

Annual Report 2015-16



H.R.TEXTILE MILLS LIMITED

An enterprise of PRIDE GROUP with public Participation



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Board of Directors

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

Corporate Information

Company Secretary	:	Mr. Md. Wali Ullah
Auditors	:	M/s. Rahman Mostafa Alam & Co. Chartered Accountants Paramount Heights (7th Floor-D2) 65/2/1 Box Culvert Road Purana Paltan, Dhaka-1000
Bankers	:	Trust Bank Limited Mutual Trust Bank Limited The Honkong and Shanghai Banking Corporation Ltd.
Share & Corporate Office	:	Mirandel (2nd Floor), House # 3, Road # 5 Block # J, Baridhara, Dhaka-1212 Tel : 9899147, PABX: 9899149, 9899159 (Ext. 101 Share Dept.) Fax : (8802) 9899147 www.pride-grp.com/hrt E-mail : hrtex_cs@pride-grp.com
Operational Office & Factory	:	4, Karnapara (Near Bank Town) Savar, Dhaka Tel : (8802) 7747952 - 5 Fax : (8802) 7745819

MISSION

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

VISION

Be an industry thought leader.

Photo Gallery of 31st AGM



Letter of Transmittal

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

Subject: **Annual Report for the 9 (nine) months period 1st October 2015 to 30th June 2016**

Dear Sir/Madam(s),

In terms of the requirement of the Articles of Association of the company, I have the pleasure to forward herewith a copy of the Annual Report of H.R. Textile Mills Limited which interalia covers the Directors Report, Audit Committee Report, Corporate Governance Report, Audited Financial Statements of the company covering Statement of Financial Position as on 30th June 2016, Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flow, Statement of Changes in Shareholder's Equity, together with the Report of the Auditors for your information and necessary action.

Thank you.

Yours sincerely,



Md. Wali Ullah
Company Secretary

Notice of the 32nd Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of the Shareholders of H.R. Textile Mills Limited will be held on Monday, 23rd January 2017, at Spectra Convention Centre Limited, King's Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212 at 11:00 a.m., to transact the following business:

Agenda

1. Confirmation of the minutes of the 31st Annual General Meeting of the Shareholders held on 28th March 2016;
2. To receive, consider and adopt the Directors Report and the Audited Financial Statements for the 9 (nine) months period from 1st October 2015 to 30th June 2016 together with the Auditors report thereon;
3. To approve cash dividend @ Tk. 1.00 per share (i.e. 10%) for the 9 (nine) months period from 1st October 2015 to 30th June 2016 as recommended by the Board of Directors;
4. To elect Directors in place of retiring Directors;
5. To appoint auditors for the year 2016-2017 and to fix their remuneration;
6. To transact any other business on the company with the permission of the Chair.

By Order of the Board



Md. Wali Ullah
Company Secretary

Date: 26/10/2016

Notes

- a. Shareholders whose names appeared in CDS/Company's Register on the Record date of 27th November 2016 will be eligible to attend the meeting and will be entitled for dividend for the 9 (nine) months period from 1st October 2015 to 30th June 2016.
- b. Member entitled to attend and vote at the annual general meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Corporate Office of the company not less than 48 hours before the time fixed for the annual general meeting.
- c. For smooth conduct of the meeting, members having queries on the audited accounts or on the Directors Report are requested to submit the same to the office of the company at least 3 days ahead of the meeting.

N.B.: The shareholders will not be provided with any gift and or entertainment in the 32nd AGM as instructed by the BSEC Directive No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.

H.R. Textile Mills Limited

OPERATIONAL HIGHLIGHTS

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

Five Years Statistics

Particulars	For the year (Tk. in '000)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Operations Results					
Turnover	1,136,209	941,147	1,550,954	1,780,820	1,618,091
Gross Profit	165,233	129,108	232,020	263,536	240,413
Operating Profit	36,661	20,075	60,875	70,013	64,689
Net Profit before tax	35,176	19,119	58,793	68,600	61,957
Net Profit after tax	31,632	16,251	49,974	58,309	52,663
Basic Earning per share of (Tk. 10)	1.25	0.64	1.98	2.30	2.08
Cash Dividend per share of (Tk. 10)	1.00	1.00	1.25	1.50	1.50
Cash Inflows from Operating Activities	(34,215)	(41,206)	205,624	179,578	75,837
Financial Details					
	2015-16	2014-15	2013-14	2012-13	2011-12
Total Assets	1,541,977	1,350,984	1,273,244	1,233,793	1,203,178
Fixed Assets	622,435	528,012	506,239	489,057	392,857
Reserve and Surplus	106,928	100,597	156,786	144,762	124,403
Working Capital	(180)	30,919	(7,824)	14,862	35,300
Authorised Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Shareholders' Equity	359,929	353,597	409,787	397,762	377,403
Paid up Capital	253,000	253,000	253,000	253,000	253,000
Long Term Loan	199,048	140,763	79,512	97,041	44,727
Key Financial Ratios, Figures and Market Data					
Current Ratio	1.00	1.04	0.99	1.02	1.05
Return on Investment (%)	1.46	1.20	3.92	4.73	4.38
Net Assets Value per share (Tk. 10)	14.23	13.98	16.20	15.72	14.92
Market value of share (at DSE) Tk.	23.10	Closing value per share of Tk. 10			
Market value of share (at CSE) Tk.	23.10	Closing value per share of Tk. 10			
Price Earning Ratio (Based on DSE price) (Times)	6.49	The Financial Express on 27th Nobrmbrt 2016			
Price Earning Ratio (Based on CSE price) (Times)	6.49	The Financial Express on 27th November 2016			
Other					
Number of shares - Paid-up (Figures in thousand)	25,300	25,300	25,300	25,300	25,300
Number of shareholders	12,736	13,396	13,421	13,549	13,837

Message from the Chairman

For the period from 1st October 2015 to 30th June 2016

“Bismillah Hir Rahmanir Rahim”

Distinguished Shareholders

Assalamu Alaikum

Alhamdu Lillah. My heartfelt gratitude to Allah Almighty, who allowed us to meet again in this Annual General Meeting. We lost some of our shareholders last year. Hence, let us pray to Almighty Allah for the salvation of their departed souls.

I would like to apprise you that the garment industry in Bangladesh has been passing through a challenging situation for the last few years. Although the political unrest has been arrested to a great extent, the compliance requirements are becoming more stringent day by day. The compliance requirements imposed by the buyers

through ACCORD and ALLIANCE have been playing a vital role in getting orders, as well as its execution. Stringent compliance requirements, declining selling price, euro devaluation against dollar, are making the desired revenue very difficult to achieve. We also could not arrest the declining trend in the revenue. The ACCORD and ALLIANCE required several rectifications on Fire & Electrical Safety and Building Integrity issues. We are working towards making our factory totally compliant, which may require some more time to complete. Among the recent events, Brexit and its impact on Euro, along with the recent US Election's impact on the US Dollar, may also play an important role in the coming years.

The positive sign is that Bangladesh Garments has a long future to graduate itself and enter into a new horizon of products that carry higher prices with innovative and fashion products by exploring the existing advantages. We are constantly monitoring various exhibitions organized in Europe and other parts of the world in order to upgrade our products, with the support and technical assistance of foreign consultants.

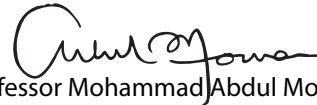
As per the Provision of the Articles of the company, I have the pleasure to present before you the Directors Report, the Audited Accounts of the company for the year ended 30th June 2016, along with the report of the auditors for your consideration.

