

ATA KHAN & 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 September 30, 2013, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity and a summary of significant accounting policies and other explanatory information disclosed in Notes 1-36 to the financial statements for the year then ended.

Management's responsibility for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS); the Companies Act, 1994 and Bangladesh Securities and Exchanges Rules, 1984 and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (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, as well as evaluating the overall presentation of the financial statements.

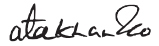
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of H.R. Textile Mills Limited as at September 30, 2013 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the applicable sections of the Companies Act, 1994, the Bangladesh Securities and Exchange Rule, 1987 and other applicable laws and regulations.

We also report that

- 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;
- 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;
- The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns; and
- The expenditure incurred was for the purposes of the Company's business.


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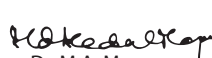


H.R. Textile Mills Limited
Statement of Financial Position
As on 30 September 2013

	Notes	2013 Taka	2012 Taka
CAPITAL EMPLOYED IN:			
NON-CURRENT ASSETS:			
Property, Plant and Equipment	2	489,057,212	392,857,224
Deferred Lease Interest	3	-	3,088,405
Total Non-Current Assets		489,057,212	395,945,629
CURRENT ASSETS:			
Stocks and Stores	4	207,252,615	125,824,453
Trade Debtors	5	340,320,542	531,494,230
Export Incentive Receivables	6	84,747,154	64,879,600
Advances, Deposits and Prepayments	7	34,158,014	40,074,232
Cash and Bank Balances	8	78,258,456	44,960,118
Total Current Assets		744,736,781	807,232,633
LESS CURRENT LIABILITIES :			
Bank Overdrafts - Secured	9	35,975,524	37,921,412
Liability against Trust Receipts	10	16,706,788	30,622,236
Creditors	11	536,789,159	510,663,063
Accrued Expenses	12	35,077,154	30,364,678
Provision for Taxation	13	15,000,086	10,710,124
Bills Receivable Discounted	14	61,958,063	113,734,359
Workers' Participation/Welfare Funds	15	28,367,322	22,415,582
Dues to Associated Company	16	-	15,500,750
		729,874,096	771,932,204
WORKING CAPITAL		14,862,685	35,300,429
NET ASSETS		503,919,897	431,246,058
FINANCED BY:			
SHAREHOLDERS' EQUITY :			
Share Capital	18	253,000,000	253,000,000
General Reserve	19	6,956,752	6,956,752
Tax Holiday Reserve	20	22,378,988	22,378,988
Dividend Equalisation Reserve	21	10,000,000	10,000,000
Capital Reserve	22	-	1,613,915
Unappropriated Profit		105,427,165	83,453,467
TOTAL SHAREHOLDERS' EQUITY		397,762,905	377,403,122
LONG-TERM LIABILITIES:			
Long-term Loans - Secured	23	97,041,566	44,727,510
Provision for Gratuity	24	9,115,426	9,115,426
		106,156,992	53,842,936
		503,919,897	431,246,058
Net Assets value per share of Tk.10		15.72	14.92

The annexed notes 1 to 36 form an integral part of these financial statements.


M.A. Moyeed
Managing Director


Dr. M.A. Moyeen
Director


M.A. Momen
Director


Md. Wali Ullah
Company Secretary

Signed in terms of our separate report of even date.

Dated: Dhaka
January 29, 2014


ATA KHAN & Co.
Chartered Accountants

H.R. Textile Mills Limited

Statement of Comprehensive Income

For the year ended 30 September 2013

Particulars	Notes	2013 Taka	2012 Taka
Sales	25	1,780,820,020	1,618,091,942
Export Incentive	26	43,600,628	48,565,642
Turnover		1,824,420,648	1,666,657,584
Less: Cost of Goods Sold	27	1,560,884,821	1,426,244,288
Gross Profit		263,535,827	240,413,296
Less: Administrative, Selling and General Expenses	28	193,522,486	175,723,590
Operating Profit		70,013,341	64,689,706
Add: Other Income	29	2,016,391	365,400
Profit before Contribution to Workers' Participation/Welfare Funds		72,029,732	65,055,106
Less: Contribution to Workers' Participation/Welfare Funds	15	3,429,987	3,097,862
Net Profit before Tax		68,599,745	61,957,244
Less: Provision for Income-tax	30	10,289,962	9,293,587
Net Profit		58,309,783	52,663,657
Unappropriated Profit brought forward		45,503,467	30,789,810
Transfer from Capital Reserve		1,613,915	-
Profit available for appropriations		105,427,165	83,453,467
Dividend Declared Cash (2011: Stock)		-	37,950,000
Unappropriated Profit carried forward		105,427,165	45,503,467
Earning per share (EPS) of Tk. 10		2.30	2.08

