

ANNUAL REPORT

2018 - 19



H.R.TEXTILE MILLS LIMITED
An enterprise of PRIDE GROUP with public Participation

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Corporate Directory

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 Dr. A.H.M. Habibur Rahman Mr. Md. Kabiruzzaman

Corporate Information

Audit Committee

Chairman	:	Professor Dr. A.H.M. Habibur Rahman
Members	:	Professor Dr. Muhammad Abdul Moyeen Professor Mohammad Abdul Momen Mr. Md. Kabiruzzaman

Nomination and Remuneration Committee (NRC)

Chairman	:	Mr. Md. Kabiruzzaman
Members	:	Professor Dr. Muhammad Abdul Moyeen Professor Mohammad Abdul Momen

Chief Financial Officer : Mr. Md. Abu Amur Naheel

Head of IA & Compliance : Mr. Sumnoon Moheb

Company Secretary : Md. Wali Ullah

Management Committee

Mr. Mohammad Abdul Moyeed	:	Managing Director / CEO
Mr. Md. Abu Amur Naheel	:	CFO & Head of Accounts and Finance
Mr. Sumnoon Moheb	:	Head of Internal Audit and Compliance
Mr. S.M. Asadun Nabi	:	GM (Strategy Planning & Development)
Mr. Md. Aminur Rahman	:	Factory Manager
Mr. Mohammad Karim Hossain	:	Manager (MIS)
Mr. Nazmul Hossain Khan	:	Manager, Commercial
Mr. Monirul Islam	:	Manager, Admin & Compliance
Mr. Mohammad Fakhrul Bari	:	Head of Sales & Merchandizing
Mr. Sherajul Islam Khan	:	Asstt. Manager, Accounts
Mr. Mohammad Ali Chowdhury	:	Asstt. Manager, Taxes

Auditors

M/s. Ata Khan & Co. : Chartered Accountants, 67 Motijheel C/A, Dhaka-1000

Corporate Governance Auditor

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

Bankers : Trust Bank Limited, Mutual Trust Bank Limited and
The Hongkong and Shanghai Banking Corporation Limited

Corporate Office & Share Office : Mirandel (2nd Floor), House # 3, Road # 5, Block #J, Baridhara, Dhaka
Tel: 9899147 (Share Dept.), Fax: (8802) 9899147
E-mail: hrtex_cs@pride-grp.com, Web: www.pride-grp.com/hrt

Operational Office & Factory : 4, Karnapara, Savar, Dhaka

MISSION

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

VISION

Be an industry thought leader.

Photo Gallery of 34th AGM



Letter of Transmittal

To
Valued Shareholders of H.R. Textile Mills Limited
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies and Firms
Dhaka Stock Exchange Limited
Chittagong Stock Exchange Limited

Annual Report for the year ended 30th June 2019

Dear Sir(s)/Madam(s)

Enclosed please find a copy of the Annual Report together with the Audited Statement of Financial Position as at 30th June 2019 and the Statement of Comprehensive Income. Statement of Changes in Equity and Statement of Cash Flows for the year ended 30th June 2019 along with the notes of the H.R. Textile Mills Limited for your kind information and record.

Thank you.

Yours sincerely,


Md. Wali Ullah
Company Secretary

Notice of the 35th Annual General Meeting

Notice is hereby given that the 35th Annual General Meeting of the Shareholders of H.R. Textile Mills Limited will be held on Wednesday, 22nd January 2020, 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. To receive, consider and adopt the Directors Report and the Audited Financial Statements for the year ended 30th June 2019 together with the Auditors Report thereon;
2. To approve proposed dividend for the year ended 30th June 2019 as recommended by the Board of Directors;
3. To elect Directors in place of retiring Directors;
4. To appoint the statutory auditors for the year 2019-20;
5. To appoint the auditors for Compliance of the Corporate Governance Code for the year 2019-20.

By Order of the Board



Md. Wali Ullah

Company Secretary

Date: 23/10/2019

Notes

- a. Shareholders whose names appeared in CDS/Company's Register on the Record date of 27th November 2019 will be eligible to attend the meeting and will be entitled for dividend for the year ended on 30th June 2019.
- 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 meeting. Annual Report and Proxy Form can be available on the website www.pride-grp.com/hrt
- c. In compliance with BSEC Notification No. BSEC/CMRRCD/2006-158/208/Admin/81 dated 20th June 2018, Annual Report 2018-19 will be duly sent in soft form to the members/shareholders e-mail addresses available in their Beneficial Owner (BO) accounts maintained with the Depository. In case of non-receipt of Annual Report 2018-19 through e-mail, shareholders may collect the same from the share department of the company or from the AGM venue.
- d. 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.
- e. In compliance with BSEC Directive No. BSEC/CMRRCD/2009-193/154 dated 24th October 2013 no Gift/Gift Coupon/Food Box/Cash or Cash kinds shall be distributed at the AGM.

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		
6. Market Lot	1		
7. Market Category	A		
8. Electronic Share	Yes		

Five Years Statistics

Particulars	For the year (Tk in million)				
	2018-19	2017-18	2016-17	2015-16	2014-15
Operations Results					
Turnover	2,358.17	2,046.49	1,658.25	1,474.80	1,237.81
Gross Profit	331.18	286.98	241.22	222.30	1,093.56
Operating Profit	67.87	66.55	56.51	54.34	37.75
Net Profit before tax	65.55	64.89	54.17	35.18	36.34
Net Profit after tax	48.34	43.09	36.29	31.63	30.89
Earnings per share of Tk. 10 (Actual)	1.91	1.70	1.43	1.25	1.22
Cash Dividend per share of Tk. 10 (Actual)	1.00	1.00	1.00	1.00	1.00
Cash Inflows from Operating Activities	(148.88)	152.82	239.11	(34.21)	(47.41)
Financial Details					
Total Assets	2,771.66	1,624.21	1,508.26	1,541.98	1,350.98
Fixed Assets	1,656.30	742.81	654.96	622.44	528.01
Reserve and Surplus	844.95	135.71	117.92	106.93	100.60
Working Capital	220.23	(159.07)	(37.36)	(0.18)	30.92
Authorised Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Shareholders' Equity	1,097.95	388.71	370.92	359.93	353.60
Paid up Capital	253.00	253.00	253.00	253.00	253.00
Long Term Loans	705.83	128.04	181.75	199.05	140.76
Key Financial Ratios, Figures and Market Data					
Current Ratio (Actual)	1.25	0.85	0.96	1.00	1.04
Return on Investment (% in Actual)	1.74	2.65	2.41	2.05	2.29
Net Assets Value per share of Tk. 10 (Actual)	43.40	15.36	14.66	14.23	13.98
Market value of share (at DSE)	36.40	Closing value per share of Tk. 10			
Market value of share (at CSE)	36.50	Closing value per share of Tk. 10			
Price Earnings Ratio (Based on DSE price) (Times)	4.12	The Financial Express on 27th November 2019			
Price Earnings Ratio (Based on CSE price) (Times)	4.11	The Financial Express on 27th November 2019			
Other					
Number of shares - Paid-up	25.30	25.30	25.30	25.30	25.30
Number of shareholders as on 30th June (Actual)	12,679	12,741	12,255	12,736	13,396

Message from the Chairman

For the year ended on 30th June 2019

“Bismillah Hir Rahmanir Rahim”

Distinguished Shareholders

Assalamualaikum!

It is a matter of great pleasure for me to have met you, my shareholder brothers & sisters, on this day of AGM, a day that is considered to be a very significant day in our corporate life. I express my sincere gratitude to the Almighty Allah for enabling us to assemble here to exchange our views on the affairs of the company. I welcome you all.

The garment industry has been passing through an evermore-challenging time. The challenges are manifold and intractable even at times may lead to damages that are irreversible.

It was anticipated that Sino-American trade war would result in increased flow of garment orders into Bangladesh, however, our experiences suggest otherwise. While, we may delve deeper into the opportunities and threats in the global apparel trade

patterns to formulate our national strategic initiative, we need to understand our industry opportunities and threats.

The industry has experienced serious erosion of its competitiveness. An investment decision in any sector in Bangladesh, including RMG, has never been derived from any strategic analysis or industry life cycle analysis. Perhaps, the current state of competitiveness could be attributed to a failure of strategic analysis of industry life cycle. This may have led to building over-capacity in the industry. Over capacity led to over supply and, consequently, to increased local completion and downward price push.

Additionally, erosion of competitiveness may have been exacerbated due to the high-interest debt driven investments in firms. A bank installment payment looms so large in the horizon that to facilitate cash flows one is left with little choice but to take orders at par/below cost. Interest rates are prohibitively expensive and are suffocating the industry.

According to BGMEA, the industry cost of production during 2014-2018 has increased by 30%, minimum wages increased by 51% since December 2018, unit price for garments fell by 2.12% in 2016-17 and 4.07% in 2017-18. The downward push

of price and upward push of cost cannot be absorbed unless there is a concurrent increase in productivity and product/market diversification.

(Source: The Daily Star: Star Business, dated: December 9, 2019)

Advancement in technology, Internet infrastructure, new generation of digital telephony, IOTs, artificial intelligence etc., as components of fourth industrial revolution are likely to have serious short and long term implications on RMG sector. In the short term, machine and system dependent productivity enhancement is likely to take place. Then the new managerial challenge would be to acquire and retain skill and competency set that are radically different from the current skill and competency set. In the medium to long term, with the advancement of robotic technology and artificial intelligence, robots will perhaps replace all manual repetitive jobs. The challenge would then be keeping the business at home, as it is likely to trigger re-shoring. The tipping point of re-shoring is not so clearly visible at this moment, we anticipate that there might be a five to ten year lead time before significant re-shoring takes place. Industry leaders need to have a strategic vision and strategic initiatives put in place immediately to meet the looming national crisis.

Currently, managing an export-oriented RMG requires a very high degree of managerial sophistication and we are relentlessly putting our

collective efforts to improve productivity, achieve product diversity thereby enhance our performance and growth.

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 2019, 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

Report of the Board of Directors For the year ended on 30th June 2019

“Bismillah Hir Rahmanir Rahim”

Distinguished Shareholders

Assalamualaikum!

Alhamdu Lillahe Rabbil Aalamin

On behalf of the Board of Directors I have the pleasure to welcome you to this 35th Annual General Meeting of your company and to place before you the Directors Report for the year ended 30th June 2019 for your consideration.

Business Operations

The highlights of the business operation compared with the previous appear as follows:

Particulars	Taka in million		
	2018-19	2017-18	Increase (decrease) %
Knit Fabrics Sale	1,328.93	951.29	39.70
Garments Sale	999.36	1,073.11	(6.87)
Export Incentive	29.88	22.09	35.26
Turnover	2,358.17	2,046.49	15.23
Cost of goods sold	(2,026.99)	(1,759.51)	15.20
Gross Profit	331.18	286.98	15.40
Administrative, Selling and General Expenses	(263.31)	(220.43)	19.45
Net profit before tax	65.55	64.89	1.02
Net profit after tax	48.34	43.09	12.18
Earnings per share	1.91	1.70	12.35

Performance of the company

Revenue earnings of the company in terms of fabric sale and garment sales during the year was Tk. 2,328.29 million against Tk. 2,024.39 million of the previous year. The cost of goods sold was Tk. 2,026.99 million against Tk. 1,759.51 million of the previous year. Net profit after tax was Tk. 48.34 million against Tk. 43.09 million, which is 12.18% increased than that of 2017-18. The management has been emphasizing extensively to promote its products and it is expected that the sales volume and profit will be enhanced in the years to come.

Compliance Issues

The compliance issues are a major component in the agenda of the management at present, specifically in the areas of sustainable production, human resources and eco-friendly measures. The company is working hard to maintain compliance in all these areas. However, the new compliance requirements warrant major change in the building structure and the company needs to invest a substantial amount to improve production facilities and to upgrade compliance standards in order to appease buyer requirements. The company has progressed significantly and still needs to continue investment to remain fully compliant as per the requirement of the buyers.

Risk and Concerns

H.R. Textile Limited as a manufacturing unit in the garments and Textiles industry is vulnerable to global and domestic adversities and threats. International trade tensions, concerns over BREXIT, working hazards of local textile industry indicate significant business risks. The country's exporters are accustomed to such risks and have learned how to cope

with the situation. The Board of Directors assures its shareholders that the company has a competent risk management process to ensure that the system of internal control is sound in design and has been effectively implemented and monitored. The audit committee supports the board in monitoring activities of management and deals with risk management issues also. As one of the pioneers of the sector, the company is confident in minimizing the risks and optimizing the benefits.

Product wise Performance

During the year under report, Product wise, production of knit fabrics increased by 65.19% and garments decreased by 14.70%. Accordingly the total sales volume has increased by 15.01%.

Extra-Ordinary Gain or Loss

As per IAS-1: Presentation of Financial Statement, no item of income and expenses are to be presented as extra-ordinary gain or loss in the financial statement. There was no extra-ordinary gain or loss in the financial statement under report, during the year ended June 30, 2019.

Related Party Transactions

H.R. Textile Mills Limited exports garments and also fabric as "Deemed Export" to one concern, namely, Fashion Knit Garments Limited. 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.

Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer

The company has no Initial Public Offering (IPO) during the financial year 2018-19. There is no plan of Repeat Public Offering (RPO), Rights Share Offer in the near future.

Utilization of proceeds from public issues, rights issues

The company had no Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights issues during

the financial year 2018-19 and as such no money was taken from the shareholders during the year.

Directors Remuneration

The Managing Director is paid his monthly remuneration as shown in the Financial Statements. Other than the Managing Director, none of the non-executive directors are paid any remuneration except the meeting attendance fee of Tk. 5,000 per attendance. The non-executive directors, including the independent directors do not receive benefits of any other kind from the organization.