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, Insurance company, Contractors, Suppliers and Auditors for their cooperation and support. We offer our heartfelt thanks to our valued international buyers and local buying houses who have contributed significantly as our strategic partners.

In conclusion, 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 Mohammad Abdul Momen
Chairman

Dated: October 26, 2016

Report of the Board of Directors

For the 9 (nine) months period 1st October 2015 to 30th June 2016

“Bismillah Hir Rahmanir Rahim”

Distinguished Shareholders

Assalamu Alaikum,
Alhamdu Lillahe Rabbil Aalamin

I have the pleasure to welcome you to the 32nd Annual General Meeting of your company and place before you the Directors Report for the 9 (nine) months period 1st October 2015 to 30th June 2016 for your consideration.

Business Operations

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

Particulars	Taka in million		
	2015-16	2014-15	Increase (decrease) %
Fabrics Sale	540.05	555.78	(2.83)
Garments sale	580.36	370.98	56.44
Cash incentive	15.80	14.38	9.87
Total Revenue	1,136.21	941.15	20.73
Cost of goods sold	970.98	812.04	19.57
Gross Profit	165.23	129.11	27.98
Administrative, Selling and General Expenses	128.57	109.03	17.92
Net profit before tax	35.17	19.12	84.00
Net profit after tax	31.63	16.25	94.65
Earnings per share	1.25	0.64	95.31

Compliance Issues

As stated in the report of the Chairman, the compliance issues in all aspects of production, human resource management, eco-friendly environment, are getting more and more priority from buyers as well as from others regulatory agencies. H.R. Textile Mills Limited, being a company having 31 years of its operation, is complying with all requirements. However, the new compliance requirements warrant major changes in the building structure and the company needs to invest substantial amount in the coming years to improve production facilities and to upgrade compliance standards.

Board of Directors

There was no change in the Board of Directors of the company during the year. The two re-elected Directors, such as Professor Dr. Muhammad Abdul Moyeen and Ms. Ruhey Rawa, have continued as Directors of the company during the year. The Board consisted of 8 members including two independent Directors. During the year, the board organized five meetings. The attendance was as follows:

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

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

The Board normally deals with the policy issues, however, in some important issues, the board members directly assists the senior management in resolving the issues. The Board members keeps eye on the business trend of the industry, policy issues, and actions need to be taken. The Board members participate at the international exhibitions to review the business developments, procure orders and thus to keep the company in line with the trend of development. The Board members deal and negotiates issues related to availing financial assistance from banks and leasing companies, review of 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.

Change in the Financial Year of the company

The Financial Year of the company, since the beginning, was from 1st October to 30th of September. The BSEC through a Directive (Directive No. SEC/SRMIC/2011/ 1240/445 dated 27th April 2016) directed all corporate other than Banks, Insurance company and financial institutions to follow a financial year starting from 1st July and to close the same on 30th June. Based on the above, the company has closed this year on 30th June 2016, with nine months operation instead of 30th September 2016. Therefore, these years' financial statements are based on 9 months operational results and financial position as on 30th June 2016. Henceforth, the Financial year will be closed on 30th June each year.

Board Audit Committee

The Audit Committee of the company held four meetings during the year under report. All the

committee members attended the above meetings. The Audit Committee has been playing a significant role in guiding the internal management. The Committee reviewed the draft Financial Statements of the company, and report of the Auditors from time to time. A separate Report of the Audit Committee to the shareholders is enclosed at Annexure-B.

Election of Directors

Pursuant to Article 102, 103 and 104 of the company, Ms. Sumbal Azwad Momen and Ms. Sana Kainat Moyeen, Directors of the company, will retire and being eligible, offer themselves for re-election.

Directors Remuneration

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

Corporate and Financial Reporting

The Board of Directors is pleased to confirm that

- The Financial statements together with the notes thereon have been drawn up in conformity with the companies Act 1994 and Bangladesh Securities and Exchange Rules 1987. These statements fairly present the company's statement of affairs, the results of its operations, cash flow and changes in equity.
- That proper books of account of the company have been maintained.
- That, appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- That, the International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.

- e) That, the system of internal control is sound in design and has been effectively implemented and monitored.
- f) That, there are no significant doubts upon the company's ability to continue as a going concern.
- g) That, there are no significant deviations from last year in operating results.

Directors also report that the Managing Director (Chief Executive Officer) and the Chief Financial Officer have certified to the Board that they have reviewed the Financial Statements for the 9 (nine) months period 1st October 2015 to 30th June 2016 and to the best of their knowledge and belief:

- a. The Financial Statements present a true and fair view of the affairs of the company and are in compliance with existing accounting standards and applicable laws;
- b. There is no statement which is materially untrue or misleading and there is no omission of facts in such statements; and
- c. No transaction has been entered into by the company which are fraudulent, illegal or in violation of the Company's code of conduct.

Report of Chief Executive Officer and Chief Financial Officer

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

Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million)		
	For the period 1 Oct'15 to 30 June'16	1 Oct'14 to 30 June'15	For the year ended 30 Sept'15
Net Profit before Tax	35.17	19.12	36.34
Less: Provision for Income Tax	(3.54)	(2.87)	(5.45)
Net Profit after Tax	31.63	16.25	30.89
Add: Profit brought forward from previous year	35.96	45.01	30.37
Profit Available for Appropriation	67.59	61.26	61.26
Recommended for Appropriations:			
Proposed Dividend (Cash)	(25.30)	(25.30)	(25.30)
Un-appropriated Profit carried forward	42.29	35.96	35.96

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

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

Financial Details

Particulars	For the year (Tk. in '000)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Total Assets	1,541,977	1,350,984	1,273,244	1,233,793	1,203,178
Fixed Assets	622,435	528,012	506,239	489,057	392,857
Reserve and Surplus	106,928	100,597	156,786	144,762	124,403
Working Capital	(180)	30,919	(7,824)	14,862	35,300
Authorised Capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Shareholders' Equity	359,929	353,597	409,787	397,762	377,403
Paid up Capital	253,000	253,000	253,000	253,000	253,000
Long Term Loan	199,048	140,763	79,512	97,041	44,727

Business Risk Perception

Political Risk

Although hartal and other political programs have declined substantially, but terrorist attack in the country have posed another serious threat to the foreign buyers and they are hesitant to visit Bangladesh. In many instances, we require to go to neighboring countries to meet the buyers. The above risk has substantial impact on the operation of the company.

Going Concern Risk

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

Operational Risk

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

Foreign Exchange Fluctuation Risk

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

Bangladesh Taka while encashing the dollars, to meet our every day needs. Bangladesh Taka has been constantly becoming strong against dollars; as such we are losing revenue in terms of taka, in the last few years.

