Cash Dividend declared 2016	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2017	253,000,000	6,956,752	22,378,988	10,000,000	78,579,347	370,915,087

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Dr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Muhammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

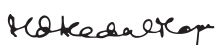
  
Mr. Md. Wali Ullah  
Company Secretary

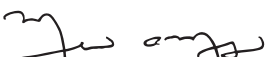
Dated: Dhaka  
October 23, 2017


**H.R. Textile Mills Limited**  
**Statement of Cash Flows**  
**For the year ended 30th June 2017**

Particulars	Notes	For the year from 1 July 16 to 30 June 17 Taka	For the period from 1 Oct 15 to 30 June 16 Taka	For the period from 1 July 15 to 30 Sept 15 Taka	For the year from 1 July 15 to 30 June 16 Taka
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash received from customers and export incentives		1,821,302,562	1,004,129,188	256,623,547	1,260,752,735
Cash paid for goods and services		(1,514,058,261)	(997,040,094)	(245,366,309)	(1,242,406,403)
Cash from operation		307,244,301	7,089,094	11,257,238	18,346,332
Interest paid		(54,111,083)	(33,421,647)	(9,917,967)	(43,339,614)
Income-tax paid/deducted at sources		(14,018,289)	(7,882,139)	(4,294,435)	(12,176,574)
Net Cash inflows from operating activities		239,114,929	(34,214,692)	(2,955,164)	(37,169,856)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Acquisition of fixed assets	2.2	(100,302,909)	(137,017,753)	(19,919,692)	(156,937,445)
Net Cash outflows from investing activities		(100,302,909)	(137,017,753)	(19,919,692)	(156,937,445)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Bank Overdraft received/(repaid)		11,846,762	33,365,138	(10,814,324)	22,550,814
Long Term Loans received/(repaid)		10,553,879	58,284,979	(49,694,810)	8,590,169
Time Loan		14,483,306	-	-	-
Bills Receivable Discounted Received/(Re-paid)		(111,392,624)	66,115,539	60,756,331	126,871,870
Cash Dividend paid		(22,856,850)	(9,546,817)	(2,348,860)	(11,895,677)
Net Cash inflow from financing activities		(97,365,527)	148,218,839	(2,101,663)	146,117,176
Net increase/(decrease) in cash and bank balances		41,446,493	(23,013,606)	(24,976,519)	(47,990,125)
Cash and bank balances on opening		40,634,434	63,648,040	88,624,559	88,624,559
Net increase/(decrease) in cash and bank balances		41,446,493	(23,013,606)	(24,976,519)	(47,990,125)
Cash and Cash equivalents at closing - Note 7		82,080,927	40,634,434	63,648,040	40,634,434
Net operating cash flow per share (NOCFPS) of Tk. 10		9.45	(1.35)	(0.12)	(1.47)

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Dr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Signed in terms of our separate report of even date.

Dated: Dhaka  
October 23, 2017

## H.R. Textile Mills Limited

### Notes to the Financial Statements

#### For the year ended June 30, 2017

#### Forming an Integral Part of the Financial Statements

##### 1. Notes - General

###### **(a) Status and Activities:**

This is a public limited company incorporated in Bangladesh under the Companies Act, 1913 on 3 December 1984 under the entrepreneurship of the Pride Group. The other shareholders are the general public and local financial institutions. The shares of the Company are listed with both the Dhaka and Chittagong Stock Exchanges in Bangladesh. The address of the registered office is B-87, Malibag Chowdhury Para, Dhaka and the mills are located at 4, Karnapara, Savar, Dhaka. The Company owns textile mills and its principal activities are knitting, processing and finishing of textile products and making garments.

###### **(b) Components of the Financial Statements:**

- (i) Statements of Financial Position as on 30th June 2017;
- (ii) Statements of Profit or Loss and other Comprehensive Income for the year ended 30th June 2017;
- (iii) Statements of Changes in Shareholders' Equity for the year ended 30th June 2017;
- (iv) Statements of Cash Flows for the year ended 30th June 2017 and
- (v) Notes to the Financial Statements for the year ended 30th June 2017.

###### **(c) Reporting Period:**

The financial period of the Company covers an accounting year from 1st July 2016 to 30th June 2017 next consistently.

###### **(d) Reporting Currency:**

The figures in the financial statements represent Bangladesh Taka currency, which have been rounded off to the nearest Taka, except where indicated otherwise.

###### **(e) Comparative Information:**

Comparative information have been disclosed in respect of the year 2016 for all numerical information in the financial statements and also narrative and descriptive information when it is relevant to an understanding of the current year's financial statements. Figures of the previous year have been re-classified whenever considered necessary to ensure comparability with the current year.

###### **(f) Statement of compliance with local laws:**

The financial statements have been prepared in compliance with requirements of the Companies Act, 1994; Bangladesh Securities and Exchange Rules, 1987 and other relevant laws as applicable. The cash flows from operating activities are computed by the direct method as prescribed by the Bangladesh Securities and Exchange Rules, 1987.

###### **(g) Statements of compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs):**

The financial statements complied with requirements of Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

###### **(h) Statement of Measurement Basis:**

The financial statements have been prepared using the Historical Cost basis, except for the earlier revaluation of certain non-current assets.

###### **(i) Accrual basis Accounting:**

The financial statements have been prepared, except for cash flows information, under the accrual basis of accounting.