Accounting Policies

Appropriate accounting policies have been applied consistently in preparation of these financial statements and the accounting estimates are based on reasonable and prudent judgments.

Preparation of the financial statements

The Financial Statements were prepared in accordance with the applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

Internal Control System

The Board has ultimate responsibility for establishing an effective system of internal control. It is designed to manage rather than eliminate the risk of failure to achieve the business objectives and to provide reasonable but not absolute assurance that assets are safeguarded against unauthorized use or material loss and those transactions are properly authorized and recorded. The ultimate responsibility of the internal control system is on the Board of Directors as it ensures that the importance of internal controls is understood across the Company.

Protection of Minority Shareholders

The board took necessary care to protect the rights of minority shareholders through dealing fairly and by not taking any decision or action benefitting only the controlling shareholders.

Significant doubt upon the ability to continue as a going concern

The company has adequate resources to continue its operation without interruptions, thus it has adopted going concern basis for preparation of financial statements.

Dividend

During the year under report, the company earned profit after tax of Tk. 48,341,049. Out of the above the Board recommended a cash dividend of Tk. 1.00 (i.e. 10%) per share of Tk. 10 for general shareholders other than sponsors/directors shareholders against 10% cash dividend per share of Tk. 10 to all shareholders in the last year. The above would require a cash outflow of Tk. 12.39 million. The balance amount of Tk. 35.95 million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

Interim Dividend

No interim dividend was declared by the Board of Directors during the year 2018-19.

Board of Directors meeting held during the year

The total number of Board meetings held during the year and the attendance of the directors and the fees offered to the members were as follows:

Sl No	Name of the Directors	No of meetings held	No of meetings attended	Fee Paid Taka
1	Professor Dr. M. A Moyeen	7	6	30,000
2	Mr. M. A Moyeed	7	7	35,000
3	Professor M. A Momen	7	6	30,000
4	Ms. Ruhey Rawa	7	7	35,000
5	Ms. Sumbal Azwad Momen	7	7	35,000
6	Ms. Sana Kainat Moyeen	7	3	15,000
7	Professor Mushtaque Ahmed (Retired on 25/12/2018 as his tenure has been completed)	7	2	10,000
8	Professor Dr. A.H.M. Habibur Rahman (Joined the Board on 25/12/2018)	7	4	20,000
9	Mr. Md. Kabiruzzaman	7	6	30,000

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

The Board deals with the policy issues, however in some important issues; the board members assist the operating management in resolving those issues for smooth operation. More specifically the Board members look after the business trend of the industry; policy issues, and suggests actions needed to be taken. The Board members maintain liaison with the buyers and reviews the business developments nationally and internationally. The members of the Board identify the needs for various equipment, and respond quickly to 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.

Retirement and Re-election of Directors

In pursuant to Article 102, 103 and 104 of the company, Professor Dr. Muhammad Abdul Moyeen and Ms. Ruhey Rawa, Directors of the company, will retire and being eligible, offer themselves for re-election.

Appointment of Auditors

The existing Auditors M/s. Ata Khan & Co, Chartered Accountants has been carrying out the audit of the company for the last two years. The audit company informed that, they like to retire and unable to not work as auditors. Therefore the shareholders are required to appoint new auditors for the year of 30th June 2020. The office has so far received few applications and some are expected and in pipe line. All will be placed for your consideration and appointment.

Appointment of Corporate Governance Auditors

As per condition No. 9 of the Corporate Governance Code dated 03 June 2018, M/s. N.M Tareque and Associates, a Firm Professional of Cost and Management Accountants was appointed in the 34th AGM as the Corporate Governance Auditors of the company for the year 2018-19 and to continue till conclusion of the upcoming AGM. The Firm has expressed intention to be re-appointed for the next term. The Board of Directors recommend for re-appointment of M/s. N.M Tareque and Associates as Corporate Governance Auditors for the financial year 2019-20. This may be approved by the shareholders in the upcoming AGM.

Resume of the Directors

Mr. Mohammad Abdul Moyeed, Managing Director

Mr. Mohammad Abdul Moyeed obtained B.Sc Engineering (Chemical) from BUET. He started his business career early. Mr. Moyeed has 43 years of experience in trade and is now considered an authority in the field of textile processing and finishing in Bangladesh, with proven and excellent entrepreneurial track record. Mr. Moyeed is the Managing Director of H.R. Textile Mills Limited and also Director of Dacca Textiles Limited, Fashion Knit Garments Limited, Pride Limited, Pride Spinning Limited and Pride Properties Limited and under his dynamic leadership all the industrial ventures of this group are marching towards progress and prosperity. He is involved in different social development works through a host of social organization.

Professor Dr. Muhammad Abdul Moyeen, Director

Professor Dr. Muhammad Abdul Moyeen is a B.Com (Hons), M.Com in Management and Ph.D from the University of Glasgow. Dr. Moyeen has 41 years of professional and entrepreneurial experience and now is regarded as an Industry Thought Leader on operations, organization & strategic management. He is involved with Pride Group as its director since inception. Dr. Moyeen is the Chairman of H.R Textile Mills Limited and Director of Dacca Textiles Limited, Fashion Knit Garments Limited, Pride Limited and Pride Properties Limited. Dr. Moyeen is also the Chairman of Pride Spinning Limited. Dr. Moyeen additionally serves as a Professor at the University of Dhaka. He is the recipient of several international awards in his capacity as a professor & entrepreneur.

Professor Mohammad Abdul Momen, Director

Professor Mohammad Abdul Momen is a B.Com Hons M.Com in Finance and has obtained his MBA degree from Drake University, USA. He started his business career during his student life. Professor Momen has 39 years of experience in business and is also a renowned professor of the Institute of Business Administration (IBA) at the University of Dhaka for the last 3 decades and involved with Pride Group since its inception. Professor Momen is well known among the business community, the financial sector and amongst academicians. Professor Momen is also the Director of Dacca Textiles Limited, Pride Limited, Pride Spinning Limited and Pride Properties Limited. Additionally, he is the Chairman of Fashion Knit Garments Limited.

Ms. Ruhey Rawa, Director

Ms. Ruhey Rawa obtained her education from the United Kingdom. Ms. Ruhey Rawa is working with H.R. Textile Mills Limited since 2006. She is the daughter of Al-Hajj Mohammad Abdul Moyeed, the Managing Director of H.R. Textile Mills Limited.

Ms. Sumbal Azwad Momen, Director

Ms. Sumbal Azwad Momen obtained her BA (Hons) in Economics from Smith College, one of the highest ranking colleges in the USA. Ms. Sumbal joined H.R.

Textile Mills Limited in 2006. She is the daughter of Professor Mohammad Abdul Momen, Director, HRTML. She is involved in the day to day activities of the textile group.

Ms. Sana Kainat Moyeen, Director

Ms. Sana Kainat Moyeen obtained a BA (Hons) UK, M. Phil (Oxford), UK. Ms. Sana Kainat Moyeen also oversees the business of H.R. Textile Mills Limited alongside her doctorate studies at the University of Oxford, one of the most prestigious institutions in the world. She is the daughter of Dr. Muhammad Abdul Moyeen, Chairman of the company.

Professor Dr. A.H.M. Habibur Rahman, Independent Director

Professor Dr. A.H.M. Habibur Rahman obtained B.Com (Hons) and M.Com from University of Dhaka. He did his Ph.D in Industrial Finance from Durham University, England in 1969. Dr. Rahman also did Post Graduate Diploma in Business Management from Brunel, England.

Professor Dr. Rahman served University of Dhaka for about 41 years in different capacities from 1970 to 2016. Dr. Rahman has an excellent record of achievement during his entire service career. His major research publications (National and International) are in industrial finance, entrepreneurship and small enterprise development, technology and Productivity, education and employment, labour market adjustment process. He is a pioneer in entrepreneurship education & research in Bangladesh. He took initiative to introduce entrepreneurship in different levels of education system in Bangladesh. He is the first author of almost all text books on entrepreneurship at different levels of education system in Bangladesh.

Professor Dr. A.H.M. Habibur Rahman is an eminent academician and former Dean, Faculty of Business Studies, founder Chairman, Department of Finance, founder Director, Bureau of Business Research and Supernumerary Professor. Honorary Professor, University of Dhaka. He was the Chairman, Board of Directors, Sonali Bank Ltd and B.S.R.S. He is involved in different social development works through a host of social organization.

Mr. Mohammad Kabiruzzaman, Independent Director

Mr. Mohammad Kabiruzzaman obtained a B.S.S (Hons), M.S.S. in Public Administration from University of Dhaka. He has also attended various seminars/workshops/ conferences both at home and abroad. He has over 30 years of business experiences in both local and International trade and worked in the top Management position for about 15 years in the one of the largest business conglomerate of Bangladesh. He is presently working as Chief Operating Officer (COO) of Beximco Ports Ltd - a sister concern of Beximco Group. Prior to this he was also COO of Beximco Systems Ltd., IT Company in collaboration with NIIT India and now Independent Director of the company. He is involved in different social development works through a host of social organization.

Annexure - 1

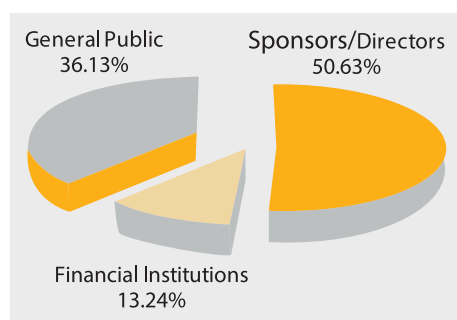
Shareholding Pattern

The shareholding of the sponsors/directors remained at 50.63% without any change during the year. Out of the balance shares, the institutions are holding 13.24%, which was 12.41% in the previous year. The shareholding of the general public has decreased to 36.13% compared to 36.55% in the previous year, on the date of year closing. The above change was mainly due to buy of shares by some institutions. The shareholding pattern of the company for the year closing on 30th June 2019 stands as follows:

Name of Shareholders	No. of Shares	Percentage	
1.5) (xxiii) a) Parent Company/Subsidiary/Associated Companies/ Other Related Parties:	Nil	-	
1.5) (xxiii) b) Directors, Chief Executive Officer, Chief Financial Officer, Head of Finance & Accounts, Company Secretary and their Spouse and Minor Children:			
Mr. Mohammad Abdul Moyeed, MD & CEO	3,762,256	14.87	
Professor Dr. Muhammad Abdul Moyeen, Chairman	3,762,254	14.87	
Professor Mohammad Abdul Momen, Director	3,762,254	14.87	
Ms. Ruhey Rawa, Director	507,285	2.01	
Ms. Sumbal Azwad Momen, Director	507,285	2.01	
Ms. Sana Kainat Moyeen, Director	507,285	2.01	
Professor Dr. A.H.M. Habibur Rahman, Independent Director	Nil	-	
Mr. Mohammad Kabiruzzaman, Independent Director	Nil	-	
Mrs. Umbirin Moyeed	15,812	Shares, included in the slot of general shareholders	
Dr. Shaheen Afroze	15,812		"
Ms. Salsabil Abreshmi Momen	8,000		"
Mr. Sharaf Awad Rahman Momen	7,812		"
Mr. Md. Abu Amur Naheel, CFO	Nil	-	
Mr. Sumnoon Moheb, HF&A	Nil	-	
Mr. Md. Wali Ullah, CS	Nil	-	
Minor Children	Nil	-	
Total Shares	12,808,619	50.63	

c) Executives:

Name	Designation	Shares
Mr. S.M. Asadun Nabi	GM (Strategy Planning & Development)	Nil
Mr. Md. Aminur Rahman	Factory Manager	Nil
Mr. Mohammad Karim Hossain	Manager (MIS)	Nil
Mr. Nazmul Hossain Khan	Manager, Commercial	Nil
Mr. Monirul Islam	Manager, Admin & Compliance	Nil
Mr. Sherajul Islam Khan	Asstt. Manager, Accounts	Nil

Shareholding Pattern

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

Audit Committee

The Audit Committee held five meetings during the year. 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-2

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) has been formed with independent directors as a sub-committee of the board in order to assist the board in ensuring and fulfilling its responsibilities. Being non-executives and independent all members or the committee have no conflicts of interest. The committee is to provide recommendation of remuneration and other facilities of the Directors and top level executives. They also recommend their appointment and removal. The NRC held one meeting during the year. All the committee members attended the above meetings. A separate report of the NRC to the shareholders is enclosed at Annexure-3

Future Programs

Bangladesh is the second largest exporter of garments in the global market where knit garments is playing a vital and significant role. Your company, with long years of experience in the field, has created tremendous value in the global market as a quality exporter. The directors, with their experience and acumen, have worked hard to create this value. The Board has the program to expand both horizontally and vertically but cautiously, so that the history created by the company with the support of general shareholders can be continued with confidence.

Declaration by the CEO and CFO

Declaration of CEO and CFO has been provided in Annexure-A

Corporate Governance Compliance Report

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018, the Certificate on Compliance of

Corporate Governance Code and Directors Report on Compliance of Corporate Governance Code are placed in Annexure-B and Annexure-C respectively.

Financial Reporting framework declaration

The Board of Directors being responsible for governance of the company, the preparation and presentation of financial statements, confirm to the best of their knowledge that:

- The entire business operation is being conducted in accordance with the laws, rules, regulations, agreements, guidelines and standards governed in the country;
- All the judgments and decision taken by management are reasonable and sensible;
- Accurate accounting policies have been systematically followed in formulating the financial statements and accounting estimates were reasonable;
- The financial statements present rationally the company's state of affairs, the result of its operations, cash flow and changes in equity with the Companies Act, 1994 and Securities and Exchange Rules, 1987;
- The system of internal Control is sound in design and has been effectively implemented and monitored;
- The CEO and CFO have certified to the Board that they have reviewed the financial statements and affirm that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- There is no momentous suspicion about the ability or the company to continue as going concern;
- Proper books of accounts of the Company have been maintained according to the law;
- The Financial Statements were prepared in accordance with the applicable International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- No transaction has been entered into by the company which are fraudulent, illegal, or in violation of the company's code of conduct.

