

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

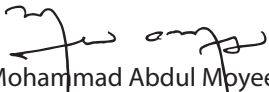
Dated: 17th October 2017

[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 or 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

Annexure - E

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

## 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