Market Risk

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

Compliance Risk

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

Interest rate risk

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

Dividend

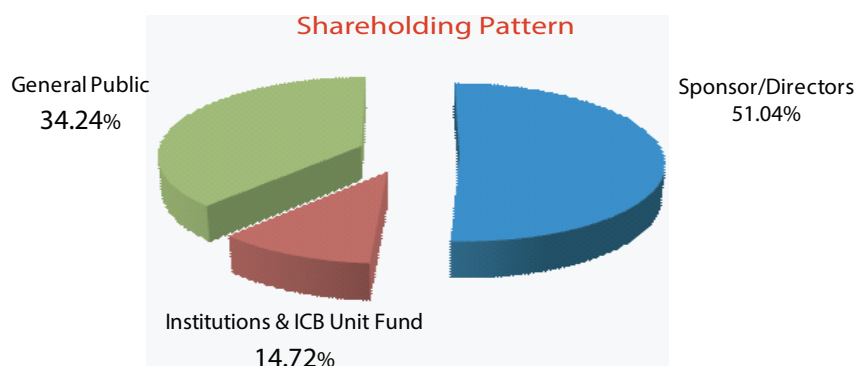
During the year under report, the company earned profit after tax of Tk. 31,631,567. Out of the above the Board recommended a cash dividend of Tk. 1.00 (i.e. 10%) per share of Tk. 10 against 10% cash dividend per share of Tk. 10 in the last year. The above would require a cash outflow of Tk. 25.30 million. The balance amount of Tk. 6.33 million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

Annexure - A

Shareholding Pattern

The shareholding of the sponsors remained at 51.04% without any change during the year. Out of the balance shares, the institutions are holding 14.72%, which was 15.27% in the previous year. The shareholding of the general public has increased to 34.24% compared to 33.69% in the previous year, on the date of year closing. The above change was mainly due to the sale of shares by some institutions. The shareholding pattern of the company for the year closing on 30th June 2016 has been shown at page 30 of this Annual Report.

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



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

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

Subsidiary Company

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

Extra-Ordinary Gain or Loss

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

Related Party Transactions

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

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

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

Corporate Governance Compliance Audit

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

Appointment of Auditors

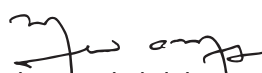
The existing Auditor M/s. Rahman Mostafa Alam & Co, Chartered Accountants have been carrying out the audit of the company for the last two years. They are now retiring and being eligible for re-appointment have shown their interest to continue as auditors of the company. On the recommendation of the Board Audit Committee, the Directors of the Company is proposing their appointment and fixing remuneration at the 32nd Annual General Meeting.

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.

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

For and on behalf of the Board of Directors


 Mohammad Abdul Moyeed
 Managing Director & CEO
 Dated: October 26, 2016

Annexure - B

Audit Committee Report to the Shareholders
For the 9 (nine) months period 1st October 2015 to 30th June 2016

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 was also pleased to appoint me as the Chairman of the Committee. H.R. Textile Mills Limited is a public limited company, having quite a large number of shareholders and stakeholders. It is an important responsibility of the Audit Committee to protect the interest of stakeholders and the Committee is aware of its responsibilities to see in a greater detail how the financial operation of the company is taking place by complying with all rules and regulations. The Committee, being constituted by the Board, reports to the Board from time to time.

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

The Audit Committee consisted of the following persons

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

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

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



Professor Mushtaque Ahmed
Chairman of Audit Committee
Date: October 26, 2016

Corporate Governance Compliance Report

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

Report under Condition No. 7.00

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

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

Declaration of CEO and CFO to the Board of Directors

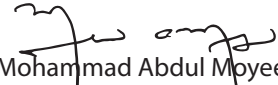
Dated: 17th October 2016

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

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission by H.R. Textile Mills Limited for the 9 (months) period 1st October 2015 to 30th June 2016 as stipulated in clause 6 of the BSEC Notification No. SEC/CMRRC-D/2006-158/134/Admin/44: dated 7th August 2012. Our views in the form, prescribed by the BSEC on the specific points, are enclosed.

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

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


Mohammad Abdul Moyeed
Chief Executive Officer


Md. Abu Amir Naheel
Chief Financial Officer

Annexure - E

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

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

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

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

We do hereby certify that we have examined the books and records of H.R. Textile Mills Limited specially related the corporate governance areas. We are of the opinion that the company has complied with the Conditions of Corporate Governance Guidelines for the 9 (nine) months period 1st October 2015 to 30th June 2016 as prescribed by the above BSEC Notification.


N.M Tareque & Associates
Cost and Management Accountants

Dated: November 02, 2016

Rahman Mostafa Alam & CO.
Chartered Accountants

Auditors' Report
to
The Shareholders of H.R. Textile Mills Limited

We have audited the accompanying financial statements of H.R. Textile Mills Limited (the Company), which comprise the Statement of Financial Position as at June 30, 2016, Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the period then end, a summary of significant accounting policies and other explanatory information disclosed in Notes 1-34.

Management's responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of H.R. Textile Mills Limited as at June 30, 2016 and its financial performance and its cash flows for the period from October 01, 2015 to June 30, 2016 in accordance with Bangladesh Financial Reporting Standards and comply with the applicable sections of the Companies Act, 1994, the Bangladesh Securities and Exchange Rule, 1987 and other applicable laws and regulations.

We also report that

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

Dated: Dhaka, October 26, 2016


Rahman Mostafa Alam & Co.
Chartered Accountants

H.R. Textile Mills Limited

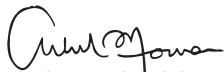
Statement of Financial Position

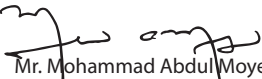
As on 30 June 2016

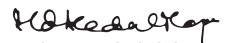
	Notes	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
CAPITAL EMPLOYED IN:			
NON-CURRENT ASSETS:			
Property, Plant and Equipment	2	622,435,333	528,012,434
Total Non-Current Assets		<u>622,435,333</u>	<u>528,012,434</u>
CURRENT ASSETS:			
Stocks and Stores	3	268,897,227	293,729,534
Trade and Other Debtors	4	441,549,311	324,419,355
Export Incentive Receivables	5	125,066,201	109,841,798
Advances, Deposits and Prepayments	6	43,394,886	31,332,873
Cash and Bank Balances	7	40,634,434	63,648,040
Total Current Assets		<u>919,542,059</u>	<u>822,971,600</u>
Total Assets		<u>1,541,977,392</u>	<u>1,350,984,034</u>
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
Unappropriated Profit (*Figure of 2015 restated)		67,592,899	61,261,332
TOTAL SHAREHOLDERS' EQUITY		<u>359,928,639</u>	<u>353,597,072</u>
LONG-TERM LIABILITIES:			
Long-term Loans - Secured Future Maturity	12	199,048,499	140,763,520
Provision for Gratuity (*Figure of 2015 restated)	13	31,304,282	30,226,996
Deferred Tax Liabilities (*Figure of 2015 restated)	14	31,973,737	34,344,063
Total Long-term Liabilities		<u>262,326,518</u>	<u>205,334,579</u>
CURRENT LIABILITIES :			
Bank Overdrafts - Secured	15	77,811,475	44,446,337
Trade Creditors	16	570,393,047	551,343,085
Accrued Expenses	17	23,380,222	26,381,473
Provision for Taxation	18	13,673,421	7,758,438
Bills Receivable Discounted	19	144,817,615	78,702,076
Workers' Participation/Welfare Funds	20	35,996,566	39,549,613
Current Maturity of Long-term Loans	21	53,649,889	43,871,361
Total Current Liabilities		<u>919,722,235</u>	<u>792,052,383</u>
Total Liabilities		<u>1,182,048,753</u>	<u>997,386,962</u>
Total Equity and Liabilities		<u>1,541,977,392</u>	<u>1,350,984,034</u>
Net Assets Value (NAV) per value of Tk.10		<u>14.23</u>	<u>13.98</u>


* Details of restatement disclosed in note (1.XIII)

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mr. Mohammad Abdul Momen
Chairman


Mr. Mohammad Abdul Moyeed
Managing Director


Dr. Muhammad Abdul Moyeen
Director


Mr. Md. Wali Ullah
Company Secretary

Signed in terms of our separate report of even date.