H.R. Textile Mills Limited

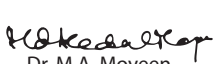
Statement of Cash Flow

For the year ended 30 September 2013

Particulars	Notes	2013 Taka	2012 Taka
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and export incentives		1,997,743,173	1,653,671,863
Cash paid for goods and services		(1,749,235,575)	(1,509,861,584)
Cash from operation		248,507,598	143,810,279
Interest paid		(46,527,167)	(52,796,118)
Income-tax paid/deducted at sources		(22,402,348)	(15,176,611)
Net Cash inflows from operating activities		179,578,083	75,837,550
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of fixed assets	2.2	(153,283,890)	(11,337,953)
Net Cash outflows from investing activities		(153,283,890)	(11,337,953)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Bank Overdraft received/(paid)		(1,945,888)	30,830,914
Loans received/(paid) against Trust Receipts		(13,915,448)	(3,218,235)
Dues (paid) to Associated Companies		(15,500,750)	(9,570,250)
Long Term Loans received/(paid)		68,575,111	(43,803,190)
Lease Finance paid		(16,261,055)	(22,205,715)
Dividend paid		(13,947,825)	(5,716,390)
Net Cash inflow from financing activities		7,004,145	(53,682,866)
Net increase/(decrease) in cash and bank balances		33,298,338	10,816,731
Cash and bank balances on opening		44,960,118	34,143,387
Net increase/(decrease) in cash and bank balances		33,298,338	10,816,731
Cash and bank balances at closing - Note 8		78,258,456	44,960,118
Net operating cash flow per share (NOCFPS) of Tk. 10		7.10	3.00

The annexed notes 1 to 36 form an integral part of these financial statements.


M.A. Moyeed
Managing Director


Dr. M.A. Moyeen
Director


M.A. Momeh
Director

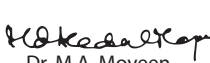

Md. Wali Ullah
Company Secretary

Signed in terms of our separate report of even date.
Dated: Dhaka
January 29, 2014


ATA KHAN & CO.
Chartered Accountants

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Md. Wali Ullah
Company Secretary

Dated: Dhaka
January 29, 2014

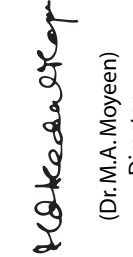

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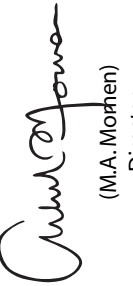
H.R. Textile Mills Limited
Statement of Changes in Shareholder's Equity
For the year ended 30 September 2013

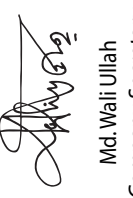
Particulars	Share Capital	General Reserve	Tax holiday Reserve	Dividend Equalisation Reserve	Capital Reserve	Retained Earnings	Total Taka
Opening Balance	220,000,000	6,956,752	22,378,988	10,000,000	3,209,049	63,789,810	326,334,599
Net profit after tax	-	-	-	-	-	52,663,657	52,663,657
Stock Dividend declared	33,000,000	-	-	-	-	(33,000,000)	-
Depreciation adjustment - Note-2.3	-	-	-	-	(1,595,134)	-	(1,595,134)
Balance as at 30th September 2012	253,000,000	6,956,752	22,378,988	10,000,000	1,613,915	83,453,467	377,403,122
Opening Balance	253,000,000	6,956,752	22,378,988	10,000,000	1,613,915	83,453,467	377,403,122
Capital Reserve Adjustment	-	-	-	-	(1,613,915)	1,613,915	-
Net profit after tax	-	-	-	-	-	58,309,783	58,309,783
Cash Dividend declared	-	-	-	-	-	(37,950,000)	(37,950,000)
Balance as at 30th September 2013	253,000,000	6,956,752	22,378,988	10,000,000	-	105,427,165	397,762,905

The annexed notes 1 to 36 form an integral part of these financial statements.


(M.A. Moyeed)
Managing Director


(Dr. M.A. Moyeen)
Director


(M.A. Momen)
Director

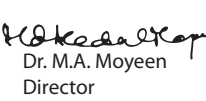

Md. Wali Ullah
Company Secretary

Dated: Dhaka
January 29, 2014



The annexed notes 1 to 36 form an integral part of these financial statements.


M.A. Moyeed
Managing Director


Dr. M.A. Moyeen
Director


M.A. Momen
Director


Md. Wali Ullah
Company Secretary

Dated: Dhaka
January 29, 2014



H.R. Textile Mills Limited
Value Added Statement
For the year ended 30 September 2013

Particulars	Notes	2013 Taka	2012 Taka
Turnover and other income	25, 26 & 29	1,826,437,039	1,667,022,984
Finished Stock differential	27.1	2,562,559	173,270
Output		1,828,999,598	1,667,196,254
Less: Bought-in goods and services		(1,504,870,130)	(1,370,477,540)
Value added		324,129,468	296,718,714
Value distributed :			
To Employees in the form of salaries, wages and allowances	27.1 & 28.1	204,582,311	189,711,189
To Government in the form of income-tax	30	10,289,962	9,293,587
To Lenders in the form of interest	28.4	46,527,167	52,796,118
For replacement of fixed assets as depreciation	2	57,083,902	49,743,917
For future growth as retained profit		5,646,126	(4,826,097)
		324,129,468	296,718,714

H.R. Textile Mills Limited
Notes to the Financial Statements
For the year ended 30 September 2013
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) Statement of Financial Position as on 30 September 2013;
- (ii) Statement of Comprehensive Income for the year ended 30 September 2013;
- (iii) Statement of Changes in Shareholders' Equity for the year ended 30 September 2013;
- (iv) Cash Flows Statement for the year ended 30 September 2013;
- (v) Value Added Statement for the year ended 30 September 2013 and
- (vi) Notes to the Financial Statements for the year ended 30 September 2013.