###### **(j) Statement of Specific Accounting Policies Applied:**

- i) *Revenue Recognition:*  
Sales are recognized at the time of delivery from godown.

ii) *Fixed Assets and Depreciation:*

Fixed Assets i.e. Property, Plant, Equipment are stated at their historical cost less accumulated depreciation. No Depreciation has been charged on land and land development and on the Capital Work in progress. Depreciation is charged on all other fixed assets on straight-line method. Depreciation on "revaluation surplus" is charged to "Capital Reserve". The rates at which assets are depreciated depend on the nature and estimated useful life of each asset, and are given below:

Item	Rate
Factory Building	2.50%
Plant and Machinery	7.00%
Factory Shed	7.50%
Electric, Gas, Water, Steam and Telephone Installation, Furniture & Fixture, Office Equipment, Factory Equipment and Tools & Apparatus	10.00%
Motor Vehicles	15.00%

Net carrying amounts (written down value) is arrived at after deduction of accumulated depreciation from gross carrying amounts (cost). The gross carrying amounts (cost) represent cost of acquisition or construction and capitalization of pre-production expenditure including interest during construction period and lease payments. Leased plant and machinery has been capitalized at "Principal amount" thereof and proportionate interest thereof has been charged to interest expenses in terms of BAS 17 - "Lease".

iii) *Stocks and Stores:*

Stocks and Stores are valued at lower of weighted average cost and net realizable value. Cost of Work in Process includes material and proportionate conversion cost. Finished goods include material and conversion cost.

iv) *Provision for Tax:*

Provision for current income tax has been made during the year under review in respect of net profit at the rate of 15%. Provision for deferred tax has been made at 15% on the timing difference relating to written down value in terms of BAS 12- "Income Taxes".

v) *Foreign Currency Transaction:*

Transactions in Foreign Currencies are translated into Bangladesh Taka at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into Bangladesh Taka at the rate of exchange ruling at the date of Statement of Financial position.

vi) *Translation of closing balances in foreign currencies:*

These are converted into Bangladesh Taka at the exchange rate ruling on the date of Statement of Financial Position as follows:

	As at June 30, 2017		As at June 2016	
	Receivables	Payables	Receivables	Payables
1 US Dollar	Tk. 79.67	Tk. 79.83	Tk. 77.60	Tk. 77.85

vii) *Trade Receivables:*

Trade Receivable are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad.

viii) *Payables:*

Trade payables are stated at their nominal value.



ix) *Cash and cash equivalents:*

Cash in hand and cash at bank have been considered as the cash and cash equivalents for the preparation of these financial statements, which were held and available for use by the Company without any restriction and there was insignificant risk of changes in value of these current assets.

x) *Related Party Transaction:*

The Company has some related party transactions at arm's length basis with its related parties.

xi) *Earnings Per Share (EPS):*

The Company calculates Earnings Per Share (EPS) in accordance with Bangladesh Accounting Standard, BAS-33, "Earning Per Share".

xii) *Retrial Benefits (Gratuity) :*

The retrial benefit (gratuity) liability for the permanent employees of the Company is accrued at one months' basic pay for each completed year of service of each employee who has completed service for six months or more.

## 2. Property, Plant and Equipment

2.1 The make-up of Fixed Assets of Unit-1 is as follows:

Particulars	Cost or valuation		Depreciation		Written down value
	As on 1 July 2016	As on 30 June 2017	As on 1 July 2016	As on 30 June 2017	As on 30 June 2017
Factory Land and Development					
Factory Building	7,250,000	7,250,000	-	-	7,250,000
Factory Shed	23,230,710	23,230,710	-	13,709,810	9,520,900
Plant and Machinery	6,823,475	6,823,475	-	6,823,470	5
Electric Installation	89,257,661	89,257,661	-	89,257,656	5
Gas Installation	3,601,103	3,601,103	-	3,601,098	5
Water Installation	2,171,914	2,171,914	-	2,171,909	5
Steam Installation	1,168,842	1,168,842	-	1,168,837	5
Furniture and Fixtures	1,991,090	1,991,090	-	1,991,085	5
Telephone Installation	718,694	718,694	-	718,689	5
Motor Vehicles	449,033	449,033	-	449,028	5
Office Equipment	5,783,524	5,783,524	-	5,783,519	5
Loose Tools	3,723,054	3,723,054	-	3,723,049	5
Factory Equipment	142,382	142,382	-	142,377	5
Total Taka	153,885	153,885	-	153,880	5
	146,465,367	146,465,367	-	129,694,407	16,770,960

2.2 The make-up of Fixed Assets of Unit-2 is as follows:

Particulars	Cost or valuation		Depreciation		Written down value
	As on 1 July 2016	As on 30 June 2017	As on 1 July 2016	As on 30 June 2017	As on 30 June 2017
Land Development					
Factory Building	1,229,375	1,229,375	-	-	1,229,375
Plant and Machinery	181,447,748	181,447,748	-	47,333,826	134,113,922
Gas Installation	990,004,288	92,779,634	42,797,632	614,473,209	468,310,713
Electric Installation	4,304,121	1,082,783,922	4,304,116	4,304,116	5
Water Installation	12,649,615	14,966,615	11,015,438	12,394,244	2,572,371
Steam Installation	4,885,573	5,655,573	3,562,466	4,091,268	1,564,305
Telephone Installation	572,262	572,262	572,257	572,257	5
Motor Vehicles	578,828	578,828	578,823	578,823	5
Furniture and Fixtures	32,019,043	34,110,228	15,858,057	18,488,246	15,621,982
Office Equipment	7,358,498	7,623,998	6,646,802	7,407,004	216,994
Factory Equipment	32,047,973	32,634,673	18,415,562	21,650,524	10,984,149
Loose Tools	8,386,767	9,879,657	5,360,839	6,308,932	3,570,725
	41,493	41,493	41,488	41,488	5
Total Taka	1,275,525,584	1,375,828,493	67,201,958	737,643,937	638,184,556
Grand Total June, 2017	1,421,990,951	1,522,293,860	799,555,618	867,338,344	654,955,516
Grand Total June, 2016	1,284,973,198	1,421,990,951	756,960,764	799,555,618	622,435,333