Dated: Dhaka
October 26, 2016

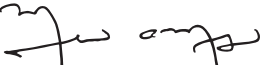

Rahman Mostafa Alam & Co.
Chartered Accountants

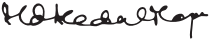
H.R. Textile Mills Limited
Statement of Profit or Loss and
other Comprehensive Income
For the period from 1st October 2015 to 30th June 2016

<u>Particulars</u>	<u>Notes</u>	For the period from 1 Oct. 15 to 30 June 16 Taka	For the period from 1 Oct. 14 to 30 June 15 Tala	For the year ended Sept. 30, 2015 Taka
Sales	22	1,120,410,794	926,766,257	1,237,809,538
Export Incentive	23	15,798,703	14,381,172	41,924,985
Turnover		1,136,209,497	941,147,429	1,279,734,523
Less: Cost of Goods Sold	24	970,976,267	812,039,190	1,093,557,775
Gross Profit		165,233,230	129,108,239	186,176,748
Less: Administrative, Selling and General Expenses	25	128,572,245	109,033,267	148,427,190
Operating Profit		36,660,985	20,074,972	37,749,558
Add: Other Income	26	274,050	-	409,641
Profit before Workers' Participation/Welfare Funds		36,935,035	20,074,972	38,159,199
Less: Contribution to Workers' Participation/Welfare Funds	20	1,758,811	955,951	1,817,105
Net Profit/(Loss) before Tax		35,176,224	19,119,021	36,342,094
Income Tax Charge		3,544,657	2,867,853	5,451,314
Current Tax	27	5,914,983	-	7,328,887
Deferred Tax	14	(2,370,326)	-	(1,877,573)
Net Profit/(Loss) after Tax (Transferred to the statement of Changes in Equity)		31,631,567	16,251,168	30,890,780
Earning per share (EPS) of Tk. 10		1.25	0.64	1.22

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mr. Mohammad Abdul Momen
Chairman


Mr. Mohammad Abdul Moyeen
Managing Director


Dr. Muhammad Abdul Moyeen
Director


Mr. Md. Wali Ullah
Company Secretary

Signed in terms of our separate report of even date.

Dated: Dhaka
October 26, 2016


Rahman Mostafa Alam & Co.
Chartered Accountants

H.R. Textile Mills Limited

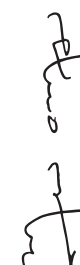
Statement of Changes in Shareholders' Equity


For the period from 1st October 2015 to 30th June 2016


Particulars	Share Capital	General Reserve	Tax holiday Reserve	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th September 2014	253,000,000	6,956,752	22,378,988	10,000,000	117,451,185	409,786,925
Prior Year Adjustments Gratuity					(21,111,570)	(21,111,570)
Prior Year Adjustments Deferred Tax					(34,344,063)	(34,344,063)
Restated Balance as at 30th September 2014	253,000,000	6,956,752	22,378,988	10,000,000	61,995,552	354,331,292
Net profit after tax	-	-	-	-	30,890,780	30,890,780
Cash Dividend declared 2014	-	-	-	-	(31,625,000)	(31,625,000)
Balance as at 30th September 2015	253,000,000	6,956,752	22,378,988	10,000,000	61,261,332	353,597,072
Balance as at 30th September 2015	253,000,000	6,956,752	22,378,988	10,000,000	61,261,332	353,597,072
Net profit after tax	-	-	-	-	31,631,567	31,631,567
Cash Dividend declared 2015	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mr. Mohammad Abdul Momen
Chairman


Mr. Mohammad Abdul Moyeed
Managing Director


Dr. Muhammad Abdul Moyeen
Director



Mr. Md. Wali Ullah
Company Secretary

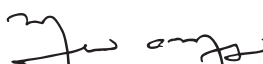
Dated: Dhaka
October 26, 2016

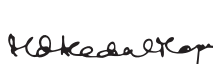
H.R. Textile Mills Limited
Statement of Cash Flows
For the period from 1st October 2015 to 30th June 2016


Particulars	Notes	For the period from 1 Oct. 15 to 30 June 16 Taka	For the period from 1 Oct. 14 to 30 June 15 Taka	For the year ended Sept. 30, 2015 Taka
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers and export incentives		1,004,129,188	883,871,846	1,175,905,034
Cash paid for goods and services		(997,040,094)	(894,168,124)	(1,178,188,974)
Cash from operation		7,089,094	(10,296,278)	(2,283,940)
Interest paid		(33,421,647)	(24,336,248)	(34,254,215)
Income-tax paid/deducted at sources		(7,882,139)	(6,573,184)	(10,867,618)
Net Cash inflows from operating activities		(34,214,692)	(41,205,710)	(47,405,773)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisition of fixed assets	2.2	(137,017,753)	(70,726,430)	(90,646,122)
Net Cash outflows from investing activities		(137,017,753)	(70,726,430)	(90,646,122)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Bank Overdraft received/(repaid)		33,365,138	20,903,677	10,089,753
Loans received/(repaid) against Trust Receipts		-	(3,510,858)	(3,510,858)
Long Term Loans received/(repaid)		58,284,979	46,945,191	61,251,211
Bills Receivable Discounted Paid/Received		66,115,539	-	-
Cash Dividend paid		(9,546,817)	(13,515,040)	(15,863,900)
Net Cash inflow from financing activities		148,218,839	50,822,970	51,966,206
Net increase/(decrease) in cash and bank balances		(23,013,606)	(61,109,170)	(86,085,689)
Cash and bank balances on opening		63,648,040	149,733,729	149,733,729
Net increase/(decrease) in cash and bank balances		(23,013,606)	(61,109,170)	(86,085,689)
Cash and bank balances at closing - Note 7		40,634,434	88,624,559	63,648,040
Net operating cash flow per share (NOCFPS) of Tk. 10		(1.35)	(1.63)	(1.87)

The annexed notes from 1 to 34 form an integral part of these financial statements.


 Mr. Mohammad Abdul Momen
 Chairman


 Mr. Mohammad Abdul Moyeed
 Managing Director


 Dr. Muhammad Abdul Moyeen
 Director


 Mr. Md. Wali Ullah
 Company Secretary

Signed in terms of our separate report of even date.

Dated: Dhaka
 October 26, 2016

H.R. Textile Mills Limited

Notes to the Financial Statements

For the period from October 01, 2015 to June 30, 2016

Forming an Integral Part of the Financial Statements

1. Notes - General

(a) Status and Activities:

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

(b) Components of the Financial Statements:

- (i) Statements of Financial Position as at 30th June 2016;
- (ii) Statements of Profit or Loss and other Comprehensive Income for the period from 1st October 2015 to 30th June 2016;
- (iii) Statements of Changes in Shareholders' Equity for the period from 1st October 2015 to 30th June 2016;
- (iv) Statements of Cash Flows for the period from 1st October 2015 to 30th June 2016;
- (v) Notes to the Financial Statements for the period from 1st October 2015 to 30th June 2016.

(c) Reporting Period:

The financial period of the Company covers 9 (nine) months from 1st October 2015 to 30th June 2016 next consistently.

(d) Reporting Currency:

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

(e) Comparative Information:

Comparative information have been disclosed in respect of the year 2015 for all numerical information in the financial statements and also narrative and descriptive information when it is relevant to an understanding of the current year's financial statements. Figures of the previous year have been re-classified whenever considered necessary to ensure comparability with the current period.

(f) Statement of compliance with local laws:

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

(g) Statements of compliance with Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standards (BFRSs):

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

(h) Statement of Measurement Basis:

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

(i) Accrual basis Accounting:

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

(j) Statement of Specific Accounting Policies Applied:

(i) Revenue Recognition:

Sales are recognized at the time of delivery from godown.