(c) Reporting Period:

The financial period of the Company covers an accounting year from 1 October to 30 September 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 2012 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, 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 Securities and Exchange Rules, 1987.

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

The financial statements complied with requirements of Bangladesh Accounting Standards (BAS) 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).

Statement of Measurement Basis:

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

Accrual basis Accounting:

- (i) 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:

No Depreciation is charged on land and land development. Depreciation is charged on all other fixed assets on straight line method. Depreciation on "revaluation surplus" is charged to "Capital Reserve". The rates at which assets are depreciated depend on the nature and estimated useful life of each asset, and are given below:

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

Net carrying amounts (written down value) is arrived at after deduction of accumulated depreciation from gross carrying amounts (cost).

The gross carrying amounts (cost) represents 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 interms of BAS 17 - "Lease".

(iii) Stocks:

Stocks 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 Income 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) Transaction in foreign currencies:

Foreign currencies are converted into Bangladesh Taka at the exchange rate ruling on the date of transaction.

vi) Translation of closing balances in foreign currencies:

These are converted into Bangladesh Taka at the exchange rate ruling on the date of Balance Sheet as follows:

1 US Dollar	2013		2012	
	Receivables	Payables	Receivables	Payables
	Tk. 78.05	Tk. 78.21	Tk. 81.18	Tk. 81.35

vii) 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.

viii) Earnings Per Share (EPS):

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

ix) Retrial Benefits (Gratuity) :

No further provision for retrial benefits (gratuity) has been made as no such provision is required under the Bangladesh Labour Law.

2. Fixed Asset

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

Particulars	Cost or valuation		Depreciation		Written down value At 30 September 2013
	On 1 October 2012	Additions/ (Deletions)	On 30 September 2013	During the year	
Factory Land and Development					
Factory Building	7,250,000	-	-	580,768	7,250,000
Factory Shed	23,230,710	-	-	-	11,531,930
Plant and Machinery	6,823,475	-	-	-	6,823,470
Electric Installation	89,257,661	-	-	-	89,257,656
Gas Installation	3,601,103	-	-	-	3,601,098
Water Installation	2,171,914	-	-	-	2,171,909
Steam Installation	1,168,842	-	-	-	1,168,837
Furniture and Fixtures	1,991,090	-	-	-	1,991,085
Telephone Installation	718,694	-	-	-	718,689
Motor Vehicles	449,033	-	-	-	449,028
Office Equipment	5,783,524	-	-	-	5,783,519
Loose Tools	3,723,054	-	-	-	3,723,049
Factory Equipment	142,382	-	-	-	142,377
Total Taka	153,885	-	-	-	153,880
	146,465,367	-	-	580,768	127,516,527

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

Particulars	Cost or valuation		Depreciation		Written down value At 30 September 2013
	On 1 October 2012	Additions	On 30 September 2013	During the Year	
Land Development					
Factory Building	1,229,375	-	-	-	1,229,375
Plant and Machinery	139,373,300	36,307,759	-	4,392,027	145,129,635
Gas Installation	610,023,615	62,966,390	-	47,109,300	256,000,847
Electric Installation	4,304,121	-	-	-	4,304,116
Water Installation	8,493,566	368,267	-	886,183	7,799,534
Steam Installation	2,523,342	-	-	61,821	2,523,337
Telephone Installation	572,262	-	-	-	572,257
Motor Vehicles	578,828	-	-	-	578,823
Furniture and Fixtures	15,149,043	-	-	-	15,149,038
Office Equipment	5,369,959	1,550,210	-	692,017	4,694,484
Factory Equipment	20,704,758	7,449,950	-	2,816,471	9,886,977
Loose Tools	5,036,147	417,000	-	545,315	3,484,681
Capital Works in Progress	41,493	-	-	-	41,488
Total Taka	-	44,214,304	-	-	-
Grand Total Taka	813,399,809	153,283,890	-	56,503,134	470,108,372
2012 Grand Total Taka	959,865,176	153,283,890	-	57,083,902	489,057,212
	948,527,223	11,337,953	-	51,339,051	392,857,224



2.3. Depreciation for the year is charged as below:

Particulars	2013 Taka	2012 Taka
Cost of Goods Sold - Note 27.1	51,375,512	46,057,648
Administrative and General Expenses - Note 28.1	5,708,390	3,686,269
	57,083,902	49,743,917
Capital Reserve - Note 22	-	1,595,134
	57,083,902	51,339,051
	-	3,088,405
	-	3,088,405

3. Deferred Lease Interest

The break-up is as follows :

International Leasing and Financial Services Ltd.