2.3. Depreciation for the year is charged as below:

<b>Particulars</b>	<b>As at 30 June 2017 Taka</b>	<b>As at 30 June 2016 Taka</b>
Cost of Goods Sold - Note 25.1	54,226,180	34,073,828
Administrative and General Expenses - Note 26.1	13,556,546	8,521,026
	<u>67,782,726</u>	<u>42,594,854</u>

### 3. Stocks and Stores

3.1 The make-up is as follows:

<u>Item</u>	<b>As at 30 June 2017</b>		<b>As at 30 June 2016</b>	
	<b>Quantity (In Kg.)</b>	<b>Amount Taka</b>	<b>Quantity (In Kg.)</b>	<b>Amount Taka</b>
Stock of Yarn - Note 3.2	<u>607,086</u>	152,051,570	<u>396,809</u>	108,346,285
Stock of Dyes and Chemicals - Note 3.3	<u>160,105</u>	38,419,208	<u>229,294</u>	36,872,872
Stock of Work-in-Process - Note 3.4		57,568,320		59,829,824
Stock of Finished Goods - Note 3.5		52,089,632		52,569,300
Stock of Accessories		3,494,275		4,189,289
Goods in Transit		8,756,232		3,565,230
		<u>312,379,237</u>		<u>265,372,800</u>
Stock of Spares		5,632,127		3,524,427
		<u>318,011,364</u>		<u>268,897,227</u>
<b>3.2 Stock of Yarn</b>				
Stock of Yarn	<u>607,086</u>	152,051,570	<u>396,809</u>	108,346,285
	<u>607,086</u>	<u>152,051,570</u>	<u>396,809</u>	<u>108,346,285</u>
<b>3.3 Stock of Dyes and Chemicals</b>				
Dyes	22,285	19,857,080	38,242	21,159,015
Chemicals	<u>137,820</u>	<u>18,562,128</u>	<u>191,052</u>	<u>15,713,857</u>
	<u>160,105</u>	<u>38,419,208</u>	<u>229,294</u>	<u>36,872,872</u>
<b>3.4 Stock in Work in Process</b>				
Cost of Materials		17,490,070		31,567,322
Cost of Conversion		40,078,250		28,262,502
		<u>57,568,320</u>		<u>59,829,824</u>
<b>3.5 Stock of Finished Products</b>				
Finished Garments		11,540,584	-	17,421,726
Knitted Fabrics	<u>125,545</u>	<u>40,549,048</u>	<u>88,475</u>	<u>35,147,574</u>
	<u>125,545</u>	<u>52,089,632</u>	<u>88,475</u>	<u>52,569,300</u>
<b>4. Trade and Others Debtors</b>				
	<b>US\$</b>	<b>Taka</b>	<b>US\$</b>	<b>Taka</b>
Export Sales Receivable (Below 180 days)	3,292,652	262,325,556	5,400,120	419,049,311
Others Debtors	-	46,420,600	-	22,500,000
	<u>3,292,652</u>	<u>308,746,156</u>	<u>5,400,120</u>	<u>441,549,311</u>

These include a sum of Tk. 46,420,600 (2016: Tk. 22,500,000 ) due from Fashion Knit Garments Ltd, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered goods.

**5. Export Incentives Receivables**

	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Opening Balance	125,066,201	109,841,798
Less: Received during this year	47,478,278	574,300
	<u>77,587,923</u>	<u>109,267,498</u>
Add: During the year	17,589,653	15,798,703
Closing Balance	<u>95,177,576</u>	<u>125,066,201</u>

The receivables are unsecured but considered goods.

**6. Advances, Deposits and Prepayments**

## Advances:

Salary Advance	958,512	745,199
Prepaid Factory Insurance	1,345,431	1,116,354
Operational Advance	5,973,962	6,182,265
Tax deducted at source	26,361,405	12,343,116
	<u>34,639,310</u>	<u>20,386,934</u>

## Deposits :

Security deposit	8,984,221	6,416,121
Bank Guarantee margin	3,392,820	1,085,070
L/C Margin	2,271,924	15,506,761
	<u>14,648,965</u>	<u>23,007,952</u>
	<u>49,288,275</u>	<u>43,394,886</u>

The advances are unsecured but considered goods.

**7. Cash and Bank Balances**

## Cash at Banks with Banks on Current Account:

BRAC Bank Ltd, Dhanmondi Branch, CD A/c	286,653	38,389
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	125,197	930,039
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	22,874,983	270,584
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	91,597	703,344
HSBC, Anchor Tower Branch, MDA Margin A/c	13,837,729	14,214,415
Trust Bank Ltd, SKB Branch, Dollar A/c	39,093,343	10,530,901
Trust Bank Ltd, SKB Branch, FCAD A/c	1,366,509	386,874
Trust Bank Ltd, SKB Branch, CD A/c	9,630	-
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	704,838	8,022,704
AB Bank Ltd, Motijheel Branch, CD A/c	74,868	76,168
AB Bank Ltd, Motijheel Branch, CD A/c	873	1,089,416
AB Bank Ltd, Motijheel Branch, Notice A/c	2,342	2,287
AB Bank Ltd, Motijheel Branch, Notice A/c	324,132	1,161,253
	<u>78,792,394</u>	<u>37,426,374</u>