Other Regulatory Disclosures

- The key operating and financial data for the last five years have been disclosed in Directors Reports;
- The Company is aware of its various risks and concerns, mainly from the policy and regulatory fronts, and is prepared to meet those by systematic control. Different type of risk management has been disclosed in page-9 (Risk and Concerns) of directors report;

- c) No significant mutation has occurred between quarterly and final results of the company during 2018-19;
- d) All significant detachment from the previous year in operating results of the company has been highlighted and reasons thereof have been explained;
- e) As per IAS 1 Presentation of Financial Statements, no items of income and expense are to be presented as extraordinary gain or losses in the financial statements. As such no extraordinary gain or loss has been recognized in the financial statements;
- f) All transactions with related parties have been made on a commercial basis and the basis was the principle of "Arm's Length Transaction". Details of related party and transactions have been disclosed in Note 40 of Notes to the Financial Statements;
- g) During the year, the Company has paid Board meeting attendance fees of directors has been mentioned in page-11 and the remuneration of Directors has been mentioned in Note 33 of Notes to the Financial Statements.

Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million) for the year ended 30th June	
	2019	2018
Net Profit before Tax	65.55	64.88
Income Tax Expenses	(17.21)	(21.79)
Net Profit after Tax	48.34	43.09
Retained earnings	96.37	78.58
Profit Available for Appropriation	144.71	121.67
Recommended for Appropriations:		
Proposed Dividend (Cash)	(25.30)	(25.30)
Un-appropriated Profit carried forward	119.41	96.37

Website of the Company

The company has an official website linked with the website of the stock exchange and it is functional from the date of listing. All detailed disclosures of the company are available on it. The web address is: www.pride-grp.com/hrt

Subsidiary Company

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

Significant Variance between Quarterly and Period Ended Report

There were no significant difference between quarterly performance and overall period ended

performance of the Company. Throughout the period, the Company was able to maintain a judicious performance both in operational and financial perspective.

Significant Deviation in Operating Results Compared to Previous Period

There is no such deviation in operating results compared to the previous period.

Appointment of Independent Director

As per provision of Corporate Governance Guidelines notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), Professor Dr. A.H.M Habibur Rahman was appointed as Independent Director of the Company for a period of 3 (three) years in last Annual General Meeting. Short bio-data of the said director is enclosed herewith in the section of Director's Profile, page-12.

Directorship in other companies

Mr. Mohammad Abdul Moyeed:

- ◆Dacca Textiles Limited
- ◆Fashion Knit Garments Limited
- ◆Pride Limited
- ◆Pride Spinning Limited
- ◆Pride Properties Limited

Professor Dr. Muhammad Abdul Moyeen:

- ◆Pride Spinning Limited
- ◆Dacca Textiles Limited
- ◆Fashion Knit Garments Limited
- ◆Pride Limited
- ◆Pride Properties Limited

Professor Mohammad Abdul Momen:

- ◆Fashion Knit Garments Limited
- ◆Dacca Textiles Limited
- ◆Pride Limited
- ◆Pride Spinning Limited
- ◆Pride Properties Limited

Management Discussion and Analysis

The Board of Directors converse on the increase / decrease of revenue, cost of goods sold, gross and net profit margin. The Board also takes instant actions on the inquiry as required.

Credit Rating

National Credit Rating Limited (NCRL) assigned Long Term A+ ST-2 Short Term rating for your company as below: Above rating have been assigned on the basis of good fundamental such as good profitability, sound infrastructural arrangement with market leader in Textile and Garment industry, experienced management. Entities rated in this category are adjudged to be

of high quality, offer higher safety and have credit quality. Your Company in the evaluation of Credit Rating Company was also placed with "Stable".

Subsequent Events

There is no subsequent event after the date of balance sheet and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

Contribution to National Exchequer

Being a responsible business entity, HRTML is paying and facilitating collection of Government's revenue. In the reporting period, we have paid collected and deposited a significant amount of tax, VAT and duties. During the period, HRTML contributed to Tk. 120,037,951 to the Government Exchequer along with utility bill which is presented below:

Titas Gas Tk. 73,819,617, Diesel Tk. 30,230,594, Electricity bills Tk. 3,613,759, Income Tax Tk. 10,869,821 and VAT Tk. 1,504,160.

Information Technology

We, at HRTML always strive for the innovation in business by adopting something different, smarter or better for bringing positive impact in terms of value, quality or productivity.

We believe that now accurate business planning, effective marketing, global sales, systematic management, real time monitoring, instant customer support and long-term business growth cannot be achieved at the optimum level without IT and we plan ahead of others to enable our operations process through IT.

Human Resources

Human Resources are a fundamental asset across the entire business model.

The development of the company builds its competitive advantage on the skills and commitment of its employees, promoting and rewarding pro-activity, goal orientation and teamwork.

The HR Department of your company operates with specific policy, manual and plan designed by the world class consulting firm and approved by the Board of Directors.

We provide on-the-job training and development opportunities to enhance our employees' carrier progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced.

HRTML is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Company has employee handbooks outlining terms

and conditions of employment, expectations for employees' conduct and behavior, employees right and benefits. We establish and implement policies that promote a harmony and respectful workplace.

Code of Conduct

The underlying philosophy of H.R. Textile Mills Limited's Code is to conduct the business in an ethical manner as well as create a work environment that is conducive for members and associates alike, based on the Company's values and beliefs.

Code of Conduct for Board of Directors was framed and followed accordingly in discharging their duties and responsibilities.

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

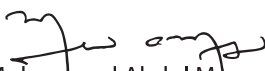
In accordance with the BSEC's Notification dated 3rd June 2018, the Board of Director's are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern of the company is given on Annexure-1.

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 and professional administration, whom the management considers 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

Audit Committee Report to the Shareholders For the year ended 30th June 2019

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. The Audit Committee of H. R. Textile Mills Limited, as one of its prime board sub-committee, assists the Board in discharging its governance responsibilities. A brief of the Audit Committee and its roles, responsibilities and functions are as follows:

Composition of the Audit Committee

The Board constituted the Audit Committee with the following:

Names	Designation	Position
Professor Dr. A.H.M. Habibur Rahman	Independent Director	Chairman
Mr. Mohammad Kabiruzzaman	Independent Director	Member
Professor Dr. Muhamamd Abdul Moyeen	Chairman	Member
Professor Mohammad Abdul Momen	Director	Member

As per regulatory guidelines, the Company Secretary Mr. Md. Wali Ullah acts as secretary to the Committee.

- a) The Board defined Terms of Reference (TOR) of the Audit Committee. Activities of the Committee are performed as per the said TOR.
- b) The Committee submits its report directly to the Board of Directors.

Activities

During the year the Audit Committee,

- a) Reviewed the financial statements of the first quarter, half year, third quarter and the year ended 30th June 2019 and subsequently recommended to the Board for consideration and approval;
- b) Reviewed the work of the Internal Audit & Compliance Department and made suggestions for improvement;
- c) Reviewed the observations of the Internal Audit and Compliance Department regarding internal control and suggestions made to improve operational systems and procedures and their implementation;
- d) Reviewed the integrity of the financial statements of the Company to ensure that these reflect a true and fair view of the Company's state of affairs for the year ended 30th June, 2019;
- e) Ensured, while reviewing the financial statements, that proper disclosure required under International Accounting Standards as adopted in Bangladesh have been made and also complied with the Companies Act and various other rules and regulations applicable to textile industries;
- f) Discussed with the statutory auditors about the nature and scope of audit as well as had post-audit discussions to address areas of concern;
- g) Approved the internal audit plan and gave direction to the Internal Auditor where appropriate for carrying out in depth audit to ensure that the Company or its assets are not exposed to undue risk;
- h) Reviewed the management report submitted by the statutory auditors and suggested corrective measures and fixed time frame for their implementation;
- i) Reviewed the profiles of the audit firms and proposed to the Board for recommendation.
- j) Reviewed the Internal Control System and Financial Statements.

Reporting

- 1) Pursuant to Condition # 5.6 of the Corporate Governance Guidelines issued by BSEC, the Committee reports that it did not find any conflict of interest or any fraud, irregularity, material defect in the Internal Control System. There are no infringement of laws, rules and regulations also;
- 2) The Committee is of the view that risk management associated with the business of the Company is adequately controlled.

On behalf of the Audit Committee



Professor Dr. A.H.M. Habibur Rahman
Chairman of the Audit Committee
Date: October 23, 2019

Nomination and Remuneration Committee Report to the Shareholders For the year ended 30th June 2019

This Nomination and Remuneration Policy has been formulated in compliance with Notification No. BSEC/CMRR D/ 2006-158/ 207/Admin /80, Date: June 03, 2018 on Corporate Governance Code of Bangladesh Securities & Exchange Commission (BSEC). This policy on nomination and remuneration of Directors and top level executives of the company has been formulated by the Nomination and Remuneration Committee (NRC) and has been approved by the Board of Directors. This is a sub-committee of the Board.

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee (NRC) have been determined by the Board as per BSEC notification. The NRC assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as policy for formal process of considering remuneration of director, top level executive.

Compositing and Meeting

The NRC of H. R. Textile Mills Limited consists of 01 (One) Independent Director and 02 (two) Directors. All members possess adequate qualification as determined in the Corporate Governance Code promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The Committee Includes:

Names	Designation	Position
Mr. Mohammad Kabiruzzaman	Independent Director	Chairman
Professor (Dr.) Muhammad Abdul Moyeen	Director	Member
Professor Mohammad Abdul Momen	Director	Member

As per regulatory guidelines, the company secretary Mr. Md. Wali Ullah acts as secretary to the committee. The NRC performs in coherence and ensures compliance with the Corporate Governance Guidelines promulgated by the BSEC.

The committee was formed in November 2018 and 01 (one) meetings was held during 2018-19.

Role of the NRC

- a) NRC Shall be independent and responsible or accountable to the Board and to the shareholders;
- b) To oversee, among others, the following matters and make report with recommendation to the Board:
 - i) formulation the criteria for determining qualification, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;
 - b) the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
 - ii) devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background;
 - iii) identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;
 - iv) formulating the criteria for evaluation of performance of independent director (s) and the Board
 - v) identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and
 - vi) developing, recommending and reviewing annually the company's human resources and training policies;

Meeting of NRC

The Committee formally met for the first time in November 2018 after constitution of the NRC ensured/observed the following activities:

1. Reviewed the set up the organization structure where reporting line is clearly defined for the directors and top management team along with standard manpower planning exercise for each and every position for identifying the total requirement.
2. Reviewed the set up standard pay structure for each job level based on education, experience and competency.

Annexure - 3 (Contd . . .)

3. Reviewed that a target based on-line performance Management System to evaluate performance of employees is there. This KPI based PMS leads to Yearly Increment, Promotion of individual.
4. Reviewed the Employee Benefit policy to attract the job seekers and retain internal talents. Succession planning of the company to have our future leaders ready according to the requirements. Ensuring extensive training and development plan for the individual or group of people.
5. Reviewed that a transparent recruitment and selection policy is in existence where competent candidates get hired.
6. Reviewed that practicing a clear career path system for employees which reflect in organization structure.

Objective and Policy of the NRC

The BSEC identified the objectives of NRC as follows:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors/top management team required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, top level executives reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

On Appointment and Removal of Director, Top Level Executives and Senior Management, the BSEC provided that

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, top level executives or at Senior Management level and recommend his/ her appointment, as per Company's Policy.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has authority to decide whether qualification, expertise and experience possessed by a person is sufficient /satisfactory for the position.

On Evaluation, the NRC policy suggest that NRC shall carry out evaluation of performance of Director and top level executives yearly or at such intervals as may be considered necessary.

On removal, the NRC policy suggests that the MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and Stock Exchange(s).

On retirement the NRC policy suggests that the Director or top level executives shall retire as per policy of the Company. The Board will have the discretion to retain the Director of any top level executive even after attaining the retirement age, for the benefit of the Company.

Policy for Remuneration to Directors/Top Level Executives:

- a) The Remuneration to be paid to Managing Director / Other directors as approved by the NRC Committee.
- b) The Nomination and Remuneration Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director and other Directors.
- c) The Non-Executive / Independent Director may receive meeting fees and such other remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.
- d) The remuneration to top level executives shall be fixed consideration their performances and in accordance with the Company's Policy.

Nomination and Remuneration Committee expressed their sincere thanks to the members of the Board of Directors, management of the Company for their outstanding support and Co-operation.

On behalf of the NRC



Mohammad Kabiruzzaman
Chairman of the NRC
Dated: October 23, 2019

Declaration of CEO and CFO to the Board of Directors

Dated: 23rd October 2019

[Issued under Condition 1(5)(xxvi) of Corporate Governance Code of BSEC's Notification No. SEC/CMRRCD/2006-158/207/Admin/80: dated 3rd June 2018]

The Board of Directors
H.R. Textile Mills Limited
House # 3, Road # 5, Block # J
Baridhara, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on 30th June 2019

Dear Sirs,

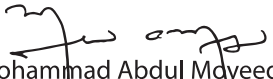
Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. SEC/CMRRCD/2006-158/207/Admin/80: dated 3rd June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of H.R. Textile Mills Limited for the year ended on 30th June 2019 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure therefrom has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of according records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on 30th June 2019 and to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting statements and applicable laws;
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours


Mohammad Abdul Mdyeed
Managing Director & CEO


Md. Abu Amur Naheel
Chief Financial Officer

Annexure - B
[Certificate as per condition No. 1(5)(xxvii)]

N.M Tareque & Associates
Cost and Management Accountants

Nakshi Homes (1st Floor)
6/1/A, Segunbagicha, Dhaka
Phone: +8801552111811

Report to the Shareholders of H.R. Textile Mills Limited on compliance of Corporate Governance Code

[Issued under Condition No. 1(5)(xxvii) of Corporate Governance Code of BSEC's Notification No. SEC/CMRRCD/2006-158/207/Admin/80: dated 3rd June 2018]

We have examined the compliance status to the Corporate Governance Code by H.R. Textile Mills Limited for the year ended on 30th June 2019. This Code relates to the Notification No. BSEC/CMRRCD-2016-158/207/Admin/80, dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the condition of the Corporate Governance Code.