These interest has been charged to revenue as and when these have been due.

4. Stocks and Stores

4.1 The make-up is as follows:

Item	2013		2012	
	Quantity (In Kg.)	Amount (In Taka)	Quantity (In Kg.)	Amount (In Taka)
Stock of Yarn - Note 4.2	380,973	124,091,343	181,834	53,523,472
Stock of Dyes and Chemicals - Note 4.3	118,592	22,462,733	136,252	19,643,629
Stock of Work-in-Process - Note 4.4		19,827,536		18,254,536
Stock of Finished Products - Note 4.5		23,421,522		20,858,963
Stock of Accessories		8,253,401		4,223,939
Goods in Transit		5,626,069		7,056,940
		203,682,604		123,561,479
Stock of Spares		3,570,011		2,262,974
		207,252,615		125,824,453

4.2 Stock of Yarn

Stock of Yarn	380,973	124,091,343	181,834	53,523,472
	380,973	124,091,343	181,834	53,523,472

4.3 Stock of Dyes and Chemicals

Dyes	16,943	12,054,842	17,560	10,921,314
Chemicals	101,649	10,407,891	118,692	8,722,315
	118,592	22,462,733	136,252	19,643,629

4.4 Stock in Work in Process

Cost of Materials		7,707,710		7,991,136
Cost of Conversion		12,119,826		10,263,400
		19,827,536		18,254,536

4.5 Stock of Finished Products

Finished Garments	-	7,495,476	-	8,254,666
Knitted Fabrics	43,943	15,926,046	34,945	12,604,297
	43,943	23,421,522	34,945	20,858,963

5. Trade Debtors

	2013		2012	
	US\$	Taka	US\$	Taka
Export Sales Receivable	4,363,647	340,320,542	6,547,108	531,494,230
		340,320,542		531,494,230

These are unsecured but considered good.

6. Export Incentives Receivables

	2013 Taka	2012 Taka
Opening Balance	64,879,600	59,838,659
Less: Received	23,733,073	43,524,701
	41,146,527	16,313,958
For the year	43,600,627	48,565,642
Closing Balance	84,747,154	64,879,600

The advances are unsecured but considered good.

7. Advances, Deposits and Prepayments

Advances:		
Salary Advance	951,100	1,657,358
Advance to Suppliers	-	16,500,000
Operational Advance	7,677,000	3,932,354
Tax deducted at source	14,641,584	7,350,230
	23,269,684	29,439,942
Deposits :		
Security deposit	6,416,121	5,405,819
Bank Guarantee margin	1,176,989	1,805,651
Lease Deposit	3,295,220	3,422,820
	10,888,330	10,634,290
	34,158,014	40,074,232

The advances are unsecured but considered good.

8. Cash and Bank Balances

Cash at Banks with Banks on Current Account:		
Sonali Bank Ltd, V.I.P. Road Branch, CD A/c	-	6,061
BRAC Bank Ltd, Dhanmondi Branch, CD A/c	422,710	11,881
Islami Bank Bangladesh Ltd, FEX Branch CD A/c	508	766
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	474,369	176,397
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	9,482,767	-
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	222,805	-
The Honkon and Shanghai Banking Corporation Ltd.	764,199	-
Trust Bank Ltd, SKB Branch, EURO A/c	915	906
Trust Bank Ltd, SKB Branch, Dollar A/c	36,016,826	16,270,781
Trust Bank Ltd, SKB Branch, FCAD A/c	1,114,735	510,658
Trust Bank Ltd, SKB Branch, L/C Margin A/c	142,000	969,357
AB Bank Ltd, Motijheel Branch, FCAD A/c	29,268	134,368
AB Bank Ltd, Motijheel Branch, Dollar A/c	14,091,459	13,918,522
AB Bank Ltd, Motijheel Branch, Back to Back A/c	93,870	6,340
AB Bank Ltd, Margin under Acceptance A/c	-	204,758
AB Bank Ltd, Motijheel Branch, CD A/c	80,008	81,278
AB Bank Ltd, Motijheel Branch, Notice A/c	1,850,137	2,418,295
AB Bank Ltd, Motijheel Branch, L/C Margin A/c	54,655	166,556
	64,841,231	34,876,924
With Bank on Short Term Deposit Account:		
AB Bank Ltd, Motijheel Branch, Dividend A/c	1,391,647	2,678,708
Mutual Trust Bank Ltd, Gualshan Branch, Fixed Deposit A/c	513,500	1,542,583
Mutual Trust Bank Ltd, Gualshan Branch, Fixed Deposit A/c	9,167,581	3,944,516
Trust Bank Ltd, SKB Branch, SND A/c	1,109,345	1,043,226
Southeast Bank Ltd, Principal Branch, STD A/c	865,205	823,591
	13,047,278	10,032,624
Cash at Banks	77,888,509	44,909,548
Cash in hand	369,947	50,570
	78,258,456	44,960,118