## With Bank on Short Term Deposit Account:

Trust Bank Ltd, SKB Branch, SND A/c	879,995	1,421,470
Southeast Bank Ltd, Principal Branch, STD A/c	982,908	960,956
	<u>1,862,903</u>	<u>2,382,426</u>
Cash at Banks	<u>80,655,297</u>	<u>39,808,800</u>
Cash in Hand	<u>1,425,630</u>	<u>825,634</u>
	<u>82,080,927</u>	<u>40,634,434</u>

## 8. Share Capital

		As at 30 June 2017 Taka	As at 30 June 2016 Taka
8.1 Authorized:			
<u>100,000,000</u>	Ordinary Shares of Tk. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
8.2 Issued, Subscribed and Paid-up:			
<u>25,300,000</u>	Ordinary Shares of Tk. 10 each fully paid-up	<u>253,000,000</u>	<u>253,000,000</u>
<u>14,000,000</u>	Ordinary Shares of Tk. 10 each fully paid-up in cash	<u>140,000,000</u>	<u>140,000,000</u>
<u>11,300,000</u>	Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	<u>113,000,000</u>	<u>113,000,000</u>
<u>25,300,000</u>		<u>253,000,000</u>	<u>253,000,000</u>

### 8.3 Composition of shareholdings:

Classes of Holdings	As at 30 June 2017		As at 30 June 2016	
	No. of Shares	%	No. of Shares	%
Sponsor/Directors	12,911,855	51.04	12,911,855	51.04
Financials Institutions	2,219,127	8.77	1,589,117	6.28
ICB	72,697	0.29	280,645	1.10
ICB Investors A/c	29,459	0.12	-	-
ICB Mutual Fund	3,000	0.01	559,741	2.21
ICB Unit Fund	1,166,370	4.61	1,297,119	5.13
General Public	8,897,492	35.16	8,661,523	34.24
Total	25,300,000	100.00	25,300,000	100.00

Distribution schedule - Disclosures Under the Listing Regulations of Stock Exchanges:

The distribution schedule showing the number of shareholders and their share holdings in percentage has been disclosed below as a requirement of the “Listing Regulations of Dhaka and Chittagong Stock Exchange”:

Shareholdings range in number of shares	As at 30 June 2017			As at 30 June 2016		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
00000000001 - 00000000499	5,022	1,274,967	5.04	5,119	1,257,049	4.97
00000000500 - 00000000500	5,454	2,727,000	10.78	5,898	2,949,000	11.66
00000000501 - 000000002000	728	764,850	3.02	837	769,436	3.04
000000002001 - 000000005000	765	1,683,256	6.65	671	1,376,888	5.44
000000005001 - 000000010000	187	949,568	3.75	129	1,149,054	4.54
000000010001 - 000000050000	61	629,436	2.49	48	526,911	2.08
000000050001 - 0000000100000	16	849,108	3.36	12	961,387	3.80
0000000100001 - 0000000250000	11	1,198,753	4.74	7	942,584	3.73
0000000250001 - 0000000500000	4	1,248,071	4.93	8	1,261,953	4.99
0000000500001 and above	7	13,974,991	55.24	7	14,105,738	55.75
Total	12,255	25,300,000	100.00	12,736	25,300,000	100.00

## 8.4 Option on unissued shares:

There is no option regarding authorized capital not yet issued but can be used to increase the issued, subscribed and paid up capital through the issuance of new shares.

**9. General Reserve**

	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Opening & Closing Balance	6,956,752	6,956,752
	<u>6,956,752</u>	<u>6,956,752</u>

**10. Tax Holiday Reserve**

Opening & Closing balance	22,378,988	22,378,988
	<u>22,378,988</u>	<u>22,378,988</u>

**11. Dividend Equalisation Reserve**

Opening & Closing balance	10,000,000	10,000,000
	<u>10,000,000</u>	<u>10,000,000</u>

**12. Long Term Loan - Secured Future Maturity**

9.75% Loan - Note 12.1	-	293,360
5% Loan - Note 12.2	168,657,945	113,572,966
Deferred L/C Liabilities - Note 12.3	13,087,330	85,182,173
	<u>181,745,275</u>	<u>199,048,499</u>

## 12.1 The movement of loans is as follows:

Opening Balance	293,360	623,267
Less: Loan re-paid this year	(293,360)	(329,907)
Closing Balance	<u>-</u>	<u>293,360</u>

## 12.2 The movement of loans is as follows:

Opening balance	113,572,966	140,140,253
Add: Loan received this year	139,106,507	70,953,963
	252,679,473	211,094,216
Less: Current Maturity	(81,506,992)	(53,649,889)
Less: Loan re-paid this year	(2,514,536)	(43,871,361)
Closing balance	<u>168,657,945</u>	<u>113,572,966</u>

The offshore term loan has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery. The loan carries interest at 5% and is repayable in 16 monthly installments, starting from 1 January 2014.

12.3 The movement of Deferred L/C liabilities is as follows:

	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Opening Balance	85,182,173	85,182,173
Less: Paid during the year	72,094,843	-
Closing Balance	<u>13,087,330</u>	<u>85,182,173</u>

The offshore facility has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

### 13. Provision for Gratuity

	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Opening balance	31,304,282	30,226,996
Add: Contribution this year	2,157,254	2,078,343
	<u>33,461,536</u>	<u>32,305,339</u>
Less: Paid this year	4,295,362	1,001,057
Closing balance	<u>29,166,174</u>	<u>31,304,282</u>
	<u>31,973,737</u>	<u>34,344,063</u>
Opening Balance	31,973,737	34,344,063
Add: Provision for current year	3,799,808	(2,370,326)
Closing balance	<u>35,773,545</u>	<u>31,973,737</u>