This is a scrutiny and verification and as independent audit on compliance of the conditions of the Corporate Governance Code as well as the provision of relevant Bangladesh Secretarial Standards (BSS) as adopted by the institute of Chartered Secretaries of Bangladesh (ISCB) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

To the best of our information and explanations given to us we like to state that we have obtained all the information and explanations, which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- The Company has complied with the conditions of the Corporate Governance Code as stipulated in the above mentioned Corporate Governance Code issued by the Commission;
- The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- Proper books and records have been kept by the company as required under the Companies Act, 1994, the securities laws and other relevant laws; and
- The Governance of the company is satisfactory.

Dated Dhaka: November 4, 2019



N.M. Tareque & Associates
For N.M Tareque & Associates
Cost and Management Accountants

Compliance Status on Corporate Governance Code of BASE

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission's, Notification No. SEC/CMRRCD/ 2006-158/207/Admin/80, dated 3rd June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Report under Condition No. 9.00

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1	Board of Directors:			
1.1	Board Size: Board members should not be less than 5 and more than 20	✓		
1.2 (a)	Independent Directors: Independent Director at least 1/5th of the total number of directors	✓		
1.2 (b) (i)	Does not hold any share or holds less than 1% shares of the paid-up	✓		
1.2 (b) (ii)	Not connected with any sponsor/director/shareholders who holds or	✓		
1.2 (b) (iii)	Not an executive of the company in immediately preceding two financial years	✓		
1.2 (b) (iv)	Does not have any relationship, whether pecuniary or otherwise,	✓		
1.2 (b) (v)	Not a member or TREC holder, director or officer of any stock exchange	✓		
1.2 (b) (vi)	Not a shareholder, director or officer of any member of stock exchange	✓		
1.2 (b) (vii)	Not a partner or an executive or was not a partner or an executive	✓		
1.2 (b) (viii)	Not be an independent director in more than 5 (three) listed companies	✓		
1.2 (b) (ix)	Not been convicted by a court of competent jurisdiction as a defaulter	✓		
1.2 (b) (x)	Not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (c)	Independent Directors has been appointed by the board and approved by the shareholders	✓		
1.2 (d)	Not remain vacant for more than 90 (ninety) days	✓		
1.2 (e)	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 (a)	Independent Directors Knowledgeable individual with integrity to ensure compliance	✓		
1.3 (b)(i)	Business Leader who is or was a promoter or director of an unlisted company	✓		
1.3 (b)(ii)	Higher position in an unlisted company having minimum paid-up capital of TK. 100.00 million	✓		
1.3 (b)(iii)	Former official of government or statutory ...		N/A	
1.3 (b)(iv)	University Teacher with educational background in Commerce or Business Studies or Law.	✓		
1.3 (b)(v)	Professional who is or was an advocate practicing at least		N/A	
1.3 (c)	The independent director shall have at least 10 years of experiences ...	✓		
1.3 (d)	Special cases, the above qualification or experience ...		N/A	
1.4 (a)	Individual Chairman of the Board and Chief Executive Officer (CEO)	✓		
1.4 (b)	Not hold the same position in another listed company of MD/CEO	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the ...	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one		N/A	
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 including internal and external risk	✓		
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)	A detailed discussion on 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		N/A	
1.5 (x)	Remuneration to the 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/IFRS in preparation of Financial Reporting Statements	✓		
1.5 (xv)	Internal Control System has been effectively implemented and monitored	✓		
1.5 (xvi)	Minority shareholders have been protected from abusive action	✓		
1.5 (xvii)	Ability to continue as a going concern	✓		
1.5 (xviii)	Significant deviations from last year's in operation results		N/A	
1.5 (xix)	Key operation and financial summarized data of at last preceding five year's	✓		
1.5 (xx)	Reasons for not declared dividend		N/A	
1.5 (xxi)	Declaration of no bonus share or stock dividend as interim dividend	✓		

Annexure - C (Contd..)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.5 (xxii)	Number of Board Meetings held during the year and attendance by the Directors	✓		
1.5 (xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	✓		
1.5 (xxiii)(b)	Directors, CEO, CS, CFO, HIA&C and their spouses and minor children	✓		
1.5 (xxiii)(c)	Executives	✓		
1.5 (xxiii)(d)	Shareholders holding ten percent or more voting interest	✓		
1.5 (xxiv)(a)	Resume of the director	✓		
1.5 (xxiv)(b)	Expertise in specific functional areas	✓		
1.5 (xxiv)(c)	Name of companies in which the person also holds the directorship	✓		
1.5 (xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1.5 (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing		N/A	
1.5 (xxv)(c)	Comparative analysis of financial performance	✓		
1.5 (xxv)(d)	Compare such financial performance	✓		
1.5 (xxv)(e)	Explain the financial and economic scenario of the country	✓		
1.5 (xxv)(f)	Risks and concerns issues related to the financial statements	✓		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation	✓		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO	✓		
1.5 (xxvii)	Disclosing the report and as well as certificate as per Annexure-A & B	✓		
1.6	Meeting of the Board of Directors	✓		
1.7 (a)	Code of conduct based on recommendation of the NRC	✓		
1.7 (b)	Position code of conduct on the website determined by the NRC	✓		
2	The Board of Directors of all condition of subsidiary Company		N/A	
3	MD/CEO, CFO, HIAC and CS:			
3.1(a)	Appointment of MD/CEO, CS, CFO and HIAC	✓		
3.1(b)	Individuals filled of MD or CEO, CS, CFO and HIAC	✓		
3.1(c)	don't hold any executive position in any other company	✓		
3.1(d)	The Board shall clearly define respective roles of the CFO, HIAC and CS	✓		
3.1(e)	Rules of removing from their position without approval of the Board	✓		
3.2	MD or CEO, CS, CFO and HIAC shall attend the meeting of the Board of Directors	✓		
3.3(a)(i)	Reviewed the materially untrue statement	✓		
3.3(a)(ii)	Reviewed about compliance of the accounting standards	✓		
3.3(b)	The MD or CEO and CFO shall also certify	✓		
3.3(c)	Disclosed the certificate of the MD or CEO and CFO	✓		
4	Board of Directors' Committee			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
5	Audit Committee			
5.1(a)	Audit committee as a sub-committee of the Board	✓		
5.1(b)	The Audit Committee shall assist the Board in ensured	✓		
5.1(c)	The Audit Committee shall responsible of the Board	✓		
5.2 (a)	Audit Committee composed of at least 3 (Three) members	✓		
5.2 (b)	Members of the audit committee have been appointed by the Board of Directors	✓		
5.2 (c)	Qualified members in audit committee	✓		
5.2 (d)	Term and conditions of service of audit committee members	✓		
5.2 (e)	Secretary of the audit committee	✓		
5.2 (f)	Quorum of the audit committee	✓		
5.3 (a)	The Chairman has been selected by the Board of Directors	✓		
5.3(b)	Absence of the Chairperson of the Audit Committee	✓		
5.3 (c)	The Chairman of the audit committee present in the AGM	✓		
5.4(a)	The Audit Committee shall conduct at least four meeting	✓		
5.4(b)	The quorum of the Audit Committee meeting	✓		
5.5(a)	Oversee the financial reporting process	✓		
5.5 (b)	Monitor choice of the accounting policy and principals	✓		
5.5 (c)	Monitor Internal Audit and Compliance Process	✓		
5.5 (d)	Oversee hiring and performance of external auditors	✓		
5.5(e)	The external auditors and Review the annual financial statements	✓		
5.5 (f)	Review the annual financial statements before submission to the board for approval	✓		
5.5 (g)	Review of quarterly and half yearly financial statements before submission	✓		
5.5 (h)	Review of adequacy of internal audit function	✓		
5.5(i)	Review the discussion and analysis	✓		
5.5 (j)	Review statement of significant related party transaction	✓		
5.5 (k)	Review Management letters/Letter of internal control weakness		N/A	
5.5 (l)	Oversee the determination of audit fees based	✓		

Annexure - C (Contd..)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
5.5 (m)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue		N/A	
5.6(a)(i)	Activities of Audit Committee shall be reported to the Board	✓		
5.6(a)(ii) (a)	Conflicts of interests		N/A	
5.6(a)(ii)(b)	Suspected or presumed fraud of irregularity or material defect in the internal control system		N/A	
5.6(a)(ii)(c)	Infringement of laws, rules and regulations		N/A	
5.6(a)(ii)(d)	Any other matter disclosed to the Board of Directors		N/A	
5.6(b)	Reporting to the Authorities		N/A	
5.7	Reporting to the Shareholders and General Investors	✓		
6	Responsibility of Nomination and Remuneration Committee to the Board:			
6.1(a)	The NRC as sub-committee of the Board	✓		
6.1(b)	The NRC assist the Board in formulation of the nomination criteria	✓		
6.1(c)	The NRC Recommendation to the Board	✓		
6.2	Constitution of the NRC:			
6.2(a)	The Committee size with at least 3 (three) members	✓		
6.2(b)	Non-executive directors would be the members of the committee	✓		
6.2(c)	Members of the Committee would be nominated and appointed by the Board	✓		
6.2(d)	Board would be authority to remove and appoint any member of the Committee	✓		
6.2(e)	Any vacancy in the committee should be filled within 180 days by the Board		N/A	
6.2(f)	External expert or member can be included in the committee by the Chairman if necessary		N/A	
6.2(g)	CS shall act as the secretary of the Committee	✓		
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an ID	✓		
6.2(i)	Fee or remuneration is not applicable for any member of NRC	✓		
6.3	Chairperson of the NRC:			
6.3(a)	Selection of the chairperson of the committee by the board	✓		
6.3(b)	In absence of the Chairperson of the NRC		N/A	
6.3(c)	Presence of the chairman in the AGM		N/A	
6.4(a)	At least one meeting in a financial year	✓		
6.4(b)	Convening any emergency meeting if necessary		N/A	
6.4(c)	Constitution of the quorum of the meeting in presence of two or two third members	✓		
6.4(d)	Recording the proceedings of each meeting in the minutes	✓		
6.5(a)	Independence and responsibility or accountability of NRC	✓		
6.5(b)(i)(a)	Overseeing the level and composition of remuneration and reporting with recommendation to the Board	✓		
6.5(b)(i)(b)	Overseeing the relationship between remuneration to performance	✓		
6.5(b)(i)(c)	Balance of remuneration of directors and top level executive	✓		
6.5(b)(ii)	Devising a policy on Board's diversity	✓		
6.5(b)(iii)	Identifying the qualified persons and recommend them to the board	✓		
6.5(b)(iv)	Formulating the criteria for evaluation of performance of I.Directors and the Board	✓		
6.5(b)(v)	Identifying the needs for employees and determine their selection	✓		
6.5(b)(vi)	Developing, recommendation and reviewing annually human resources and	✓		
6.5(c)	Disclosing the nomination and remuneration policy and	✓		
7	External/Statutory Auditor:			
7(1)(i)	Appraisal/valuation services or fairness opinions	✓		
7(1)(ii)	Financial information system design and implementation	✓		
7(1)(iii)	Book-keeping or other services related to the accounting and financial statements	✓		
7(1)(iv)	Broker-dealer services	✓		
7(1)(v)	Actuarial services	✓		
7(1)(vi)	Internal Audit Services	✓		
7(1)(vii)	Services that the Audit Committee determines	✓		
7(1)(viii)	Audit/certification services	✓		
7(1)(ix)	Service that creates conflict or interest	✓		
7(2)	Audit firm could not hold any share of the company they audit	✓		
7(3)	Presence of representative of the auditors in the AGM	✓		
8	Maintaining a website the Company:			
8(1)	An official website linked with the website of the stock exchange	✓		
8(2)	Keeping the website functional from the date of listing	✓		
8(3)	Detailed disclosures on the company's website	✓		
9	Reporting and Compliance of Corporate Governance:			
9(1)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	✓		
9(2)	Appointment of certificate provider regarding compliance of conditions of Corporate Governance Code	✓		
9(3)	Annexure attached in the Director's Report	✓		

ATA KHAN & CO.
Chartered Accountants
Auditors' Report
to
The Shareholders of H.R. Textile Mills Limited

Report on the Audit of the Financial Statements:**Opinion**

We have audited the financial statements of H.R Textile Mills Limited which comprise the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the H.R Textile Mills Limited as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable rules and regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (IASs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements for the year ended 30 June 2019. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for opinion section, each matter mentioned below our description of how our audit addressed the matter is provided in the context.