9. Bank Overdraft

Trust Bank Ltd, SKB Branch
AB Bank Ltd, Motijheel Branch

These are secured

10. Loan against Trust Receipts

AB Bank Ltd, Motijheel Branch
Trust Bank Ltd, SKB Branch

These are secured

11. Creditors

	2013		2012	
	US\$	Taka	US\$	Taka
For Import Purchases	<u>6,016,816</u>	470,575,169	<u>5,779,145</u>	470,133,442
For Local Purchases		19,535,284		18,235,751
For Buying House Commission		1,135,821		873,707
For Dividend Payable		44,996,542		20,994,367
For Staff Income Tax		174,874		54,327
For Refund Warrant		<u>371,469</u>		<u>371,469</u>
		<u>536,789,169</u>		<u>510,663,063</u>

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

12. Accrued Expenses

	2013		2012	
	Taka		Taka	
Gas Expenses (Factory)	11,355,484		11,022,130	
Electricity bill	46,500		70,533	
Telephone	45,633		48,864	
Salaries, Wages and Allowances	16,411,845		13,950,213	
Insurance Premium for Factory	5,286,027		3,576,970	
Security bill	771,665		535,968	
Legal Fee	60,000		60,000	
Auditors' Fee	100,000		100,000	
AGM Expense	<u>1,000,000</u>		<u>1,000,000</u>	
	<u>35,077,154</u>		<u>30,364,678</u>	

13. Provision for Taxation

13.1 The break-up is as follows:

Provision for current tax- Note 13.2	15,976,112	10,425,309
Provision for deferred tax-Note 13.3	<u>(976,026)</u>	<u>284,815</u>
	<u>15,000,086</u>	<u>10,710,124</u>

13.2 The break-up of provision for current tax is as follows:

Opening balance	10,425,309	6,663,507
Provision for current Income-tax for the year- Note-30	<u>11,550,803</u>	<u>11,588,183</u>
	21,976,112	18,251,690
Less: Paid during the year	<u>(6,000,000)</u>	<u>(7,826,381)</u>
Closing balance	<u>15,976,112</u>	<u>10,425,309</u>

13.3 The break-up of provision for deferred tax is as follows:

	2013 Taka	2012 Taka
Opening balance	284,815	2,579,411
Provision for deferred tax for the year-Note 30	<u>(1,260,841)</u>	<u>(2,294,596)</u>
Closing balance	<u>(976,026)</u>	<u>284,815</u>

14 Bills Receivable Discounted

Opening balance	113,734,359	128,535,450
Add: Discounted during the year	<u>328,781,272</u>	<u>441,512,715</u>
	442,515,631	570,048,165
Less: Collected during the year	<u>380,557,568</u>	<u>456,313,806</u>
Closing balance	<u>61,958,063</u>	<u>113,734,359</u>

15. Workers' Participation/Welfare Funds

Opening balance	22,415,582	17,364,243
Add: Contributions for the year	3,429,987	3,097,862
Add: Interest during the year	<u>2,521,753</u>	<u>1,953,477</u>
Closing balance	<u>28,367,322</u>	<u>22,415,582</u>

16. Dues to Associated Company

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 Disclosures". Total Balance sheet exposure with the related parties as at 30 September 2013 is as under:

Name of the related party	Relationship	Nature of Transaction	2013 Taka	2012 Taka
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics	<u>-</u>	<u>15,500,750</u>

17. Event after Balance Sheet date

The Board of Directors of the Company in its meeting held on January 29, 2014 (2012: 22 January 2013) recommended 15% cash dividend i.e. Tk. 1.50 per share of Tk. 10.00 each (2012: 15% cash dividend) for all shareholders of the company subject to their approval in the AGM.

18. Share Capital

	2013 Taka	2012 Taka
18.1 Authorized:		
<u>100,000,000</u> Ordinary Shares of Tk. 10 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
18.2 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
6,000,000 Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	60,000,000	60,000,000
2,000,000 Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	20,000,000	20,000,000
<u>3,300,000</u> Ordinary Shares of Tk. 10 each issued as fully paid-up bonus shares	<u>33,000,000</u>	<u>33,000,000</u>
<u>25,300,000</u>	<u>253,000,000</u>	<u>253,000,000</u>

18.3 Composition of shareholdings:

Classes of Holdings	2013		2012	
	No. of Shares	%	No. of Shares	%
Sponsor/Directors	12,911,855	51.04	12,911,855	51.04
Financials Institutions	1,336,290	5.28	1,583,349	6.26
ICB	178,020	0.70	5,520	0.02
ICB Investors A/c	-	-	235,356	0.93
ICB Mutual Fund	60,836	0.24	83,836	0.33
ICB Unit Fund	1,293,615	5.11	1,384,394	5.47
General Public	9,519,384	37.63	9,095,690	35.95
Total	25,300,000	100.00	25,300,000	100.00