### 14. Deferred Tax Liabilities

Opening Balance	31,973,737	34,344,063
Add: Provision for current year	3,799,808	(2,370,326)
Closing balance	<u>35,773,545</u>	<u>31,973,737</u>

### Deferred Tax Liabilities for 2017

	As per Accounting base W.D.V	As per Accounting Tax W.D.V	Temporary Difference Taxable/ (Deductable)
Property, Plant and Equipments	654,955,516	387,299,042	267,656,474
Tax rate	-	-	15%
Deferred Tax Liabilities	-	-	40,148,471
Gratuity provision	-	29,166,174	-
Deferred Tax assets 15%	-	-	4,374,926
Net deferred Tax Liabilities			<u>35,773,545</u>

### 15. Bank Overdraft

	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Trust Bank Ltd, SKB Branch	51,180,303	50,796,333
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	38,477,934	27,015,142
	<u>89,658,237</u>	<u>77,811,475</u>

These are secured

### 16. Time Loan Bank

Loan received during this year	24,929,537	-
Less: Loan re-paid during this year	(10,446,231)	-
Closing Balance	<u>14,483,306</u>	<u>-</u>

The loan has been taken from Trust Bank Ltd., Motijheel Branch for Working Capital requirement. The loan carries interest at 9.75% and is repayable in 6 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.



**17. Creditors**

	As at 30 June 2017		As at 30 June 2016	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>6,050,037</u>	482,974,454	<u>5,927,548</u>	461,459,624
For Local Purchases		7,045,533		12,449,573
For Unclaimed Dividend		98,098,972		95,655,822
For Staff Income Tax		336,481		456,559
For Refund Warrant		<u>371,469</u>		<u>371,469</u>
		<u>588,826,909</u>		<u>570,393,047</u>

These are unsecured but creditors for import purchases are against back to back L/Cs. Unclaimed Dividend inclusive of Sponsors Share holder for the period from 2012 to 2016.

**18. Accrued Expenses**

	As at 30 June 2017	As at 30 June 2016
	Taka	Taka
Gas Bill	18,725,237	17,263,009
Electricity bill	214,310	264,606
Telephone	57,682	12,738
Salaries, Wages and Allowances	7,047,020	4,315,169
Security bill	348,000	592,200
Legal Fee	60,000	60,000
Auditors' Fee	172,500	172,500
AGM Expense	700,000	700,000
	<u>27,324,749</u>	<u>23,380,222</u>

**19. Provision for Taxation**

Opening balance	13,673,421	7,758,438
Add: During the year	<u>14,082,234</u>	<u>5,914,983</u>
	<u>27,755,655</u>	<u>13,673,421</u>

**20 Bills Receivable Discounted**

Opening balance	144,817,615	78,702,076
Add: Discounted during the year	<u>232,827,641</u>	<u>248,454,129</u>
	377,645,256	327,156,205
Less: Collected during the year	<u>344,220,265</u>	<u>182,338,590</u>
Closing balance	<u>33,424,991</u>	<u>144,817,615</u>

**21. Workers' Participation/Welfare Funds**

Opening balance	35,996,566	39,549,613
Less: Payment this year	<u>12,768,223</u>	<u>7,135,170</u>
	23,228,343	32,414,443
Add: Contributions for this year	2,708,425	1,758,811
Add: Interest during this year	<u>1,742,126</u>	<u>1,823,312</u>
Closing balance	<u>27,678,894</u>	<u>35,996,566</u>

Interest has been provided on the fund balance in terms of the Bangladesh Labour Law.

**22. Current Maturity of Long-term Loans**

Opening balance
Add: Current Maturity
Less: Paid this year
Closing Balance

As at 30 June 2017 Taka	As at 30 June 2016 Taka
53,649,889	43,871,361
81,506,992	53,649,889
135,156,881	97,521,250
53,649,889	43,871,361
81,506,992	53,649,889

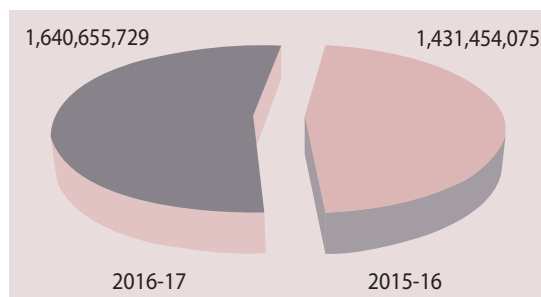
The offshore facilities has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

**23. Sales**

Item	For the year from July 16 to June 17			For the year from July 15 to June 16		
	Quantity	Amount (in US\$)	Amount Taka	Quantity	Amount (in US\$)	Amount Taka
Export sales:						
Knit fabrics (Kgs)	1,663,903	10,166,450	809,961,061	1,492,239	9,042,966	705,496,113
Garments (Pcs)	4,782,887	10,426,693	830,694,668	4,528,814	9,329,356	725,957,962
Total		20,593,143	1,640,655,729		18,372,322	1,431,454,075

**24. Export Incentives**

	For the year from July 16 to June 17 Taka	For the period from Oct 15 to June 16 Taka	For the period from July 15 to Sept 15 Taka	For the year from July 15 to June 16 Taka
Cash Incentive	17,589,653	15,798,703	27,543,813	43,342,516
	17,589,653	15,798,703	27,543,813	43,342,516