Key Audit Matter	How our audit addressed the audit matters
<p>Revenue</p> <p>The company has reported a revenue of Taka 2,328,287,124/- for the year ended 30 June 2019. Refer to note no. 26.00 of the financial statements.</p> <p>All sales may not be legitimate and may not have occurred in the financial year</p> <p>Sales may not be complete and accounts receivable may not included all amounts owed by customers at the balance sheet date.</p> <p>Revenue continued</p> <p>Sales may not be complete and accounts receivable may not included all amounts owed by customers at the balance sheet date.</p> <p>Sales may not be correctly classified and major revenue categories may not be separately disclosed.</p> <p>Sales may not be recorded correctly and in the correct period.</p> <p>Inventories</p> <p>As of the reporting date the company reports Stock and Stores amounting to Taka 393,277,250/- Refer to note no. 3.00 to the Financial Statements</p> <p>The company may not have good title to stock and work in progress</p>	<ul style="list-style-type: none"> • Our procedures included obtaining an understanding of management's revenue recognition process. We tested a sample of transactions to verify whether the revenue was accounted for in accordance with the revenue accounting policy disclosed in notes to the financial statements. In addition, we assessed whether the disclosed revenue accounting policy was in accordance with relevant accounting standards • Vouch entries in sales journal and subsidiary ledger to support documentation of sale (i.e. invoice and delivery note) • Control tests for relevant controls • Subsequent receipts review • Confirmation of specific transactions with customers • Furthermore, we tested the sales transaction recognised shortly before and after the statement of financial position date, including the sales return recorded after that date, to test whether sales transaction were recorded in the correct reporting periods • Cut-off test (tests of sales transactions, sales returns and other sales adjustments at or near year-end) • Verify prices, quantity and computation on sales invoices, prices verified to master price list, quantity verified to shipping documentation • Ensure related party sales are adequately disclosed. • Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. • Evaluating the design and implementation of key inventory controls operating across the company, including those at a sample of, factory production house, warehouse and sales depot; • Evaluating internal controls to monitor or keep track of inventory movement; • Enquire whether any of the stock is held on behalf of third parties. • Consider whether any consignment stock has been accounted for.

Key Audit Matter	How our audit addressed the audit matters
<p>All stock and work in progress may not exist Stock and work in progress may not have been valued correctly, consistently and in accordance with applicable accounting standards. Which is net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. that full provision may not have been for all damaged, obsolete or slow moving stock and work in progress Cut-off procedure may not have been strictly applied. All necessary disclosures concerning stock and work-in-progress may not have been made and the information is may not yet have been appropriately presented and described.</p> <p>Measurement of deferred tax Liability Company reported net deferred tax liability totaling Taka 44,359,829/- as at 30 June 2019. significant judgments is required in relation to deferred tax liability as their liability is dependent on forecast of future probability over a number of years. See note and to the financial statements</p>	<ul style="list-style-type: none"> • Complete the stock take attendance program Trace all items selected at the stock take to the final stock sheets, internal stock records. • Select a sample of items from the final stock sheets and trace to the copies of the rough stock sheets taken during the stock take. • Review the historical accuracy of inventory provisioning and the level of inventory write-offs during the year. • Test the additions and extensions of the final stock sheet. • Ascertain the method used for valuing stock and consider whether: <ol style="list-style-type: none"> a) it has been correctly applied; b) it is an acceptable basis of valuation under applicable accounting standards; c) it is consistent with previous year's and with the company's accounting policy. • Challenging the completeness of inventory provision through assessing actual and forecast sells inventory lines to assess whether provisions for slow moving/obsolete stock are valid and complete. • Review all items of stock and work in progress and consider whether any further provision is necessary. <p>We obtained and understanding ,evaluated the design and tested the operational effectiveness of the company's key controls over the recognition and measurement of Deferred Tax Assets and taxable expense of the company. We also assessed the completeness and accuracy of the data used for the estimations of future taxable expense. We evaluated the reasonableness of key assumption, timing of reversal of temporary difference and expiration of tax loss carry forwards ,recognition and measurement of deferred tax liability . We assessed the adequacy of the company's disclosures setting out the basis of deferred tax liability balances and the level of estimation involved. We also assessed in evaluating the tax implications , the reasonableness of estimate and calculations determined by the management . finally assessed the appropriateness and presentation of disclosure against IAS -12 income Tax</p>

Going Concern

We are required to report if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of the financial statements. We have nothing to report in these respects.

Other Information

Management is responsible for other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for those other information. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover these other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read these other information and, in doing so, consider whether these other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and other applicable rules and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, Supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements:

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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; and
- c) the company's financial statements dealt with by the report are in agreement with the books of account.
- d) the expenditure incurred was for the purpose of company's business for the year.

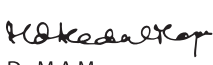
Dated: Dhaka
October 23, 2019


ATA KHAN & CO.
Chartered Accountants

H.R. Textile Mills Limited
Statement of Financial Position
As on 30th June 2019

ASSETS:	Notes	30/06/2019 Taka	30/06/2018 Taka
Non-Current Assets			
Property, Plant and Equipment	2	1,656,302,759	742,807,641
Total Non-Current Assets		<u>1,656,302,759</u>	<u>742,807,641</u>
Current Assets			
Stocks and Stores	3	393,277,250	333,256,421
Trade and Other Debtors	4	574,533,283	371,222,914
Export Incentive Receivables	5	55,458,792	75,406,776
Advances, Deposits and Prepayments	6	67,318,628	53,229,531
Cash and Bank Balances	7	24,770,312	48,281,991
Total Current Assets		<u>1,115,358,265</u>	<u>881,397,633</u>
TOTAL ASSETS		<u>2,771,661,024</u>	<u>1,624,205,274</u>
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' Equity			
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
Revaluation Surplus	12	685,668,176	-
Retained Earnings	13	119,942,475	96,374,242
Total Shareholders' Equity		<u>1,097,946,391</u>	<u>388,709,982</u>
Long Term Liabilities			
Long-term Loans - Secured, Future Maturity	14	705,830,468	128,042,025
Provision for Gratuity	15	28,392,064	27,852,964
Provision for Deferred Taxation	16	44,359,829	39,128,378
Total Long-term Liabilities		<u>778,582,361</u>	<u>195,023,367</u>
Current Liabilities			
Bank Overdrafts - Secured	17	79,251,108	80,578,522
Time Loan - Secured	18	-	123,733,987
Trade Creditors	19	630,941,433	643,380,910
Accrued Expenses	20	27,136,943	22,533,807
Provision for Current Taxation	21	30,415,148	32,518,992
Bills Receivable Discounted	22	38,658,707	37,667,941
Workers' Participation/Welfare Funds	23	18,386,925	20,910,081
Current Maturity of Long-term Loans	24	70,342,008	79,147,685
Total Current Liabilities		<u>895,132,272</u>	<u>1,040,471,925</u>
Total Liabilities		<u>1,673,714,634</u>	<u>1,235,495,292</u>
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		<u>2,771,661,024</u>	<u>1,624,205,274</u>
Net Assets Value (NAV) per share	25	<u>43.40</u>	<u>15.36</u>

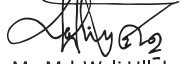
The annexed notes from 1 to 41 form an integral part of these financial statements.


 Dr. M.A. Moyeen
 Chairman


 Mr. M. A. Moyeed
 Managing Director


 Mr. M. A. Momen
 Director


 Mr. M.A.A. Naheel
 CFO


 Mr. Md. Wali Ullah
 Company Secretary

Signed in terms of our annexed report of even date

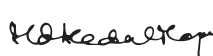
Dated: Dhaka
 October 23, 2019


 ATA KHAN & CO.
 Chartered Accountants

H.R. Textile Mills Limited
Statement of Profit or Loss and
other Comprehensive Income
For the year ended 30th June 2019

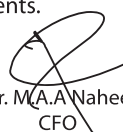
<u>Particulars</u>	<u>Notes</u>	30/06/2019 Taka	30/06/2018 Taka
Sales Revenue	26	2,328,287,124	2,024,397,221
Export Incentive Turnover	27	29,884,578	22,088,900
Cost of Goods Sold	28	2,358,171,702 (2,026,994,848)	2,046,486,121 (1,759,509,642)
Gross Profit		331,176,854	286,976,479
Administrative, Selling and General Expenses	29	(263,310,259)	(220,427,548)
Operating Profit		67,866,595	66,548,931
Other Income	30	961,840	1,581,879
Profit before contribution to WPPF		68,828,435	68,130,810
Contribution to WPPF	23	(3,277,545)	(3,244,324)
Net Profit before Tax		65,550,890	64,886,486
Income Tax Expenses		(17,209,841)	(21,791,591)
Current Tax	32	(11,978,390)	(18,436,758)
Deferred Tax	16	(5,231,451)	(3,354,833)
Net Profit after Tax		48,341,049	43,094,895
Earning per share	34	1.91	1.70

The annexed notes from 1 to 41 form an integral part of these financial statements.


Dr. M.A. Moyeen
Chairman


Mr. M. A. Moyeed
Managing Director



Mr. M. A. Momen
Director


Mr. M.A.A. Naheel
CFO


Mr. Md. Wali Ullah
Company Secretary

Signed in terms of our annexed report of even date

Dated: Dhaka
October 23, 2019


ATA KHAN & CO.
Chartered Accountants

H.R. Textile Mills Limited
Statement of Cash Flows
For the year ended 30th June 2019

<u>Particulars</u>	<u>Notes</u>	30/06/2019 Taka	30/06/2018 Taka
Cash Flows from Operating Activities:			
Cash received from Sales and export incentives		2,174,809,317	2,003,780,163
Exchange Fluctuation Gain/(Loss)		596,440	1,216,479
Receipts from Other Income		365,400	365,400
Cash paid for goods and services		(2,187,442,519)	(1,762,399,463)
Cash from operation		(11,671,362)	242,962,579
Interest paid		(126,546,049)	(74,017,684)
Income-tax paid/deducted at sources		(10,659,821)	(16,126,655)
Net Cash inflows from operating activities		(148,877,232)	152,818,240
Cash Flows from Investing Activities:			
Acquisition of property, plant and equipment	2.1	(307,650,452)	(159,121,662)
Net Cash outflows from investing activities		(307,650,452)	(159,121,662)
Cash Flows from Financing Activities:			
Bank Overdraft Received/(Repaid)		(1,327,414)	(9,079,715)
Long Term Loans Received/(Repaid)		577,788,443	(56,062,557)
Time Loan Received/(Repaid)		(123,733,987)	109,250,681
Bills Receivable Discounted Received/(Repaid)		990,766	4,242,950
Current Maturity of Long-term Loans		(8,805,677)	-
Cash Dividend paid		(11,896,126)	(75,846,873)
Net Cash inflow from financing activities		433,016,005	(27,495,514)
Net increase/(decrease) in cash and bank balances		(23,511,679)	(33,798,936)
Cash and bank balances on opening		48,281,991	82,080,927
Net increase/(decrease) in cash and bank balances		(23,511,679)	(33,798,936)
Cash and bank balances at closing - Note 7		24,770,312	48,281,991
Net operating cash flows per share (NOCFPS)	35	(5.88)	6.04

The annexed notes from 1 to 41 form an integral part of these financial statements.


 Dr. M.A. Moyeen
 Chairman


 Mr. M. A. Moyeed
 Managing Director



 Mr. M. A. Monjen
 Director

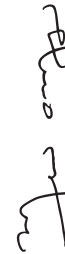

 Mr. M.A.A. Naheel
 CFO



 Mr. Md. Wali Ullah
 Company Secretary

H.R. Textile Mills Limited
Statement of Changes in Shareholders' Equity
For the year ended 30th June 2019


Particulars	Share Capital	General Reserve	Tax holiday Reserve	Revaluation Surplus	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th June 2017	253,000,000	6,956,752	22,378,988	-	10,000,000	78,579,347	370,915,087
Net profit after tax	-	-	-	-	-	43,094,895	43,094,895
Cash Dividend declared 2017	-	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2018	253,000,000	6,956,752	22,378,988	-	10,000,000	96,374,242	388,709,982
Balance as at 30th June 2018	253,000,000	6,956,752	22,378,988	-	10,000,000	96,374,242	388,709,982
Revaluation Surplus as on 31st December 2018	-	-	-	686,195,360	-	-	686,195,360
Revaluation Surplus realised	-	-	-	(527,184)	-	527,184	-
Net profit after tax	-	-	-	-	-	48,341,049	48,341,049
Cash Dividend declared 2018	-	-	-	-	-	(25,300,000)	(25,300,000)
Balance as on 30th June 2019	253,000,000	6,956,752	22,378,988	685,668,176	10,000,000	119,942,475	1,097,946,391


 Dr. M.A Moyeen
 Chairman


 Mr. M. A Moyeed
 Managing Director


 Mr. M. A Mdmen
 Director


 Mr. M.A.A Naheel
 CFO


 Mr. Md. Wali Ullah
 Company Secretary

H.R. Textile Mills Limited

Notes to the Financial Statements

For the year ended June 30, 2019

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, Mailbag Chowdhury Para, Dhaka and the mills are located at Karnapara, Savar, Dhaka. The Company owns textile mills and its principal activities are knitting, processing and finishing of textile products and making garments.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the Companies Act 1994, Income Tax Ordinance 1984, Income Tax Rules 1984, Value Added Tax Act 1991 and the Value Added Tax Rules 1991, Bangladesh Securities and Exchange Rules 1987 and other related regulations. Any abrupt changes of the policies made by the regulatory authorities may adversely affect the business of the company.

2.2 Basis of measurement

The financial statements have been prepared on historical cost basis except financial assets and liabilities which are stated at "fair value".

2.3 Functional and presentational currency

These financial statements are prepared in Bangladeshi Taka, which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with IAS/IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 Reporting period

The financial reporting period of the company covers one year from 01 July 2018 to 30 June 2019.