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

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

Shareholdings range in number of shares	2013			2012		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
00000000001 - 00000000499	5,861	1,254,737	4.96	6,374	1,304,737	5.16
00000000500 - 00000000500	5,811	2,905,500	11.49	5,532	2,766,000	10.93
00000000501 - 00000002000	879	884,250	3.51	935	888,250	3.51
00000002001 - 00000005000	710	1,727,500	6.82	691	1,727,500	6.83
00000005001 - 00000010000	201	1,154,500	4.56	219	1,204,500	4.76
00000010001 - 00000050000	58	528,000	2.08	48	528,000	2.09
00000050001 - 00000100000	13	952,015	3.76	21	1,092,000	4.31
00000100001 - 00000250000	6	840,000	3.32	7	840,000	3.32
00000250001 - 00000500000	3	951,264	3.76	3	756,000	2.99
00000500001 and above	7	14,102,234	55.74	7	14,193,013	56.10
Total	13,549	25,300,000	100.00	13,837	25,300,000	100.00

18.4 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.

19. General Reserve

	2013 Taka	2012 Taka
Opening and Closing Balance	6,956,752	6,956,752
	6,956,752	6,956,752

20. Tax Holiday Reserve

	2013 Taka	2012 Taka
Opening & Closing balance	22,378,988	22,378,988
	22,378,988	22,378,988

21. Dividend Equalisation Reserve

	2013 Taka	2012 Taka
Opening & Closing balance	10,000,000	10,000,000
	10,000,000	10,000,000

22. Capital Reserve

Capital reserve represents re-valuation surplus arising out of revaluation of certain tangible fixed assets of the company as of 30 September 1995 by a professional valuer, following the replacement cost method less depreciation adjusted there against.

	2013 Taka	2012 Taka
The movement is as follows:		
Revaluation surplus	52,227,962	52,227,962
Depreciation charged	(44,107,921)	(44,107,921)
Adjustment of revaluation surplus on Discarded Machines	(6,506,126)	(6,506,126)
Transfer to Retained Earnings	(1,613,915)	-
Closing balance	-	1,613,915

23. Long Term Loan

23.1 The break-up is as follows:

	2013 Taka	2012 Taka
Lease Finance Liabilities - Note 23.2	-	16,261,055
Long Term Loans - Note 23.3	53,859,302	28,466,455
Deferred L/C Liabilities - Note 23.7	43,182,264	-
	97,041,566	44,727,510

23.2 The break-up of lease finance liabilities is as follows:

	2013			2012		
	Principal	Interest	Total	Principal	Interest	Total
International Leasing and Financial Services Ltd.	-	-	-	13,172,650	3,088,405	16,261,055
	-	-	-	13,172,650	3,088,405	16,261,055

23.3 The movement of loans is as follows:

	2013 Taka	2012 Taka
17% Loan - Note 23.4	5,000,000	43,845,930
17% Loan - Note 23.5	388,767	28,423,715
5% Loan - Note 23.6	48,470,535	-
	53,859,302	72,269,645

23.4 The movement of loans is as follows:

	2013 Taka	2012 Taka
Opening balance	19,499,280	43,845,930
Loan re-paid	(14,499,280)	(24,346,650)
Closing balance	5,000,000	19,499,280

The loan has been taken from AB Bank Ltd, Motijheel Branch for import of Plant and machinery. The loan carries interest at 17% and is repayable in 36 monthly installments, starting from 9th December 2009. The loan is secured by hypothecation of stock and machinery, equipment and book debts.

23.5 The movement of loans is as follows:

	2013 Taka	2012 Taka
Opening balance	8,967,175	28,423,715
Loan re-paid	(8,578,408)	(19,456,540)
Closing balance	388,767	8,967,175

The loan has been taken from Trust Bank Ltd, Motijheel Branch for import of Plant and machinery. The loan carries interest at 16.50% and is repayable in 60 monthly installments, starting from 2 July 2008. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

23.6 The movement of loan is as follows:

	2013 Taka	2012 Taka
Opening balance	48,470,535	-
Loan re-paid	-	-
Closing balance	48,470,535	-

The offshore term loan has been taken from The Hongkong and Shanghai Banking Corporation Limited, Anchor Tower, 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.

23.7 The movement of Deferred L/C Liabilities is as follows:

	2013 Taka	2012 Taka
Opening balance	43,182,264	-
Loan re-paid	-	-
Closing balance	43,182,264	-

The offshore term loan has been taken from Mutual Trust Bank Limited, MTB Centre, 26 Gulshan Avenue, Gulshan-1, Dhaka-1212, Bangladesh, for import of Plant and Machinery at 360 days deferred L/C payment.