**Export Sales in Taka**

## 25. Cost of Goods Sold

25.1 The break-up is as follows:

	For the year from July 16 to June 17 Taka	For the period from Oct 15 to June 16 Taka	For the period from July 15 to Sept 15 Taka	For the year from July 15 to June 16 Taka
Materials Consumed - Note-25.2	1,112,025,337	761,386,309	250,521,368	1,011,907,677
Salary, Wages and Allowances - Note 25.3	134,996,325	97,794,299	35,185,120	132,979,419
Tiffin & Entertainment expenses	465,953	412,850	130,540	543,390
Depreciation - Note 2.3	54,226,180	34,073,828	13,114,299	47,188,127
Stores and Spares Consumed	1,659,635	2,069,856	825,294	2,895,150
Factory Conveyance	565,965	458,965	216,938	675,903
Power and Gas	95,570,014	52,470,102	14,745,875	67,215,977
Gratuity	1,617,264	1,558,760	-	1,558,760
Vehicle expenses	1,185,963	1,156,345	268,981	1,425,326
Repairs and Maintenance	1,459,635	2,525,632	689,141	3,214,773
Packing & Loading expenses	985,692	1,012,564	533,108	1,545,672
Import Landing, Clearing and Insurance	1,159,642	1,256,950	162,157	1,419,107
Factory Stationery expenses	865,326	945,632	262,724	1,208,356
Carriage Inward & Outward	1,252,642	1,469,856	443,925	1,913,781
Knitting, Sewing & Processing charge	1,298,456	1,942,563	999,119	2,941,682
Factory Insurance	4,229,793	2,819,437	3,934,130	6,753,567
Sewing Machine Rental	575,887	625,000	354,898	979,898
Miscellaneous	145,980	150,600	99,980	250,580
Total Manufacturing Costs for the year	1,414,285,689	964,129,548	322,487,597	1,286,617,145
Add: Opening Work in Process	59,829,824	59,659,420	36,713,406	96,372,826
Total Manufacturing Costs	1,474,115,513	1,023,788,968	359,201,003	1,382,989,971
Less: Closing Work in Process	57,568,320	59,829,824	59,659,420	119,489,244
Cost of Goods Manufactured	1,416,547,193	963,959,144	299,541,583	1,263,500,727
Add: Opening Finished Goods	52,569,300	59,586,423	41,563,425	101,149,848
Cost of Goods available for use	1,469,116,493	1,023,545,567	341,105,008	1,364,650,575
Less: Closing Finished Goods	52,089,632	52,569,300	59,586,423	112,155,723
Cost of Goods Sold	1,417,026,861	970,976,267	281,518,585	1,252,494,852

### 25.2 Materials Consumed

	For the year from July 16 to June 17		For the year from July 15 to June 16	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	2,899,038	791,553,246	2,662,618	724,817,831
Dyes	221,373	122,483,245	199,132	110,078,273
Chemicals	1,474,679	121,292,314	1,265,098	110,126,741
Accessories	-	76,696,532	-	66,884,832
Total Materials Consumption	-	1,112,025,337	-	1,011,907,677

### 25.3 Salaries, Wages and Allowances

	For the year from July 16 to June 17		For the year from July 15 to June 16	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 3,000 or more p/m	1,847	134,996,325	1,826	132,979,419
Employees drawing less than Tk. 3,000 p/m	-	-	-	-
Total	1,847	134,996,325	1,826	132,979,419

**26. Administrative, Selling and General Expenses**

26.1 The break-up is as follows:

	For the year from July 16 to June 17 Taka	For the period from Oct 15 to June 16 Taka	For the period from July 15 to Sept 15 Taka	For the year from July 15 to June 16 Taka
Directors' Remuneration - Note 26.2	2,600,000	1,900,000	700,000	2,600,000
Salaries and Allowances - Note 26.3	53,169,532	38,305,564	9,962,720	48,268,284
Security Service charge	2,088,000	2,397,944	127,221	2,525,165
Depreciation - Note 2.3	13,556,546	8,521,026	2,314,287	10,835,313
Electricity expenses	2,682,725	1,051,198	-	1,051,198
Postage, Courier, Telephone and Fax	1,196,523	815,698	270,730	1,086,428
Gratuity	539,990	519,583	-	519,583
Traveling and Conveyance	995,762	825,632	205,278	1,030,910
Legal and Professional expenses	60,000	60,000	15,000	75,000
Auditors' Fee - Note 26.2	172,500	172,500	25,000	197,500
A.G.M expenses	874,890	844,468	140,203	984,671
Registration and Fees	975,320	905,296	241,079	1,146,375
Staff welfare	1,265,320	1,062,569	400,039	1,462,608
Stationery expenses	1,285,692	1,064,952	237,303	1,302,255
Office Repairs and Maintenance	1,354,200	2,056,340	1,519,437	3,575,777
Vehicle expenses	3,863,240	3,061,345	1,249,943	4,311,288
Entertainment expenses	1,062,300	545,962	198,897	744,859
Central fund for RMG	380,733	-	-	-
Buying House Commission	1,470,543	1,269,852	165,980	1,435,832
Freight Charges & Freight out	5,956,759	6,599,294	2,316,965	8,916,259
Garments Testing Charges	7,836,802	4,239,686	766,626	5,006,312
Interest expense - Note 26.4	54,111,083	33,421,647	12,638,908	46,060,555
Currency Gain/(Loss)	458,437	-	-	-
Bank Charges	25,981,589	18,381,489	5,478,563	23,860,052
Miscellaneous	768,520	550,200	419,744	969,944
<b>Total</b>	<b>184,707,006</b>	<b>128,572,245</b>	<b>39,393,923</b>	<b>167,966,168</b>

26.2 No remuneration or fee, other than that specified in note 26.1, was paid to directors and auditors.

26.3 Salaries and Allowances:

	For the year from July 16 to June 17		For the year from July 15 to June 16	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk.3,000 or more p/m	132	53,169,532	127	48,268,284
Employees drawing less than Tk.3,000 p/m	-	-	-	-
	<b>132</b>	<b>53,169,532</b>	<b>127</b>	<b>48,268,284</b>