(ii) Fixed Assets and Depreciation:

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

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

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

(iii) Stocks and Stores:

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

(iv) Provision for Tax:

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

(v) Foreign Currency Transaction:

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

vi) Translation of closing balances in foreign currencies:

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

	As at June 30, 2016		As at September 30, 2015	
	Receivables	Payables	Receivables	Payables
1 US Dollar	Tk. 77.60	Tk. 77.85	Tk. 77.30	Tk. 77.45

(vii) Trade Receivables:

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

(viii) Payables:

Trade payables are stated at their nominal value.

ix) *Cash and cash equivalents:*

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

(x) *Related Party Transaction:*

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

xi) *Earnings Per Share (EPS):*

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

xii) *Retrial Benefits (Gratuity):*

The retrial benefit (gratuity) liability for the permanent employees of the Company is accrued at one months' basic pay for each completed year of service of each employee who has completed service for six months or more. Until previous period, no provision for the retrial benefits (gratuity) was accrued in this period, such provision has been accrued for the nine months; and for prior years, such provision has been accrued as "Prior Year adjustment" to retained earnings.

xiii) *Restatement:*

Gratuity provision has not been calculated since 2007. This year gratuity provision calculated and prior year figure restated in compliance with BAS-8.

Deferred tax was calculated based on income statement method but in this year the same has been calculated on the basis of temporary difference between carrying value and tax base value. Prior year figure restated as accordingly as per BAS-8.

2. Property, Plant and Equipment

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

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2016
	As on 1 October 2015	Additions/ (Deletions) As on 30 June 2016	As on 1 October 2015	During the period As on 30 June 2016	
Factory Land and Development					
Factory Building	7,250,000	-	-	-	7,250,000
Factory Shed	23,230,710	-	12,693,466	435,576	10,101,668
Plant and Machinery	6,823,475	-	6,823,470	-	5
Electric Installation	89,257,661	-	89,257,656	-	5
Gas Installation	3,601,103	-	3,601,098	-	5
Water Installation	2,171,914	-	2,171,909	-	5
Steam Installation	1,168,842	-	1,168,837	-	5
Furniture and Fixtures	1,991,090	-	1,991,085	-	5
Telephone Installation	718,694	-	718,689	-	5
Motor Vehicles	449,033	-	449,028	-	5
Office Equipment	5,783,524	-	5,783,519	-	5
Loose Tools	3,723,054	-	3,723,049	-	5
Factory Equipment	142,382	-	142,377	-	5
	153,885	-	153,880	-	5
Total Taka	146,465,367	-	128,678,063	435,576	17,351,728

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

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2016
	As on 1 October 2015	Additions (Deletion) As on 30 June 2016	As on 1 October 2015	During the Period As on 30 June 2016	
Land Development					
Factory Building	1,229,375	-	-	-	1,229,375
Plant and Machinery	181,447,748	-	39,395,487	3,402,145	138,650,116
Gas Installation	871,759,105	41,168,743	527,828,413	33,460,086	351,639,349
Electric Installation	4,304,121	-	4,304,116	-	5
Water Installation	12,189,615	460,000	10,099,327	916,111	1,634,177
Steam Installation	3,985,573	900,000	3,239,532	322,934	1,323,107
Telephone Installation	572,262	-	572,257	-	5
Motor Vehicles	578,828	-	578,823	-	5
Furniture and Fixtures	16,349,043	15,670,000	15,325,586	532,471	16,160,986
Office Equipment	7,358,498	-	6,094,915	551,887	711,696
Factory Equipment	31,049,023	998,950	16,046,558	2,369,004	13,632,411
Loose Tools	7,643,147	743,620	4,756,199	604,640	3,025,928
Capital Works in Progress	41,493	-	41,488	-	5
	-	77,076,440	-	-	77,076,440
Total Taka	1,138,507,831	137,017,753	628,282,701	42,159,278	605,083,605
Grand Total June, 2016	1,284,973,198	137,017,753	756,960,764	42,594,854	622,435,333
Grand Total June, 2015	1,163,278,790	101,774,716	688,088,053	53,444,125	523,521,328
Grand Total September, 2015	1,194,327,076	90,646,122	688,088,053	68,872,711	528,012,434

2.3. Depreciation for the year is charged as below:

Particulars
Cost of Goods Sold - Note 24.1
Administrative and General Expenses - Note 25.1

As at 30 June 2016 (Taka)	As at 30 June 2015 (Taka)	As at 30 Sept. 2015 (Taka)
34,073,828	45,427,506	58,541,805
8,521,026	8,016,619	10,330,906
<u>42,594,854</u>	<u>53,444,125</u>	<u>68,872,711</u>

3. Stocks and Stores

3.1 The make-up is as follows:

Item	As at 30 June 2016		As at 30 September 2015	
	Quantity (In Kg.)	Amount (In Taka)	Quantity (In Kg.)	Amount (In Taka)
Stock of Yarn - Note 3.2	396,809	108,346,285	550,200	138,902,748
Stock of Dyes and Chemicals - Note 3.3	229,294	36,872,872	124,421	24,137,566
Stock of Work-in-Process - Note 3.4		59,829,824		59,659,420
Stock of Finished Goods - Note 3.5		52,569,300		59,586,423
Stock of Accessories		4,189,289		4,296,480
Goods in Transit		3,565,230		2,557,244
		<u>265,372,800</u>		<u>289,139,881</u>
Stock of Spares		3,524,427		4,589,653
		<u>268,897,227</u>		<u>293,729,534</u>
3.2 Stock of Yarn				
Stock of Yarn	396,809	108,346,285	550,200	138,902,748
	<u>396,809</u>	<u>108,346,285</u>	<u>550,200</u>	<u>138,902,748</u>
3.3 Stock of Dyes and Chemicals				
Dyes	38,242	21,159,015	16,587	14,544,595
Chemicals	191,052	15,713,857	107,834	9,592,971
	<u>229,294</u>	<u>36,872,872</u>	<u>124,421</u>	<u>24,137,566</u>
3.4 Stock in Work in Process				
Cost of Materials	-	-	31,567,322	35,986,305
Cost of Conversion	-	-	28,262,502	23,673,115
	<u>-</u>	<u>-</u>	<u>59,829,824</u>	<u>59,659,420</u>
3.5 Stock of Finished Products				
Finished Garments	-	17,421,726	-	12,506,317
Knitted Fabrics	88,475	35,147,574	113,099	47,080,106
	<u>88,475</u>	<u>52,569,300</u>	<u>113,099</u>	<u>59,586,423</u>
4. Trade and Others Debtors				
	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 days)	5,400,120	419,049,311	3,356,007	259,419,355
Others Debtors	-	22,500,000	-	65,000,000
	<u>5,400,120</u>	<u>441,549,311</u>	<u>3,356,007</u>	<u>324,419,355</u>

These include a sum of Tk. 22,500,000 (2015: Tk. 65,000,000) due from Fashion Knit Garments Ltd, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered goods.

5. Export Incentives Receivables

Opening Balance
Less: Received

For the period
Closing Balance

The receivables are unsecured but considered goods.

As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
109,841,798	94,028,138
574,300	26,111,325
109,267,498	67,916,813
15,798,703	41,924,985
125,066,201	109,841,798

6. Advances, Deposits and Prepayments

Advances:

Salary Advance
Factory Insurance Advance
Operational Advance
Tax deducted at source

Deposits :

Security deposit
Bank Guarantee margin
L/C margin

745,199	1,064,899
1,116,354	-
6,182,265	8,664,393
12,343,116	6,476,092
20,386,934	16,205,384
6,416,121	6,416,121
1,085,070	1,085,070
15,506,761	7,626,298
23,007,952	15,127,489
43,394,886	31,332,873

The advances are unsecured but considered goods.