24. Provision for Gratuity

	2013 Taka	2012 Taka
Opening and Closing balance	9,115,426	9,115,426

25. Sales

Item	Quantity (In Kg.)	2013 Amount (US\$/EURO)	2013 Amount (In Taka)	Quantity (In Kg.)	2012 Amount (In US\$/EURO)	2012 Amount (In Taka)
Export sales:						
Knit fabrics	1,570,093 kgs	9,189,846	717,267,480	1,434,448 Kgs	9,696,935	787,197,190
Garments	5,620,377 pcs	13,626,554	1,063,552,540	3,917,434 pcs	10,235,215	830,894,752
Total		22,816,400	1,780,820,020		19,932,150	1,618,091,942

26. Export Incentives

	2013 Taka	2012 Taka
Cash Incentive	43,600,628	48,565,642
	43,600,628	48,565,642

27. Cost of Goods Sold

27.1 The break-up is as follows:

	2013 Taka	2012 Taka
Materials Consumed - Note-27.2	1,199,021,896	1,081,777,037
Salary, Wages and Allowances - Note 27.3	154,046,141	145,678,583
Tiffin & Entertainment expenses	886,694	645,441
Depreciation - Note 2.3	51,375,512	46,057,648
Stores and Spares Consumed	12,810,184	12,467,151
Factory Conveyance	1,117,808	942,529
Power and Gas	46,861,468	44,735,878
Vehicle expenses	3,747,032	3,260,078
Repairs and Maintenance	25,948,258	28,050,670
Packing & Loading expenses	3,853,602	3,595,683
Import Landing, Clearing and Insurance	3,856,930	3,569,300
Factory Stationery expenses	3,270,264	3,171,638
Carriage Inward & Outward	4,430,324	3,727,209
Knitting, Sewing & Processing charge	43,558,336	42,015,700
Factory Insurance	6,251,783	3,576,970
Sewing Machine Rental	3,323,288	4,090,743
Miscellaneous	659,860	655,300
Total Manufacturing Costs for the year	1,565,020,380	1,428,017,558
Add: Opening Work in Process	18,254,536	16,654,536
Total Manufacturing Costs	1,583,274,916	1,444,672,094
Less: Closing Work in Process	19,827,536	18,254,536
Cost of Goods Manufactured	1,563,447,380	1,426,417,558
Add: Opening Finished Goods	20,858,963	20,685,693
Cost of Goods available for use	1,584,306,343	1,447,103,251
Less: Closing Finished Goods	23,421,522	20,858,963
Cost of Goods Sold	1,560,884,821	1,426,244,288

27.2 Materials Consumed

	2013		2012	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	2,738,786	877,643,818	2,694,406	793,098,360
Dyes	181,480	128,850,740	189,227	117,687,631
Chemicals	760,358	129,260,895	643,754	118,064,536
Accessories	-	63,266,443	-	52,926,510
Total Materials Consumption	-	1,199,021,896	-	1,081,777,037

27.3 Salaries, Wages and Allowances	2013		2012	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 3,000 or more	625	76,859,300	412	71,866,023
Employees drawing less than Tk. 3,000	1,245	77,187,141	1,210	73,812,560
Total	1,870	154,046,441	1,622	145,678,583

28. Administrative, Selling and General Expenses

28.1 The break-up is as follows:

	2013	2012
	Taka	Taka
Directors' Remuneration - Note 28.2	2,600,000	2,600,000
Salaries and Allowances - Note 28.3	50,535,870	44,032,606
Security Service charge	4,110,285	4,279,900
Depreciation - Note 2.3	5,708,390	3,686,269
Postage, Courier, Telephone and Fax	2,193,935	2,263,450
Traveling and Conveyance	1,639,557	1,697,573
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 28.2	100,000	100,000
A.G.M expenses	2,052,630	1,931,798
Registration and Fees	1,962,906	1,896,500
Staff welfare	3,691,208	3,359,680
Stationery expenses	3,523,445	3,520,279
Office Repairs and Maintenance	5,042,173	4,868,630
Vehicle expenses	5,685,451	5,614,453
Entertainment expenses	934,030	813,768
Buying House Commission	6,514,194	6,145,956
Freight Charges & Freight out	20,544,098	13,403,313
Interest expense- Note 28.4	46,527,167	52,796,118
Bank Charges	28,561,504	21,099,737
Miscellaneous	1,535,643	1,553,560
Total	193,522,486	175,723,590

28.2 No remuneration or fee, other than that specified in note 28.1 was paid to directors and auditors.

28.3 Salaries and Allowances:	2013		2012	
	No. of Employees	Taka	No. of Employees	Taka
Employees drawing Tk.3,000 or more	98	46,732,660	92	41,756,965
Employees drawing less than Tk.3,000	33	3,803,210	28	2,275,641
	131	50,535,870	120	44,032,606

28.4 Interest expense is as follows:

Particulars	2013	2012
	Taka	Taka
Interest on Lease Finance	3,602,990	4,219,613
Interest on Workers' Participation/Welfare Funds	2,521,753	1,953,477
Interest on Long Term Loans	3,956,247	5,623,174
Interest on Loan against Trust Receipt and Bills Discount	31,476,273	37,868,762
Interest on Bank Overdraft	4,969,904	3,131,092
	46,527,167	52,796,118

29. Others Income

	2013	2012
	Taka	Taka
Rental income	365,400	365,400
Interest on fixed deposits	1,650,991	-
	2,016,391	365,400

30. Provision for Taxation

	2013	2012
	Taka	Taka
Current Tax expense	11,550,803	11,581,136
Deferred Tax expense	(1,260,841)	(1,435,885)
	10,289,962	10,145,251