2.6 Comparative Information and Rearrangement Thereof

In accordance with the provisions of IAS-1: Presentation of Financial Statements, Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

2.7 Corporate Accounting Standards Practiced

IAS 1 Presentation of Financial Statements	Complied	IAS 24 Related Party Disclosures	Complied
IAS 2 Inventories	Complied	IAS 26 Accounting and Reporting by Retirement Benefit Plans	Not Applicable
IAS 7 Cash Flows Statement	Complied	IAS 27 Separate Financial Statements	Complied
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors	Complied	IAS 28 Investments in Associates and Joint Ventures	Not Applicable
IAS 10 Events after the Reporting Period	Complied	IAS 29 Financial Reporting in Hyperinflationary Economies	Not Applicable
IAS 12 Income Taxes	Complied	IAS 32 Financial Instruments: Presentation	Complied
IAS 16 Property, Plant and Equipment	Complied	IAS 33 Earnings Per Share	Complied
IAS 17 Leases	Complied	IAS 34 Interim Financial Reporting	Not Applicable
IAS 19 Employee Benefits	Complied	IAS 36 Impairment of Assets	Complied
IAS 20 Accounting for Government Grants and Disclosure of Government Assistance	Complied	IAS 37 Provision, Contingent Liabilities and Contingent Assets	Complied
IAS 21 The Effects of Changes in Foreign Exchange Rates	Complied	IAS 38 Intangible Assets	Not Applicable
IAS 23 Borrowing Costs	Complied	IAS 39 Financial Instruments: Recognition and Measurement	Complied
		IAS 40 Investment Property	Not Applicable

Applicable International Financial Reporting Standards (IFRSs) are as follows:

IFRS 1 First-time Adoption of Bangladesh Financial Reporting Standards	Complied	IFRS 8 Operating Segments	Not Applicable
IFRS 2 Share-based Payment	Not Applicable	IFRS 9 Financial Instruments	Complied
IFRS 3 Business Combinations	Not Applicable	IFRS 10 Consolidated Financial Statements	Not Applicable
IFRS 4 Insurance Contracts	Not Applicable	IFRS 11 Joint Arrangements	Not Applicable
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Not Applicable	IFRS 12 Disclosure of Interests in Other Entities	Not Applicable
IFRS 6 Exploration for and Evaluation of Mineral Resources	Not Applicable	IFRS 13 Fair Value Measurement	Not Applicable
IFRS 7 Financial Instruments: Disclosures	Complied	IFRS 14 Regulatory Deferral Accounts	Not Applicable
		IFRS 15 Revenue from contracts with customers	Complied
		IFRS 16 Leases	Not Applicable

2.8 Component of Financial Statements

- i) Statement of Financial Position as on 30th June 2019;
- ii) Statement of Profit or Loss and other Comprehensive Income for the year ended 30th June 2019;
- iii) Statements of Changes in Shareholders' Equity for the year ended 30th June 2019;
- iv) Statement of Cash Flows for the year ended 30th June 2019; and
- v) Notes to the Financial Statements for the year 30th June 2019.

3.00 Significant accounting policies

The accounting policies set out below have been applied consistently to all period presented in these financial statements.

3.01 Property, plant and equipment**3.01.1 Recognition and measurement**

Property, plant and equipment are measured at cost and valuation (only land) less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. It is carried at the lower of its carrying amount and fair value less cost. Any write-down is shown as an impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3.01.2 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

3.01.3 Depreciation on property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation thereon. Depreciation is charged applying diminishing balance method on all fixed assets other than land and land development. Depreciation has been charged on addition when the related asset is available for use and no depreciation has been charged when the related assets are de-recognized/disposed off. After considering the useful life of the assets as per IAS-16: Property Plant and Equipment, the depreciation rates have been applied as under which is considered reasonable by the management:

SL No.	Particular	Rate of Depreciation
01	Factory Building	2.50%
02	Plant & Machinery	7.00%
03	Factory Shed	7.5%
04	Electric, Gas, Water, Steam and Telephone Installation, Furniture & Fixture, Office Equipment, Factory Equipment and Tools & Apparatus.	10%
05	Motor Vehicle	15%

3.01.4 Impairment of assets

I) Financial Assets

Accounts receivable and others receivables are assessed at each reporting date to determine whether there is any objective evidence of impairment. Financial assets are impaired if objective indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default of delinquency by a debtor, indicates that a debtor of issuer will enter bankruptcy etc.

II) Non-Financial assets

An asset is impaired when its carrying amount exceeds its recoverable amount. The company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Carrying amount of the assets is reduced to its recoverable amount by recognizing an impaired loss is recognized immediately in statement of comprehensive income unless the asset is carried at revalued amount. Any impaired loss of a revalued asset treated as a revaluation decrease. During the year no impaired loss occurred to recognize in the Financial Statements.

3.2 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is valued at weighted average cost method and includes costs for acquiring the inventories and bringing them to their existing locations and conditions.

3.3 Provisions

A provision is recognised on the balance sheet date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is provable that an outflow of economic benefits will be required to settle the obligation.

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations;

- when the company has an obligation (legal or constructive) as a result of past events;
- when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

3.4 Earnings per share (EPS)

This has been calculated in compliance with the requirement of IAS-33 : Earnings per share. Earnings per share by dividing the net earnings after Tax by the number of ordinary shares outstanding during the period.

Basic Earnings per share (Numerator /Denominator)

Earnings (Numerator)

*This represents earning for the year attributable to ordinary shareholders

No. of ordinary shares (Denominator)

This represents number of ordinary share outstanding during the year.

Diluted Earnings per share

As per the existing conditions of the loans taken by the company from various financial institutions or other contracts with various parties including employees, there is no condition related to conversion or stipulation related to share based payments for material and services supplied by them to the company. Hence, no Diluted EPS of the company has been calculated.

3.5 Revenue

In compliance with the requirements of IFRS 15 "Revenue from Contracts with Customers" revenue represents the sales proceeds which are recognized when the parties to the contract have approved the contract and are committed to perform their respective obligations; delivery are made from factory godown to carriers that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3.6 Trade receivables

Trade receivables at the balance sheet date are stated at amounts which are considered realizable.

3.7 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues. Finance expenses comprise interest expense on borrowings, bank charges and guarantee costs. All borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income using the effective interest rate.

3.8 Cash and cash equivalents

It includes cash in hand and other deposits with banks which were held and available for use by the company without any restriction.

3.9 Taxation

Current tax

Provision for current income tax has been made during the year under review in respect of net profit at the rate of 15%

Deferred tax

Deferred tax liabilities are the amount of income taxes payable in future years in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future years in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or subsequently enacted at the financial statement date.

3.10 Foreign Currency Transaction

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of IAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- Foreign currency monetary items are translated using the closing rate.
- Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the year or in previous financial statements is recognized in profit or loss in the year in which they arise.

Translation of closing balances of foreign currencies:

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

US Dollar	30 June 2019		30 June 2018	
	Receivables	Payables	Receivables	Payables
	83.25	83.57	82.64	82.92

3.11 Employee Benefits:

The Company is operating Workers Profit Participation Fund (WPPF) and Welfare Fund according to Bangladesh Labour Law 2006 and Bangladesh labour (Amendments) Act 2013 are accounted for securing benefits to the employees in accordance with the provision of International Accounting Standard (IAS)-19, "Employee Benefit".

Retrial Benefits (Gratuity):

The retrial benefits (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.

3.12 Related party disclosure

As per IAS 24: Related Party Disclosure, parties are considered to be related if one has the ability to control or exercise significant influence over other in making financial and operating decisions.

3.13 Statement of Cash Flows

The statement of cash flows has been prepared in accordance with the requirements of IAS 7 "Statement of Cash Flows". The cash generating from operating activities has been reported using the direct method as prescribed by the Securities and Exchange Rules, 1987 and as the benchmark treatment of IAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

3.14 Events after the Reporting Period

In compliance with the requirements of IAS 10 "Events after the Reporting Period" events after the reporting period that provided additional information about the company's position at the statement of financial position date are reflected in the financial statements and events after the statement of financial position date that are not adjusting events are disclosed in the notes when material..

2. Property, Plant and Equipment
2.1 The make-up of Fixed Assets is as below:

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2019
	As on 1 July 2018	As on 30 June 2019	As on 1 July 2018	As on 30 June 2019	
					(Amount in Taka)
Factory Land and Development					
Factory Building	8,479,375	8,479,375	-	-	8,479,375
Factory Shed	295,663,190	336,957,885	7,907,763	74,211,216	262,746,669
Plant and Machinery	6,823,475	6,823,470	-	6,823,470	5
Electric Installation	1,296,834,823	1,296,955,367	59,246,312	818,027,261	478,928,106
Gas Installation	19,667,718	33,799,439	2,625,321	20,192,968	13,606,471
Water Installation	6,476,035	6,476,025	-	6,476,025	10
Steam Installation	8,465,520	8,465,520	846,552	6,753,287	1,712,233
Furniture and Fixtures	2,563,352	2,563,352	-	2,563,342	10
Telephone Installation	9,955,127	9,955,127	980,569	9,955,117	10
Motor Vehicles	1,027,861	1,027,861	-	1,027,851	10
Office Equipment	46,192,122	46,192,122	3,290,440	31,066,229	15,125,893
Loose Tools	36,756,547	37,957,447	3,693,903	32,357,916	5,599,531
Factory Equipment	183,875	183,875	-	183,865	10
Capital Works in Progress	12,326,502	12,326,502	1,232,650	8,792,844	3,533,658
A. Total	-	180,902,592	-	-	180,902,592
	1,681,415,522	307,650,452	79,823,510	1,018,431,391	970,634,583
Revaluation					
Factory Land and Development					
Factory Building	644,020,625	644,020,625	-	-	644,020,625
B. Total	42,174,735	42,174,735	527,184	527,184	41,647,551
Total (A+B) as on June 30, 2019	686,195,360	686,195,360	527,184	527,184	685,668,176
Total Taka as on June 30, 2018	2,367,610,882	307,650,452	80,350,694	1,018,958,575	1,656,302,759
	1,522,293,860	159,121,662	71,269,537	938,607,881	742,807,641

2.2. Depreciation for the year is charged as below:

Particulars	2019 Taka	2018 Taka
Cost of Goods Sold - Note 28.1	64,280,555	57,015,630
Administrative, Selling and General Expenses - Note 29.1	16,070,139	14,253,907
	<u>80,350,694</u>	<u>71,269,537</u>

3. Stocks and Stores

3.1 The make-up is as below:

Item	2019		2018	
	Quantity (In Kg.)	Amount Taka	Quantity (In Kg.)	Amount Taka
Stock of Yarn - Note 3.2	823,473	211,701,754	603,895	170,810,558
Stock of Dyes and Chemicals - Note 3.3	375,288	65,547,814	281,124	52,941,206
Stock of Work-in-Process - Note 3.4		44,367,516		43,464,295
Stock of Finished Goods - Note 3.5		41,029,893		48,948,923
Stock of Accessories		9,456,443		5,683,320
Goods in Transit		12,062,410		5,699,504
		384,165,830		327,547,806
Stock of Spares		9,111,420		5,708,615
		<u>393,277,250</u>		<u>333,256,421</u>

3.2 Stock of Yarn

Stock of Yarn	823,473	211,701,754	603,895	170,810,558
	<u>823,473</u>	<u>211,701,754</u>	<u>603,895</u>	<u>170,810,558</u>

3.3 Stock of Dyes and Chemicals

Dyes	36,488	29,750,874	38,550	27,458,636
Chemicals	338,800	35,796,940	242,574	25,482,570
	<u>375,288</u>	<u>65,547,814</u>	<u>281,124</u>	<u>52,941,206</u>

3.4 Stock in Work in Process

Cost of Materials		23,556,383		18,502,289
Cost of Conversion		20,811,133		24,962,006
		<u>44,367,516</u>		<u>43,464,295</u>

3.5 Stock of Finished Products

Finished Garments	-	22,073,256	-	26,728,412
Knitted Fabrics	125,487	18,956,637	110,348	22,220,511
	<u>125,487</u>	<u>41,029,893</u>	<u>110,348</u>	<u>48,948,923</u>

4. Trade and Others Debtors

	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 days)	6,234,634	519,033,283	3,941,468	325,722,914
Others Debtors	-	55,500,000	-	45,500,000
	<u>6,234,634</u>	<u>574,533,283</u>	<u>3,941,468</u>	<u>371,222,914</u>

These include a sum of Tk. 55,500,000 (2018: Tk. 45,500,000) due from Associates Companies, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered good.

5. Export Incentives Receivable

	2019 Taka	2018 Taka
Opening Balance	75,406,776	95,177,576
Received during the year	(49,832,562)	(41,859,700)
	<u>25,574,214</u>	<u>53,317,876</u>
For the year	29,884,578	22,088,900
Closing Balance	<u>55,458,792</u>	<u>75,406,776</u>

The receivables are unsecured but considered good.

6. Advances, Deposits and Prepayments

	2019 Taka	2018 Taka
Advances:		
Salary Advance	1,131,166	1,324,504
Advance Tax	210,000	210,000
Factory Insurance Advance	1,039,705	905,912
Operational Advance	7,185,690	5,933,929
Eltech Engineering Co. Ltd	3,600,000	-
Tax deducted at source	26,786,476	30,144,945
	<u>39,953,037</u>	<u>38,519,290</u>
Deposits :		
Security deposits	17,381,571	10,151,571
Bank Guarantee Margin	9,984,020	4,558,670
	<u>27,365,591</u>	<u>14,710,241</u>
	<u>67,318,628</u>	<u>53,229,531</u>

The advances are unsecured but considered good.