26.4 Interest expense is as follows:

	For the year from July 16 to June 17 Taka	For the period from Oct 15 to June 16 Taka	For the period from July 15 to Sept 15 Taka	For the year from July 15 to June 16 Taka
Interest on Workers' Participation/ Welfare Funds	1,742,126	1,823,312	1,293,686	3,116,998
Interest on Long Term Loans	11,526,611	5,702,278	2,736,648	8,438,926
Interest on Bills Discounted	32,284,534	20,661,720	6,934,006	27,595,726
Interest on Bank Overdraft	7,618,236	5,234,337	1,674,568	6,908,905
Interest on Time Loan	939,576	-	-	-
	<b>54,111,083</b>	<b>33,421,647</b>	<b>12,638,908</b>	<b>46,060,555</b>

**27. Others Income**

Rental income	365,400	274,050	365,400	639,450
Bank Interest	-	-	44,241	44,241
	<b>365,400</b>	<b>274,050</b>	<b>409,641</b>	<b>683,691</b>

**28. Income Tax (Current Tax)**

	As at 30 June 2017 Taka	As at 30 June 2016 Taka
Profit before tax	54,168,490	35,176,224
Add: Depreciation as per accounting base	67,782,726	42,594,854
	121,951,216	77,771,078
Less: Depreciation as per Tax base	90,976,585	48,981,537
	30,974,631	28,789,541
Add: Gratuity fund	2,157,254	2,078,343
	33,131,885	30,867,884
Less: Other income (Separate calculation)	365,400	274,050
	32,766,485	30,593,834
Less: Payment for Gratuity	4,295,362	1,001,057
	28,471,123	29,592,777
Tax Rate @ 15%	4,270,668	4,438,917
Minimum Tax	14,018,289	5,867,024
Add: Other income tax	-	-
Rental income	365,400	274,050
Less: Maintains @ 30%	109,620	82,215
	255,780	191,835
Add: Tax Rate @ 25%	63,945	47,959
Current Tax	14,082,234	5,914,983

**29. Remuneration/Payments to Directors/Officers:**

29.1 The aggregate amount paid/provided during the period in respect of directors and officers of the company as defined in the Bangladesh Securities and Exchange Rules, 1987 are disclosed below:

Particulars	For the period from July 16 to June 17		For the period from July 15 to June 16	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary	-	32,156,320	-	29,060,985
House rent allowance	-	15,848,560	-	14,585,620
Other benefits and perquisites	-	5,164,652	-	4,621,679
	2,600,000	53,169,532	2,600,000	48,268,284

29.2 No compensation was allowed by the company to its Managing Director.

29.3 No amount of money was spent by the company for compensating any member of the board for services rendered except as stated above.

**30. The Company has obtained bank credit facilities from the following banks**

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
		Taka	Taka	As at 30 June 2017 (Taka)	As at 30 June 2016 (Taka)
Trust Bank Ltd. SKB Branch, Dhaka	Back to Back L/C, EDF& Sight	650,000,000	402,369,532	247,630,468	147,479,707
	IBP	70,000,000	64,402,441	5,597,559	(202,641,513)
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	51,180,303	(1,180,303)	(796,333)
	Bank guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	20,000,000	14,483,306	5,516,694	2,206,640
		831,500,000	532,435,582	299,064,418	(12,251,499)
Mutual Trust Bank Ltd. Gulshan Branch, Dhaka	Back to Back L/C, EDF& Sight	400,000,000	185,935,623	214,064,377	199,486,500
	IDBP/FDBP	100,000,000	92,637,365	7,362,635	15,623,200
		500,000,000	278,572,988	221,427,012	215,109,700
HSBC Anchor Tower, 108 Bir Uttam C.R. Datta Road, Dhaka-1205	Foreign Exchange Limit	20,000,000	-	20,000,000	20,000,000
	Import Line (PRM)	395,000,000	262,957,852	132,042,148	142,594,972
	Import Line	600,000,000	288,964,534	311,035,466	164,310,500
	Overdraft	50,000,000	38,477,934	11,522,066	22,984,858
	Bank guarantee	20,000,000	15,466,200	4,533,800	9,149,300
	Term Loan	20,000,000	-	20,000,000	20,000,000
	Export Cash Limit	80,000,000	78,358,878	164,122	(26,322,922)
	Credit Card	1,200,000	-	1,200,000	1,200,000
		1,186,200,000	684,225,398	501,974,602	353,916,708

**31. The analysis of consumption of materials and spares as to origin is as below**

	For the year from July 16 to June 17		For the year from July 15 to June 16	
	Taka	%	Taka	%
Imported	368,808,649	33.12	325,227,596	32.05
Local	744,876,323	66.88	689,575,231	67.95
	<u>1,113,684,972</u>	<u>100.00</u>	<u>1,014,802,827</u>	<u>100.00</u>

**32. The capacity and actual production of the company are as follows**

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	47.83 (2016: 45.29)	56.94% (2016: 53.92%)
Knit Fabrics ( MTs.)	<u>4,500</u>	<u>2,461 (2016: 1,492)</u>	<u>54.68% (2016: 49.90%)</u>

**33. Even after Balance Sheet Date:**

The Board of Directors of the Company in its meeting held on 23rd October 2017 (2016: 26th October 2016) recommended 10% cash dividend i.e., Tk. 1.00 per share of Tk. 10.00 each (2016: 10% cash dividend) for all shareholders of the company subject to their approval in the AGM.

**34. Related Parties Disclosures**

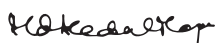
The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24; "Related party Disclosure". Total Balance Sheet exposure with the related parties as at 30 June 2017 is as under.