7. Cash and Bank Balances

Cash at Banks with Banks on Current Account:

BRAC Bank Ltd, Dhanmondi Branch, CD A/c
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c
HSBC, Anchor Tower Branch, FCY A/c
HSBC, Anchor Tower Branch, MDA Margin A/c
Trust Bank Ltd, SKB Branch, Dollar A/c
Trust Bank Ltd, SKB Branch, FCAD A/c
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c
AB Bank Ltd, Motijheel Branch, FCAD A/c
AB Bank Ltd, Motijheel Branch, CD A/c
AB Bank Ltd, Motijheel Branch, CD A/c
AB Bank Ltd, Motijheel Branch, Notice A/c
AB Bank Ltd, Motijheel Branch, Notice A/c

38,389	125,717
930,039	14,552
270,584	14,280,707
703,344	157,311
-	5,590
14,214,415	27,551,363
10,530,901	11,286,670
386,874	1,798,878
8,022,704	-
-	29,039
76,168	77,468
1,089,416	2,828,863
2,287	-
1,161,253	3,119,281
37,426,374	61,275,439

With Bank on Short Term Deposit Account:

Trust Bank Ltd, SKB Branch, SND A/c
Southeast Bank Ltd, Principal Branch, STD A/c

1,421,470	1,021,410
960,956	933,541
2,382,426	1,954,951
39,808,800	63,230,390
825,634	417,650
40,634,434	63,648,040

Cash at Banks
Cash in Hand

8. Share Capital

8.1 Authorized:

100,000,000 Ordinary Shares of Tk. 10 each

As at 30 June
2016 (Taka)

1,000,000,000

As at 30 Sept.
2015 (Taka)

1,000,000,000

8.2 Issued, Subscribed and Paid-up:

25,300,000 Ordinary Shares of Tk. 10 each fully paid-up

253,000,000

253,000,000

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

25,300,000

253,000,000

253,000,000

8.3 Composition of shareholdings:

Classes of Holdings	As at 30 June 2016		As at 30 Sept. 2015	
	No. of Shares	%	No. of Shares	%
Sponsor/Directors	12,911,855	51.04	12,911,855	51.04
Financial Institutions	1,589,117	6.28	1,637,212	6.47
ICB	280,645	1.10	160,020	0.63
ICB Investors A/c	-	-	122,728	0.48
ICB Mutual Fund	559,741	2.21	647,197	2.56
ICB Unit Fund	1,297,119	5.13	1,297,119	5.13
General Public	8,661,523	34.24	8,523,869	33.69
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 "Listing Regulations of Dhaka and Chittagong Stock Exchange".

Shareholdings range in number of shares	As at 30 June 2016			As at 30 Sept. 2015		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
00000000001 - 00000000499	5,119	1,257,049	4.97	5,817	1,258,742	4.98
00000000500 - 00000000500	5,898	2,949,000	11.66	5,892	2,946,000	11.64
00000000501 - 00000002000	837	769,436	3.04	833	768,544	3.04
00000002001 - 00000005000	671	1,376,888	5.44	662	1,373,300	5.43
00000005001 - 00000010000	129	1,149,054	4.54	125	1,146,921	4.53
00000010001 - 00000050000	48	526,911	2.08	42	521,700	2.06
00000050001 - 00000100000	12	961,387	3.80	9	955,326	3.77
00000100001 - 00000250000	7	942,584	3.73	5	715,409	2.83
00000250001 - 00000500000	8	1,261,953	4.99	3	961,123	3.80
00000500001 and above	7	14,105,738	55.75	8	14,652,935	57.92
Total	<u>12,736</u>	<u>25,300,000</u>	<u>100.00</u>	<u>13,396</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

As at 30 June
2016 (Taka)
6,956,752
6,956,752

As at 30 Sept.
2015 (Taka)
6,956,752
6,956,752

10. Tax Holiday Reserve

Opening & Closing balance

22,378,988
22,378,988

22,378,988
22,378,988

11. Dividend Equalisation Reserve

Opening & Closing balance

10,000,000
10,000,000

10,000,000
10,000,000

12. Long Term Loan - Secured Future Maturity

11% Loan - Note 12.1

293,360

623,267

5% Loan - Note 12.2

113,572,966

140,140,253

Deferred L/C Liabilities - Note 12.3

85,182,173

-

199,048,499140,763,520**12.1 The movement of loans is as follows:**

Opening Balance

623,267

974,783

Less: Loan re-paid this period

(329,907)

(351,516)

Closing Balance

293,360623,267

The loan has been taken from Trust Bank Ltd, Motijheel Branch for import of Plant and machinery. The loan carries interest at 11% and is repayable in 36 monthly installments, starting from 12 January 2014. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

12.2 The movement of loans is as follows:

Opening balance

As at 30 June
2016 (Taka)
140,140,253

As at 30 Sept.
2015 (Taka)
78,537,526

Add: Loan received this period

70,953,963

138,289,209

211,094,216

216,826,735

Less: Current Maturity

(53,649,889)

(43,871,361)

Less: Loan re-paid this period

(43,871,361)

(32,815,121)

Closing balance

113,572,966140,140,253

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

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

	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
This year	85,182,173	-
Closing Balance	<u>85,182,173</u>	<u>-</u>

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

13. Provision for Gratuity

	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
Opening balance	30,226,996	9,115,426
Add: Contribution this period	2,078,343	-
Add: Prior Year Adjustment	-	21,111,570
	<u>32,305,339</u>	<u>30,226,996</u>
Less: Paid this year	1,001,057	-
Closing balance	<u>31,304,282</u>	<u>30,226,996</u>

14. Deferred Tax Liabilities

Balance as at September 30, 2015	34,344,063	36,221,636
Add: Provision during the year	(2,370,326)	(1,877,573)
Closing balance	<u>31,973,737</u>	<u>34,344,063</u>

Deferred Tax Liabilities for 2016

	As per Accounting base W.D.V	As per Accounting Tax W.D.V	Temporary Difference Taxable/ (Deductable)
Property, Plant and Equipments	622,435,333	377,972,807	244,462,526
Tax rate	-	-	15%
Deferred Tax Liabilities	-	31,304,282	36,669,379
Gratuity provision	-	-	-
Deferred Tax assets 15%	-	-	4,695,642
Net deferred Tax Liabilities			<u>31,973,737</u>

15. Bank Overdraft

	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
Trust Bank Ltd, SKB Branch	50,796,333	4,418,494
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	27,015,142	40,027,843
	<u>77,811,475</u>	<u>44,446,337</u>

These are secured

16. Creditors

	As at 30 June 2016		As at 30 Sept. 2015	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>5,927,548</u>	461,459,624	<u>5,888,068</u>	456,026,085
For Local Purchases		12,449,573		14,587,052
For Dividend Payable		95,655,822		79,955,972
For Staff Income Tax		456,559		402,507
For Refund Warrant		<u>371,469</u>		<u>371,469</u>
		<u>570,393,047</u>		<u>551,343,085</u>

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

17. Accrued Expenses

	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
Gas Expenses (Factory)	17,263,009	13,817,905
Electricity bill	264,606	175,382
Telephone	12,738	10,231
Salaries, Wages and Allowances	4,315,169	11,069,955
Security bill	592,200	348,000
Legal Fee	60,000	60,000
Auditors' Fee	172,500	100,000
AGM Expense	700,000	800,000
	<u>23,380,222</u>	<u>26,381,473</u>