7. Cash and Bank Balances

Cash at Banks with Banks on Current Account:		
BRAC Bank Ltd, Dhanmondi Branch, CD A/c	211,760	16,506
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	118,752	2,122
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	807,270	31,357,734
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	337,615	401,854
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	569,135	389,238
HSBC, Anchor Tower Branch, MDA Margin A/c	259,082	5,797,972
HSBC, Anchor Tower Branch, FCY A/c	192,318	795,271
Trust Bank Ltd, SKB Branch, Dollar A/c	10,117,969	1,127,877
Trust Bank Ltd, SKB Branch, FCAD A/c	672,191	850,588
Trust Bank Ltd, SKB Branch, CD A/c	114,169	6,267
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	3,737	1,103,754
AB Bank Ltd, Motijheel Branch, CD A/c	7,301,646	25,039
AB Bank Ltd, Motijheel Branch, Notice A/c	918,064	3,814,731
	<u>21,623,708</u>	<u>45,688,953</u>
With Bank on Short Term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	21,401	23,030
Southeast Bank Ltd, Principal Branch, STD A/c	1,020,619	1,002,585
	<u>1,042,020</u>	<u>1,025,615</u>
Cash at Banks	<u>22,665,728</u>	<u>46,714,568</u>
Cash in Hand	<u>2,104,584</u>	<u>1,567,423</u>
	<u>24,770,312</u>	<u>48,281,991</u>

8. Share Capital

	2019 Taka	2018 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>
14,000,000 Ordinary Shares of Tk. 10 each fully paid-up in cash	140,000,000	140,000,000
11,300,000 Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	113,000,000	113,000,000
<u>25,300,000</u>	<u>253,000,000</u>	<u>253,000,000</u>

8.3 Composition of shareholdings:

Classes of Holdings	2019		2018	
	No. of Shares	%	No. of Shares	%
Sponsor/Directors	12,808,619	50.63	12,808,619	50.63
Financials Institutions	3,277,612	12.96	2,955,545	11.68
ICB Capital Management Ltd	-	-	170,977	0.68
ICB Securities Trading Co.	38,400	0.15	12,253	0.05
ICB Investors A/c	28,190	0.11	-	-
ICB Mutual Fund	3,000	0.01	-	-
ICB Unit Fund	3,500	0.01	-	-
General Public	9,140,679	36.13	9,352,606	36.96
Total	<u>25,300,000</u>	<u>100.00</u>	<u>25,300,000</u>	<u>100.00</u>

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 Stock Exchanges (Listing) Regulations, 2015.

Shareholdings range in number of shares	2019			2018		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
0000000001 - 00000000499	7,203	1,986,649	7.85	7,211	1,990,236	7.87
00000000500 - 00000000500	3,704	1,852,000	7.32	3,729	1,864,500	7.37
00000000501 - 00000002000	1,063	2,351,143	9.29	1,068	2,362,143	9.34
00000002001 - 00000005000	527	1,686,400	6.67	530	1,696,000	6.70
00000005001 - 00000010000	124	874,448	3.45	125	881,500	3.48
00000010001 - 00000050000	41	1,353,000	5.35	57	1,881,000	7.43
00000050001 - 00000100000	6	528,000	2.09	11	968,000	3.83
00000100001 - 00000250000	4	848,000	3.35	4	848,000	3.35
00000250001 - 00000500000	1	1,011,741	4.00	-	-	-
00000500001 and above	6	12,808,619	50.63	6	12,808,621	50.63
Total	<u>12,679</u>	<u>25,300,000</u>	<u>100.00</u>	<u>12,741</u>	<u>25,300,000</u>	<u>100.00</u>

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

Opening & Closing Balance

2019 Taka	2018 Taka
<u>6,956,752</u>	<u>6,956,752</u>
<u>22,378,988</u>	<u>22,378,988</u>
<u>10,000,000</u>	<u>10,000,000</u>
686,195,360	-
(527,184)	-
<u>685,668,176</u>	<u>-</u>

10. Tax Holiday Reserve

Opening & Closing balance

11. Dividend Equalisation Reserve

Opening & Closing balance

12. Revaluation Surplus

Revaluation Surplus

Transferred to retained earnings

Closing Balance

M/S. Ahmad and Akhtar & Co. Chartered Accountants, Dhaka, Bangladesh (the velour) revalued the Factory Lands & Building as of December 31, 2018 at "Current Cost Accounting Method (CCA)". Due to the revaluation, a net revaluation surplus amounting to Tk.686,195,360.00 arose and accounted for

13. Retained earnings

	2019 Taka	2018 Taka
Balance as on June 30, 2018	96,374,242	78,579,347
Total Comprehensive income for the year.		
Profit for the year	48,341,049	43,094,895
Revaluation reserve realized	527,184	-
	<u>145,242,475</u>	<u>121,674,242</u>
Dividend during the year		
Final dividend for previous year	(25,300,000)	(25,300,000)
Balance as on June 30, 2019	<u>119,942,475</u>	<u>96,374,242</u>

14. Long Term Loan - Secured Future Maturity

12% Loan - Note 14.1	530,485,517	2,516,705
5% Loan - Note 14.2	39,178,786	102,892,400
Deferred L/C Liabilities - Note 14.3	136,166,165	22,632,920
	<u>705,830,468</u>	<u>128,042,025</u>

14.1 The movement of loans is as follows:

Opening Balance	2,516,705	-
Loan received this year	527,968,812	2,516,705
Closing Balance	<u>530,485,517</u>	<u>2,516,705</u>

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for import of Plant and machinery. The loan carries interest at 12% and is repayable in 16 quarterly installments, starting from 11 June 2018. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

14.2 The movement of loans is as follows:

	2019 Taka	2018 Taka
Opening balance	102,892,400	168,657,945
Loan received this year	-	13,382,140
	<u>102,892,400</u>	<u>182,040,085</u>
Current Maturity	(63,713,614)	(79,147,685)
Closing balance	<u>39,178,786</u>	<u>102,892,400</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 quarterly installments, starting from 1 January 2014.

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

	2019 Taka	2018 Taka
Opening Balance	22,632,920	-
Addition this year	136,166,165	22,632,920
Paid this year	(22,632,920)	-
Closing Balance	<u>136,166,165</u>	<u>22,632,920</u>

The offshore facility has been taken from Mutual Trust Bank Ltd., Gulshan Branch, 120 Gulshan Avenue, Gulshan, Dhaka-1212, Bangladesh for import of Plant and machinery at 360 days deferred L/C payment.

15. Provision for Gratuity

	2019 Taka	2018 Taka
Opening balance	27,852,964	29,166,174
Contribution during this year	4,797,845	3,470,387
	<u>32,650,809</u>	<u>32,636,561</u>
Paid during this year	(4,258,745)	(4,783,597)
Closing balance	<u>28,392,064</u>	<u>27,852,964</u>

16. Provision for Deferred Taxation

	2019 Taka	2018 Taka
Opening Balance	39,128,378	35,773,545
Provision during the year	5,231,451	3,354,833
Closing balance	<u>44,359,829</u>	<u>39,128,378</u>

16.1 Details of deferred tax calculation

The tax effects of temporary difference arise from tax base and accounting base of revelent assets and liabilities	As per Accounting base W.D.V	As per Tax base W.D.V	Temporary Difference	Tax @ 15%	Tax @ 15%
Deferred tax liabilities					
Property, Plant and Equipment's	<u>1,656,302,759</u>	<u>1,332,178,496</u>	<u>324,124,263</u>	48,618,639	43,306,323
Deferred tax assets					
Gratuity provision		<u>28,392,064</u>	<u>28,392,064</u>	4,258,810	4,177,945
Net deferred tax liabilities				<u>44,359,829</u>	<u>39,128,378</u>

17. Bank Overdraft

	2019 Taka	2018 Taka
Trust Bank Ltd, SKB Branch	51,519,908	51,350,460
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	18,201,386	19,188,123
Mutual Trust Bank Ltd., Gulshan Branch	9,529,814	10,039,939
	<u>79,251,108</u>	<u>80,578,522</u>

These are secured

18. Time Loan Bank

12.00% Loan - Note 18.1	-	7,437,916
12.00% Loan - Note 18.2	-	116,296,071
	-	<u>123,733,987</u>

These are secured

18.1 The movement of loan is as follows:

	2019 Taka	2018 Taka
Opening Balance	7,437,916	14,483,306
Loan received this year	14,500,000	7,437,916
Loan re-paid this year	(21,937,916)	(14,483,306)
Closing Balance	<u>-</u>	<u>7,437,916</u>

The loan has been taken from Trust Bank Ltd., Motijheel Branch for Working Capital requirement. The loan carries interest at 12.00% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

18.2 The movement of loan is as follows:

	2019 Taka	2018 Taka
Opening Balance	116,296,071	-
Loan received this year	-	116,296,071
Loan re-paid this year	(116,296,071)	-
Closing Balance	<u>-</u>	<u>116,296,071</u>

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for retrofitting, factory building expansion & Construction purpose. The loan carries interest at 12.00% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

19. Creditors	2019		2018	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>6,678,196</u>	558,096,871	<u>7,054,770</u>	584,981,488
For Local Purchases		11,187,416		10,242,705
For Dividend Payable		60,955,973		47,552,099
For Staff Income Tax		329,704		233,149
For Refund Warrant		<u>371,469</u>		<u>371,469</u>
		<u>630,941,433</u>		<u>643,380,910</u>

These are unsecured but creditors for import purchases are against back to back L/Cs.

20. Accrued Expenses	2019	2018
	Taka	Taka
Gas Expenses (Factory)	12,494,102	12,197,954
Electricity bill	290,262	364,049
Telephone	75,629	81,459
Salaries, Wages and Allowances	13,548,450	9,065,845
Security bill	96,000	192,000
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	400,000	400,000
	<u>27,136,943</u>	<u>22,533,807</u>
21. Provision for Current Taxation		
Opening balance	32,518,992	27,755,655
Addition during the year	11,978,390	18,436,758
	44,497,382	46,192,413
Paid during the year	(14,082,234)	(13,673,421)
Closing Balance	<u>30,415,148</u>	<u>32,518,992</u>
22 Bills Receivable Discounted		
Opening balance	37,667,941	33,424,991
Discounted during the year	245,845,640	222,798,531
	283,513,581	256,223,522
Collected during the year	(244,854,874)	(218,555,581)
Closing balance	<u>38,658,707</u>	<u>37,667,941</u>
23. Workers' Participation/Welfare Funds		
Opening balance	20,910,081	27,678,894
Payment during this year	(6,854,844)	(11,245,632)
	14,055,237	16,433,262
Contributions for the year	3,277,545	3,244,324
Interest during the year	1,054,143	1,232,495
Closing balance	<u>18,386,925</u>	<u>20,910,081</u>
Interest has been provided on the funds balance in terms of the Bangladesh Labour Law.		
24. Current Maturity of Long-term Loans		
Opening balance	79,147,685	81,506,992
Current Maturity this year	63,713,614	79,147,685
	142,861,299	160,654,677
Paid during this year	(72,519,291)	(81,506,992)
Closing Balance	<u>70,342,008</u>	<u>79,147,685</u>

The offshore facilities has been taken from The Honkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery.

25. Net Assets Value (NAV) per Share

	2019 Taka	2018 Taka
Total Assets	2,771,661,024	1,624,205,274
Total Liabilities	(1,673,714,634)	(1,235,495,292)
A. Net Assets	<u>1,097,946,390</u>	<u>388,709,982</u>
B. Number of ordinary of shares	<u>25,300,000</u>	<u>25,300,000</u>
Net Assets Value (NAV) per Share (A/B)	<u>43.40</u>	<u>15.36</u>

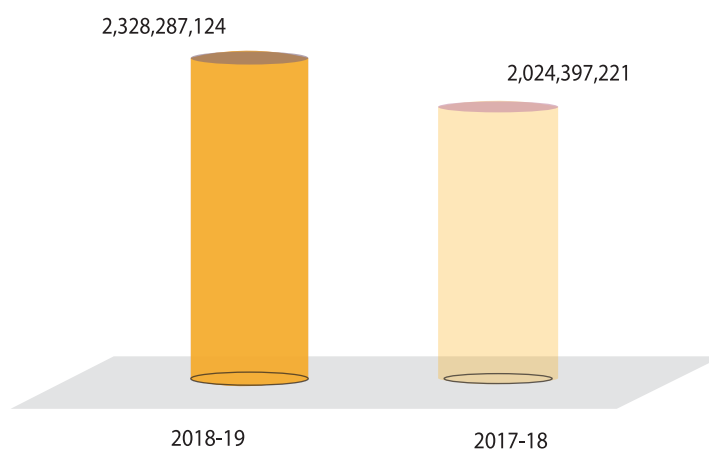
The NAV per share increased mainly due to revaluation surplus detailed in note 12

26. Sales

Item	2019			2018		
	Quantity	Amount (in US\$)	Amount Taka	Quantity	Amount (In US\$)	Amount Taka
Export sales:						
Knit Fabrics (Kgs)	<u>3,098,578</u>	15,928,598	1,328,928,729	<u>1,875,970</u>	11,535,384	951,290,987
Garments (Pcs)	<u>5,613,538</u>	12,017,881	999,358,395	<u>6,579,896</u>	13,020,091	1,073,106,234
Total		<u>27,946,479</u>	<u>2,328,287,124</u>		<u>24,555,475</u>	<u>2,024,397,221</u>