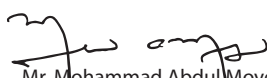
Name of the related party	Relationship	Nature of Transaction	As at 30 June 2017	As at 30 June 2016
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics Receivable	<u>809,961,061</u> <u>46,420,600</u>	<u>705,496,113</u> <u>22,500,000</u>


**35. General**

- 35.1 There was no sum for which the company was contingently liable as at 30 June 2017 and 2016.
- 35.2 There was no claim, except an aggregate amount of Tk. 21,095,550 (2016: 21,095,550) claimed by the Tax Authority but appealed against by the company, not acknowledged as debt as at 30 June 2017 and 2016. Such claim, being contingent liability, needs not be provided for.
- 35.3 There was no credit facilities available to the company, except trade credits and back to back L/C facilities, during the years ended 30 June 2017 and 2016.
- 35.4 There was no foreign shareholder of the company as at 30 June 2017 and 2016 and no dividend was remitted to any foreign shareholders during the years ended 30 June 2017 and 2016.
- 35.5 There was no capital expenditure contracted but not incurred or provided for at 30 June 2017 and 2016.
- 35.6 There was no capital expenditure authorised by the Board but not contracted for at 30 June 2017 and 2016.

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Mr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Dated: Dhaka  
October 23, 2017

**H.R. Textile Mills Limited**  
**Mirandel (7th Floor), House # 3**  
**Road # 5, Block # J, Baridhara, Dhaka-1212**

**PROXY FORM**

I/We.....of.....  
 ..... being a shareholder of H.R. Textile Mills Limited here by appoint  
 Mr./Mrs/Ms..... of .....

.....  
 as my proxy to attend and vote for me on my behalf at the 33rd Annual General Meeting of the company to  
 be held on Monday, 22nd January 2018 at 11:00 a.m. at the Spectra Convention Centre Limited, King's  
 Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212 and at any adjournment thereof.

As witness my hands this ..... day of January 2018

Signature of Proxy .....

Signature of Shareholder.....

Registered Folio / BO No. ....

**Revenue  
Stamp  
Tk 10.00**

**Importants:**

1. This Form of Proxy duly completed must be deposited at the Company's Dhaka Office at least 48 (forty eight) hours before the meeting. The proxy will not be valid if it is not duly stamped and signed. Signature of the Shareholder(s) and the Proxy must agree with the respective specimen signatures recorded with the Company.
2. A member of the Company may only be appointed as Proxy.

**ATTENDANCE SLIP**

Mr./Mrs. .... Folio / BO No. ....

I hereby record my presence of the 33rd Annual General Meeting of H.R. Textile Mills Limited to be held on Monday, 22nd January 2018 at 11:00 a.m. at the Spectra Convention Centre Limited, King's Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212.

Signature Verified By .....  
 Authorized Signature of the Company

.....  
 Signature of Shareholder / Proxy

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the registration counter of the meeting hall. Valued shareholders may kindly note that the entry of non members is restricted.



# HR

# H.R. Textile Mills Limited

## OPERATIONAL HIGHLIGHTS

General		Financial	
1. Year of Incorporation	1984	1. Authorised Capital	1,000 Million
2. Converted into Public Ltd. Co.	1995	2. Paid up Capital	253 Million
3. Initial Public Offering of Share	1996		
4. Enlistment with DSE and CSE	1997		
5. Member of BAPLC	2014		

## Five Years Statistics

Particulars	For the year (Tk. in '000)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Operations Results					
Turnover	1,658,245	1,474,797	1,237,810	1,550,954	1,780,820
Gross Profit	241,219	222,302	1,093,558	232,020	263,536
Operating Profit	56,512	54,336	37,750	60,875	70,013
Net Profit before tax	54,168	52,399	36,342	58,793	68,600
Net Profit after tax	36,286	46,271	30,891	49,974	58,309
Basic Earnings per share of (Tk. 10)	1.43	1.83	1.22	1.98	2.30
Cash Dividend per share of (Tk. 10)	1.00	1.00	1.00	1.25	1.50
Cash Inflows from Operating Activities	239,115	(37,170)	(47,406)	205,624	179,578
Financial Details					
Total Assets	1,508,260	1,541,977	1,350,984	1,273,244	1,233,793
Fixed Assets	654,956	622,435	528,012	506,239	489,057
Reserve and Surplus	117,915	106,928	156,052	156,786	144,762
Working Capital	(37,356)	(180)	30,920	(7,824)	14,863
Authorised Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Shareholders' Equity	370,915	359,929	353,597	409,787	397,763
Paid up Capital	253,000	253,000	253,000	253,000	253,000
Long Term Loan	181,745	199,048	140,764	79,512	97,041
Key Financial Ratios, Figures and Market Data					
Current Ratio	0.96	1.00	1.04	0.99	1.02
Return on Investment (%)	2.41	2.14	2.29	3.92	4.73
Net Assets Value per share of Tk. 10	14.66	14.23	13.98	16.20	15.72
Market value of share (at DSE) Tk.	34.20	Closing value per share of Tk. 10			
Market value of share (at CSE) Tk.	34.80	Closing value per share of Tk. 10			
Price Earnings Ratio (Based on DSE price) (Times)	4.39	The Financial Express on 27th Nobileber 2017			
Price Earnings Ratio (Based on CSE price) (Times)	4.31	The Financial Express on 27th Nobileber 2017			
Other					
Number of shares - Paid-up (Figures in thousand)	25,300	25,300	25,300	25,300	25,300
Number of shareholders as on 30th June	12,255	12,736	13,396	13,421	13,837