18. Provision for Taxation

Opening balance	7,758,438	11,534,629
Add: Addition during the period	5,914,983	(3,776,191)
	<u>13,673,421</u>	<u>7,758,438</u>
Less: Paid during the period	-	-
Closing balance	<u>13,673,421</u>	<u>7,758,438</u>

19 Bills Receivable Discounted

Opening balance	78,702,076	40,818,768
Add: Discounted during the period	<u>248,454,129</u>	<u>210,562,554</u>
	327,156,205	251,381,322
Less: Collected during the period	<u>182,338,590</u>	<u>172,679,246</u>
Closing balance	<u>144,817,615</u>	<u>78,702,076</u>

20. Workers' Participation/Welfare Funds

Opening balance	39,549,613	34,498,293
Less: Payment this period	<u>7,135,170</u>	-
	32,414,443	34,498,293
Add: Contributions for the period	1,758,811	1,817,105
Add: Interest during the period	1,823,312	3,234,215
Closing balance	<u>35,996,566</u>	<u>39,549,613</u>

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

21. Current Maturity of Long-term Loans

Opening balance
Add: Current Maturity

Less: Paid this period
Closing Balance

As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
43,871,361	64,000,830
53,649,889	43,871,361
97,521,250	107,872,191
43,871,361	64,000,830
53,649,889	43,871,361

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 at 360 days deferred L/C payment.

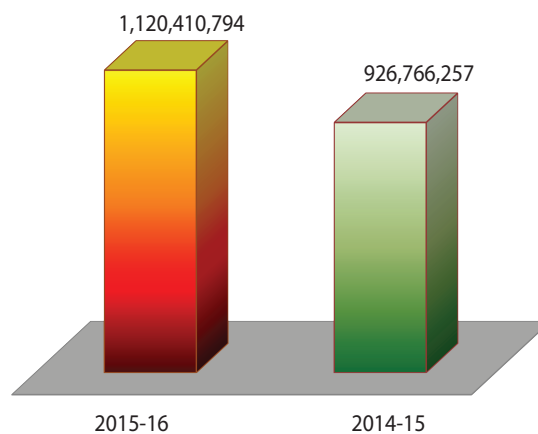
22. Sales

Item	As at 30 June 2016			As at 30 Sept. 2015		
	Quantity (In Kg.)	Amount (in US\$)	Amount (In Taka)	Quantity (In Kg.)	Amount (In US\$)	Amount (In Taka)
Export sales:						
Knit fabrics	1,146,850 Kgs	6,959,427	540,051,554	1,194,048 kgs	7,217,946	555,781,865
Garments	3,658,600 Pcs	7,478,856	580,359,240	1,917,135 pcs	4,817,979	370,984,392
Total		14,438,283	1,120,410,794		12,035,925	926,766,257

23. Export Incentives

Cash Incentive

As at 30 June 2016 (Taka)	As at 30 June 2015 (Taka)	As at 30 Sept. 2015 (Taka)
15,798,703	14,381,172	41,924,985
15,798,703	14,381,172	41,924,985

Export Sales in Taka

24. Cost of Goods Sold**24.1 The break-up is as follows:**

	As at 30 June 2016 (Taka)	As at 30 June 2015 (Taka)	As at 30 Sept. 2015 (Taka)
Materials Consumed - Note-24.2	761,386,309	622,669,980	873,191,348
Salary, Wages and Allowances - Note 24.3	97,794,299	91,849,653	127,034,773
Tiffin & Entertainment expenses	412,850	325,690	456,230
Depreciation - Note 2.3	34,073,828	45,427,506	58,541,805
Stores and Spares Consumed	2,069,856	2,986,543	3,811,837
Factory Conveyance	458,965	435,692	652,630
Power and Gas	52,470,102	34,334,699	49,080,574
Gratuity	1,558,760	-	-
Vehicle expenses	1,156,345	1,556,982	1,825,963
Repairs and Maintenance	2,525,632	5,569,823	6,258,964
Packing & Loading expenses	1,012,564	1,523,652	2,056,760
Import Landing, Clearing and Insurance	1,256,950	1,898,634	2,060,791
Factory Stationery expenses	945,632	1,149,865	1,412,589
Carriage Inward & Outward	1,469,856	1,645,635	2,089,560
Knitting, Sewing & Processing charge	1,942,563	3,569,845	4,568,964
Factory Insurance	2,819,437	195,028	4,129,158
Sewing Machine Rental	625,000	634,750	989,648
Miscellaneous	150,600	225,820	325,800
Total Manufacturing Costs for the period	964,129,548	815,999,797	1,138,487,394
Add: Opening Work in Process	59,659,420	39,600,217	39,600,217
Total Manufacturing Costs	1,023,788,968	855,600,014	1,178,087,611
Less: Closing Work in Process	59,829,824	36,713,406	59,659,420
Cost of Goods Manufactured	963,959,144	818,886,608	1,118,428,191
Add: Opening Finished Goods	59,586,423	34,716,007	34,716,007
Cost of Goods available for use	1,023,545,567	853,602,615	1,153,144,198
Less: Closing Finished Goods	52,569,300	41,563,425	59,586,423
Cost of Goods Sold	970,976,267	812,039,190	1,093,557,775

24.2 Materials Consumed

	As at 30 June 2016		As at 30 June 2015		As at 30 Sept. 2015	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	1,985,557	542,136,530	1,654,929	450,504,659	2,327,890	633,185,960
Dyes	151,521	83,835,210	98,199	69,809,342	135,285	96,052,405
Chemicals	1,015,898	83,557,635	405,852	69,096,345	562,738	95,665,451
Accessories	-	51,856,934	-	33,259,634	-	48,287,532
Total Materials Consumption	-	761,386,309	-	622,669,980	-	873,191,348

24.3 Salaries, Wages and Allowances

	As at 30 June 2016		As at 30 Sept. 2015	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 3,000 or more p.m.	1,826	97,794,299	1,832	127,034,773
Employees drawing less than Tk. 3,000 p.m.	-	-	-	-
Total	1,826	97,794,299	1,832	127,034,773

25. Administrative, Selling and General Expenses

25.1 The break-up is as follows:

	As at 30 June 2016 (Taka)	As at 30 June 2015 (Taka)	As at 30 Sept. 2015 (Taka)
Directors' Remuneration - Note 25.2	1,900,000	1,900,000	2,600,000
Salaries and Allowances - Note 25.3	38,305,564	38,842,023	48,804,743
Security Service charge	2,397,944	1,960,779	2,088,000
Depreciation - Note 2.3	8,521,026	8,016,619	10,330,906
Electricity expenses	1,051,198	923,396	-
Postage, Courier, Telephone and Fax	815,698	825,693	1,096,423
Gratuity	519,583	-	-
Traveling and Conveyance	825,632	625,639	830,917
Legal and Professional expenses	60,000	45,000	60,000
Auditors' Fee - Note 25.2	172,500	75,000	100,000
A.G.M expenses	844,468	825,693	965,896
Registration and Fees	905,296	825,693	1,066,772
Staff welfare	1,062,569	1,059,645	1,459,684
Stationery expenses	1,064,952	1,359,642	1,596,945
Office Repairs and Maintenance	2,056,340	2,096,539	3,615,976
Vehicle expenses	3,061,345	2,396,536	4,569,875
Entertainment expenses	545,962	455,923	654,820
Buying House Commission	1,269,852	659,650	825,630
Freight Charges & Freight out	6,599,294	3,586,935	5,903,900
Garments Testing Charges	4,239,686	1,865,935	2,632,561
Interest expense - Note 25.4	33,421,647	24,849,522	37,488,430
Bank Charges	18,381,489	15,598,749	21,077,312
Miscellaneous	550,200	238,656	658,400
Total	128,572,245	109,033,267	148,427,190