27. Export Incentives

	2019 Taka	2018 Taka
Cash Incentive	<u>29,884,578</u>	<u>22,088,900</u>
	<u>29,884,578</u>	<u>22,088,900</u>

Export Sales in Taka

28. Cost of Goods Sold

28.1 The break-up is as follows:

	2019 Taka	2018 Taka
Materials Consumed - Note-28.2	1,611,592,058	1,384,950,594
Salary, Wages and Allowances - Note 28.3	209,446,229	175,263,039
Tiffin & Entertainment expenses	964,251	658,456
Depreciation - Note 2.2	64,280,555	57,015,630
Stores and Spares Consumed	1,445,845	1,554,236
Factory Conveyance	974,587	712,564
Power and Gas	104,050,211	105,650,647
Gratuity	3,648,643	2,533,247
Vehicle expenses	1,857,985	1,344,856
Repairs and Maintenance	1,497,148	1,285,452
Packing & Loading expenses	1,154,871	986,694
Import Landing, Clearing and Insurance	1,547,895	1,045,842
Factory Stationery expenses	1,179,875	758,423
Carriage Inward & Outward	2,497,458	1,254,231
Knitting, Sewing & Processing charge	9,258,565	1,542,364
Factory Insurance	3,465,176	4,898,389
Sewing Machine Rental	758,942	581,563
Miscellaneous	358,745	228,681
Total Manufacturing Costs for the year	2,019,979,039	1,742,264,908
Add: Opening Work in Process	43,464,295	57,568,320
Total Manufacturing Costs	2,063,443,334	1,799,833,228
Less: Closing Work in Process	44,367,516	43,464,295
Cost of Goods Manufactured	2,019,075,818	1,756,368,933
Add: Opening Finished Goods	48,948,923	52,089,632
Cost of Goods available for use	2,068,024,741	1,808,458,565
Less: Closing Finished Goods	41,029,893	48,948,923
Cost of Goods Sold	2,026,994,848	1,759,509,642

28.2 Materials Consumed

	2019		2018	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	4,074,551	1,134,232,814	3,462,055	979,242,364
Dyes	279,090	180,844,651	237,214	154,663,245
Chemicals	1,517,251	178,959,748	1,278,121	152,096,453
Accessories		117,554,845		98,948,532
Total Materials Consumption		<u>1,611,592,058</u>		<u>1,384,950,594</u>

28.3 Salaries, Wages and Allowances

	2019		2018	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk.8,000 or more per month	1,879	209,446,229	1,878	175,263,039
Employees drawing less than Tk.8,000 per month	-	-	-	-
Total	<u>1,879</u>	<u>209,446,229</u>	<u>1,878</u>	<u>175,263,039</u>

Employees drawing Tk. 8,000 or more per month

29. Administrative, Selling and General Expenses

29.1 The break-up is as below:

	2019 Taka	2018 Taka
Directors' Remuneration - Note 29.2	2,600,000	2,600,000
Salaries and Allowances - Note 29.3	58,345,145	55,325,412
Security Service charge	1,152,000	1,152,000
Depreciation - Note 2.2	16,070,139	14,253,907
Electricity expenses	3,613,759	3,574,572
Postage, Courier, Telephone and Fax	1,524,524	1,556,942
Form & Stamp	1,025,412	1,010,278
Gratuity	1,149,202	937,140
Traveling and Conveyance	912,542	845,634
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 29.2	172,500	172,500
A.G.M expenses	414,845	387,561
Registration and Fees	874,584	825,464
Staff welfare	1,105,875	1,225,423
Stationery expenses	985,484	1,054,120
Office Repairs and Maintenance	845,874	1,050,213
Vehicle expenses	2,487,652	2,756,321
Entertainment expenses	1,245,847	954,633
Central fund for RMG	353,030	503,956
Buying House Commission	3,450,000	4,025,611
Freight Charges & Freight out	6,754,580	14,297,509
Garments Testing & Inspection Charges	5,371,635	10,392,143
Interest expense - Note 29.4	127,600,192	75,250,179
Bank Charges	24,755,188	25,557,290
Miscellaneous	440,250	658,740
Total	263,310,259	220,427,548

29.2 No remuneration or fee, other than that specified in note 29.1, was paid to directors and auditors.

29.3 Salaries and Allowances:

	2019		2018	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 8,000 or more p/m	147	58,345,145	146	55,325,412
Employees drawing less than Tk. 8,000 p/m	-	-	-	-
	<u>147</u>	<u>58,345,145</u>	<u>146</u>	<u>55,325,412</u>

29.4 Interest expense is as follows:

	2019 Taka	2018 Taka
Interest on Workers' Participation/Welfare Funds	1,054,143	1,232,495
Interest on Long Term Loans	19,328,602	11,657,041
Interest on Bills Discounted	68,005,735	50,869,270
Interest on Bank Overdraft	11,049,016	7,877,478
Interest on Time Loan	28,162,696	3,613,895
	<u>127,600,192</u>	<u>75,250,179</u>

30. Others Income

Rental income	365,400	365,400
Exchange Fluctuation Gain/(Loss) (see below)	596,440	1,216,479
	<u>961,840</u>	<u>1,581,879</u>
A. A/R based on closing rate	519,033,283	325,722,915
B. Sales based on respective date in increased A/R	(520,127,310)	(326,090,423)
C. Difference	(1,094,027)	(367,508)
	<u>327,413,381</u>	<u>310,330,143</u>
A. Last years' A/R collection based on respective date	(325,722,914)	(308,746,156)
B. Last years' A/R based on closing rate	1,690,467	1,583,987
D. Difference	596,440	1,216,479
Total Exchange Fluctuation Gain/(Loss) (C+D)	596,440	1,216,479

31. Event after Balance Sheet Data:

The Board of Directors of the Company in its meeting held on October 23, 2019 (2018: October 24, 2018) recommended 10% cash dividend i.e. Tk. 1.00 per share of Tk. 10.00 each (2018: 10% cash dividend) other than sponsors/director shareholders of the company subject to their approval in the AGM.

32. Current Tax	2019 Taka	2018 Taka
Profit before tax	65,550,890	64,886,486
Depreciation as per accounting base	80,350,694	71,269,537
	<u>145,901,584</u>	<u>136,156,023</u>
Depreciation as per Tax base	(115,766,134)	(92,321,966)
	<u>30,135,450</u>	<u>43,834,057</u>
Provision for Gratuity for the year	4,797,845	3,470,387
	<u>34,933,295</u>	<u>47,304,444</u>
Other income (Separate calculation)	(365,400)	(365,400)
	<u>34,567,895</u>	<u>46,939,044</u>
Payment for Gratuity	(4,258,745)	(4,783,597)
	<u>30,309,150</u>	<u>42,155,447</u>
Tax Rate @ 15%	4,546,372	6,323,317
Minimum Tax	10,659,821	16,126,655
Add: Other income tax		
Rental income	365,400	365,400
Maintains @ 30%	(109,620)	(109,620)
	<u>255,780</u>	<u>255,780</u>
Tax Rate @ 25%	63,945	63,945
Current Tax	10,723,766	16,190,600
Additional Tax for the prior years finally determined	1,254,624	2,246,158
	<u>11,978,390</u>	<u>18,436,758</u>

33. Remuneration/Payments to Directors/Officers:

33.1 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	2019		2018	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary	-	35,024,587	-	33,095,240
House rent allowance	-	17,485,487	-	15,894,452
Other benefits and perquisites	-	5,835,071	-	6,335,720
	<u>2,600,000</u>	<u>58,345,145</u>	<u>2,600,000</u>	<u>55,325,412</u>

33.2 No compensation was allowed by the Company to its Managing Director.

33.3 No amount of money was spent by the Company for compensating any member of the Board for services rendered except as stated above.

34. Earnings per share**34.1 Basic earnings per share**

Earnings Per Share (EPS) is calculated in accordance with Bangladesh Accounting Standard (BAS) 33 Earnings Per Share. The composition of EPS is given below:

	2019 Taka	2018 Taka
A. Earnings attributable to the Ordinary Shareholders (Net Profit after tax)	<u>48,341,049</u>	<u>43,094,895</u>
B. Number of ordinary of shares outstanding during the year	<u>25,300,000</u>	<u>25,300,000</u>
Earnings Per Share (A/B)	<u>1.91</u>	<u>1.70</u>

34.2 Diluted earnings per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during the year.

35. Net Operating Cash Flows Per Share (NOCFPS)

	2019	2018
	Taka	Taka
Cash flows from Operating Activities:		
Cash received from Sales, Export incentive and Others	2,174,809,317	2,003,780,163
Exchange Fluctuation Gain/(Loss)	596,440	1,216,479
Receipts from Other Income	365,400	365,400
Cash paid for goods and services	(2,187,442,519)	(1,762,399,463)
Cash from operation	(11,671,362)	242,962,579
Interest paid	(126,546,049)	(74,017,684)
Income tax paid/deducted at sources	(10,659,821)	(16,126,655)
Net Cash inflows from operating activities	(148,877,232)	152,818,240
Divided by number of ordinary of shares	25,300,000	25,300,000
Net operating cash flows per share (NOCFPS)	(5.88)	6.04

NOCFPS became negative mainly due to adverse credit terms.

36. The capacity and actual production of the Company are as below:

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	56.13 (2018: 65.80)	66.82% (2018: 78.33%)
Knit Fabrics (MTs.)	4,500	3,099 (2018: 1,876)	68.87% (2018: 41.68%)

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

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
				2019 Taka	2018 Taka
Trust Bank Ltd.	Back to Back L/C, EDF & Sight	650,000,000	358,452,450	291,547,550	368,342,820
SKB Branch, Dhaka	IBP	70,000,000	-	70,000,000	57,435,770
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	51,519,908	(1,519,908)	(1,350,460)
	Bank Guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	25,000,000	-	25,000,000	17,562,084
		<u>836,500,000</u>	<u>409,972,358</u>	<u>426,527,642</u>	<u>483,490,214</u>
Mutual Trust Bank Ltd.	Back to Back L/C, EDF & Sight	1,000,000,000	225,485,460	774,514,540	350,484,470
Gulshan Branch, Dhaka	Secured Overdraft	150,000,000	9,529,814	140,470,186	(39,939)
	Term Loan	1,060,000,000	530,485,517	529,514,483	863,703,929
	IDBP/FDBP	100,000,000	-	100,000,000	84,105,537
		<u>2,310,000,000</u>	<u>765,500,791</u>	<u>1,544,499,209</u>	<u>1,298,253,997</u>
HSBC	Export Cash Limit	252,000,000	42,584,520	209,415,480	160,354,368
Anchor Tower, 108 Bir Uttam C.R. Datta Road, Dhaka-1205	Import Line (PRM)	155,000,000	74,843,024	80,156,976	247,010,187
	Import Line	1,071,322,230	458,452,140	612,870,090	198,066,381
	Overdraft	50,000,000	18,201,386	31,798,614	30,811,877
	Bank Guarantee	30,000,000	17,797,900	12,202,100	25,441,330
	Term Loan	184,677,770	34,677,770	150,000,000	150,627,498
		<u>1,743,000,000</u>	<u>646,556,740</u>	<u>1,096,443,260</u>	<u>812,311,641</u>

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

	2019		2018	
	Taka	%	Taka	%
Imported	585,787,450	36.32	466,748,532	33.66
Local	1,027,250,453	63.68	919,756,298	66.34
	<u>1,613,037,903</u>	<u>100.00</u>	<u>1,386,504,830</u>	<u>100.00</u>

39. Reconciliation of net operating cash flow

	2019	2018
	Taka	Taka
Profit after tax	48,341,049	43,094,895
Depreciation	80,350,694	71,269,537
Changes in:		
Stock and Stores	(60,020,829)	(15,245,057)
Trade and other Debtors	(183,362,385)	(42,705,958)
Advance Deposit and Prepayments	(14,089,097)	(3,941,256)
Trade Creditors	(25,843,351)	105,100,874
Accrued Expenses	4,603,136	(4,790,942)
Provision for Current Taxation	(2,103,844)	4,763,337
Provision for Gratuity	539,100	(1,313,210)
Workers' Participation/Welfare Funds	(2,523,156)	(6,768,813)
Provision for Deferred Taxation	5,231,451	3,354,833
Net cash provided (used) by operating activities	(148,877,232)	152,818,240

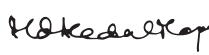
40. Related Parties Disclosures


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 exposure with the related parties during the year ended as at June 30, 2019 is as under:

Name of the related party	Relationship	Nature of Transaction	2019	2018
			Taka	Taka
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics Receivable	1,328,928,729	951,290,987
			<u>55,500,000</u>	<u>45,500,000</u>

41. General


- 41.1 There was no sum for which the Company was contingently liable as at 30 June 2019 and 30 June 2018.
- 41.2 There was no claim, except an aggregate amount of Tk. 27,549,576 (2018: 23,042,449) claimed by the Tax Authority but appealed against by the Company, not acknowledged as debt as at 30 June 2019 and 30 June 2018. Such claim, being contingent liability, needs not be provided for.
- 41.3 There was no credit facilities available to the Company, except trade credits and back to back L/C facilities, during the years ended as on 30 June 2019 and 30 June 2018.
- 41.4 There was no foreign shareholder of the Company as on 30 June 2019 and 30 June 2018 and no dividend was remitted to any foreign shareholders during the years ended 30 June 2019 and 30 June 2018.
- 41.5 There was no capital expenditure contracted but not incurred or provided for the year ended 30 June 2019 and 30 June 2018.
- 41.6 There was no capital expenditure authorised by the Board but not contracted for the year ended 30 June 2019 and 30 June 2018.


Dr. M.A. Moyeen
Chairman


Mr. M. A. Moyeed
Managing Director


Mr. M. A. Monem
Director


Mr. M.A.A. Naheel
CFO


Mr. Md. Wali Ullah
Company Secretary

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

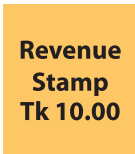
as my proxy to attend and vote for me on my behalf at the 35th Annual General Meeting of the company to be held on Wednesday, 22 January 2020 at 11:00 a.m. at the Spectra Convention Centre Limited, King’s Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212 and at any adjournment thereof.

As witness my hands this day of January 2020

Signature of Proxy

Signature of Shareholder.....

Registered Folio / BO No.



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 35th Annual General Meeting of H.R. Textile Mills Limited to be held on Wednesday, 22 January 2020 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

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