25.2 No remuneration or fee, other than that specified in note 25.1, was paid to directors and auditors.

25.3 Salaries and Allowances:

	As at 30 June 2016		As at 30 Sept. 2015	
	No. of Employees	Taka	No. of Employees	Taka
Employees drawing Tk.3,000 or more p.m.	127	38,305,564	125	48,804,743
Employees drawing less than Tk.3,000 p.m.	-	-	-	-
	127	38,305,564	125	48,804,743

25.4 Interest expense is as follows:

Particulars	As at 30 June 2016 (Taka)	As at 30 June 2015 (Taka)	As at 30 Sept. 2015 (Taka)
Interest on Workers' Participation/Welfare Funds	1,823,312	1,940,529	3,234,215
Interest on Long Term Loans	5,702,278	5,802,046	8,538,694
Interest on Loan against Trust Receipt and Bills Discounted	20,661,720	12,284,677	19,218,683
Interest on Bank Overdraft	5,234,337	4,822,270	6,496,838
	33,421,647	24,849,522	37,488,430

26. Others Income

	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
Rental income	274,050	365,400
Bank Interest	-	44,241
	274,050	409,641

27. Income Tax (Current Tax)

	As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
Profit before tax	35,176,224	36,342,094
Add: Depreciation as per accounting base	42,594,854	68,872,711
	77,771,078	105,214,805
Less: Depreciation as per Tax base	48,981,537	56,355,558
	28,789,541	48,859,247
Add: Gratuity fund	2,078,343	-
	30,867,884	48,859,247
Less: Other income (Separate calculation)	274,050	-
	30,593,834	48,859,247
Less: Payment for Gratuity	1,001,057	-
	29,592,777	48,859,247
Tax Rate @ 15%	4,438,917	7,328,887
Minimum Tax	5,867,024	6,476,092
Add: Other income tax	-	-
Rental income	274,050	-
Less: Maintains @ 30%	82,215	-
	191,835	-
Add: Tax Rate @ 25%	47,959	-
Current Tax	5,914,983	7,328,887

28. Remuneration/Payments to Directors/Officers:

28.1 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	As at 30 June 2016		As at 30 Sept. 2015	
	Directors	Officers	Directors	Officers
Remuneration	1,900,000	-	2,600,000	-
Basic salary	-	23,195,689	-	29,372,845
House rent allowance	-	11,549,860	-	14,686,422
Other benefits and perquisites	-	3,560,015	-	4,745,476
	1,900,000	38,305,564	2,600,000	48,804,743

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

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

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

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
				As at 30 June 2016 (Taka)	As at 30 Sept. 2015 (Taka)
Trust Bank Ltd. SKB Branch, Dhaka	Back to Back Letter of Credit	450,000,000	302,520,293	147,479,707	114,478,550
	IBP	100,000,000	341,117,893	(241,117,893)	67,763,690
	Cash Letter of Credit	45,000,000	6,523,620	38,476,380	37,420,000
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	50,796,333	(796,333)	15,581,506
	Bank guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	2,500,000	293,360	2,206,640	1,876,733
		689,000,000	701,251,499	(12,251,499)	278,620,479
Mutual Trust Bank Ltd. Gulshan Branch, Dhaka	Back to Back Letter of Credit & Sight	200,000,000	513,500	199,486,500	148,395,855
	IDBP/FDBP	50,000,000	34,376,800	15,623,200	84,805,084
		250,000,000	34,890,300	215,109,700	233,200,939
HSBC Foreign Exchange Limit		20,000,000	-	20,000,000	20,000,000
Anchor Tower, 108 Bir Uttam	Import Line (PRM)	395,000,000	252,405,028	142,594,972	211,443,381
C.R. Datta Road, Dhaka-1205	Import Line	280,000,000	115,689,500	164,310,500	184,926,991
	Overdraft	50,000,000	27,015,142	22,984,858	(27,843)
	Bank guarantee	20,000,000	10,850,700	9,149,300	9,149,300
	Term Loan	20,000,000	-	20,000,000	20,000,000
	Export Cash Limit	54,000,000	80,322,922	(26,322,922)	54,000,000
	Credit Card	1,200,000	-	1,200,000	1,200,000
		840,200,000	486,283,292	353,916,708	500,691,829

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

	As at 30 June 2016		As at 30 Sept. 2015	
	Taka	%	Taka	%
Imported	235,693,562	30.87	195,646,981	31.27
Local	527,762,603	69.13	430,009,542	68.73
	<u>763,456,165</u>	<u>100.00</u>	<u>625,656,523</u>	<u>100.00</u>

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

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	36.59 (2015: 26.35)	43.55% (2015: 31.36%)
Knit Fabrics (MTs.)	2,990	2,512 (2015: 2,157)	84.01% (2015: 72.14%)

32. Even after Balance Sheet Date:

The Board of Directors of the Company in its meeting held on 26th October 2016 (30-09-2015: 16th January 2016) recommended 10% cash dividend i.e., Tk. 1.00 per share of Tk. 10.00 each (30-09-2015: 10% cash dividend) for all shareholders of the company subject to their approval in the AGM.

33. Related Parties Disclosures

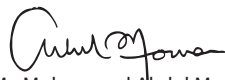
The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24; "Related party Disclosure". Total Balance Sheet exposure with the related parties as at 30 June 2016 is as under.

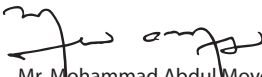
Name of the related party	Relationship	Nature of Transaction	As at 30 June 2016	As at 30 Sept. 2015
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics	540,051,554	722,336,111
		Receivable	<u>22,500,000</u>	<u>65,000,000</u>

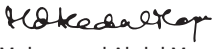
34. General


- 34.1 There was no sum for which the company was contingently liable as at 30 June 2016 and 30 September 2015.
- 34.2 There was no claim, except an aggregate amount of Tk. 21,095,550 (30-09-2015: 21,095,550) claimed by the Tax Authority but appealed against by the company, not acknowledged as debt as at 30 June 2016 and 30 September 2015. Such claim, being contingent liability, needs not be provided for.
- 34.3 There was no credit facilities available to the company, except trade credits and back to back L/C facilities, during the nine months ended 30 June 2016 and year ended 30 September 2015.
- 34.4 There was no foreign shareholder of the company as at 30 June 2016 and 30 September 2015 and no dividend was remitted to any foreign shareholders during the nine months ended 30 June 2016 and year ended 30 September 2015.
- 34.5 There was no capital expenditure contracted but not incurred or provided for at 30 June 2016 and 30 September 2015.
- 34.6 There was no capital expenditure authorised by the Board but not contracted for at 30 June 2016 and 30 September 2015.

The annexed notes from 1 to 34 form an integral part of these financial statements.


Mr. Mohammad Abdul Momen
Chairman


Mr. Mohammad Abdul Moyeed
Managing Director


Dr. Muhammad Abdul Moyeen
Director


Mr. Md. Wali Ullah
Company Secretary

Dated: Dhaka
October 26, 2016

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 32nd Annual General Meeting of the company to be held on Monday, 23rd January 2017 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 2017

Signature of Proxy

Signature of Shareholder.....

Registered Folio / BO No.

**Revenue
Stamp
Tk 10.00**

Important:

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 32nd Annual General Meeting of H.R. Textile Mills Limited to be held on Monday, 23rd January 2017 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.