31. Remuneration/Payments to Directors/Officers:

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

Particulars	2013		2012	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary	-	30,081,520	-	26,419,563
House rent allowance	-	15,440,760	-	13,009,780
Other benefits and perquisites	-	5,013,590	-	4,603,263
	2,600,000	50,535,870	2,600,000	44,032,606

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

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

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

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
				2013 Taka	2012 Taka
AB Bank Ltd. Motijheel Branch, Dhaka	Back to Back Letter of Credit	500,000,000	36,210,158	463,789,842	292,249,000
	Cash Letter of Credit	50,000,000	-	50,000,000	48,334,440
	IBP	100,000,000	26,666,000	73,334,000	32,816,000
	Overdraft	20,000,000	20,699,769	(699,769)	(2,212,860)
	Time Loan	5,000,000	5,000,000	-	-
	Trust receipt	45,000,000	12,684,300	32,315,700	28,007,776
	Bank guarantee	15,000,000	11,769,893	3,230,107	(3,056,500)
	Term Loan	68,390,740	-	68,390,740	48,891,460
		803,390,740	113,030,120	690,360,620	455,029,316
Trust Bank Ltd. SKB Branch, Dhaka	Back to Back Letter of Credit	300,000,000	375,844,668	(75,844,668)	37,617,638
	IBP	100,000,000	35,292,063	64,707,937	53,449,641
	Cash Letter of Credit	45,000,000	1,511,040	43,488,960	35,306,430
	Trust receipt	40,500,000	4,022,488	36,477,512	26,869,988
	Overdraft	20,000,000	15,275,755	4,724,245	4,291,448
	Bank guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	14,960,000	388,767	14,571,233	29,132,825
		521,460,000	432,334,781	89,125,219	187,667,970
Mutual Trust Bank Ltd. Gulshan Branch, Dhaka	Back to Back Letter of Credit	200,000,000	51,046,785	148,953,215	-
	IBP	50,000,000	-	50,000,000	-
		250,000,000	51,046,785	198,953,215	-
HSBC Anchor Tower, 108 Bir Uttam C.R. Datta Road, Dhaka-1205	Foreign Exchange Limit	20,000,000	-	20,000,000	-
	Import Line (PRM)	395,000,000	-	395,000,000	-
	Import Line	280,000,000	-	280,000,000	-
	Overdraft	40,000,000	-	40,000,000	-
	Bank guarantee	20,000,000	-	20,000,000	-
	Term Loan	20,000,000	-	20,000,000	-
	Export Cash Limit	54,000,000	48,470,535	5,529,465	-
	Credit Card	1,200,000	-	1,200,000	-
		830,200,000	48,470,535	781,729,465	-

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

	2013		2012	
	Taka	%	Taka	%
Imported	422,023,137	34.83	475,693,540	43.47
Local	789,809,643	65.17	618,550,648	56.53
	1,211,832,780	100.00	1,094,244,188	100.00

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

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	56.20 (2012: 39.17)	66.90 (2012: 46.63%)
Knit Fabrics (MTs.)	2,990	1,570 (2012: 1,434)	52.51 (2012: 47.95%)

35. The Company's transaction with the related parties are as follows

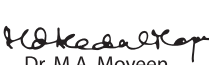
Related Party	Nature of Transaction	2013 Taka	2012 Taka
Fashion Knit Garments Ltd	Export Sale	689,626,316	753,546,346
Fashion Knit Garments Ltd	Current Dues	-	15,500,750

36. General

- 36.1 There was no sum for which the company was contingently liable as on 30 September 2013 and 2012.
- 36.2 There was no claim, except an aggregate amount of Tk. 26,019,493 (2012: 22,338,256) claimed by the Tax Authority but appealed against by the company, not acknowledged as debt as on 30 September 2013 and 2012. Such claim, being contingent liability, needs not be provided for.
- 36.3 There was no credit facilities available to the company, except trade credits and back to back L/c facilities, during the years ended 30 September 2013 and 2012.
- 36.4 There was no foreign shareholder of the company as on 30 September 2013 and 2012 and no dividend was remitted to any foreign shareholders during the years ended 30 September 2013 and 2012.
- 36.5 There was no capital expenditure contracted but not incurred or provided for at 30 September 2013 and 2012.
- 36.6 There was no capital expenditure authorised by the Board but not contracted for at 30 September 2013 and 2012.

The annexed notes 1 to 36 form an integral part of these financial statements.


M.A. Moyeed
Managing Director


Dr. M.A. Moyeen
Director


M.A. Momen
Director


Md. Wali Ullah
Company Secretary

Dated: Dhaka
January 29, 2014

H.R. Textile Mills Limited

Green Deluxe (2nd Floor), House # 67/D
Road # 11, Block # E, Banani, Dhaka-1213

PROXY FORM

I/We.....of.....
..... being a shareholder of H.R. Textile Mills Limited hereby appoint
Mr./Mrs/Miss..... of

as my proxy to attend and vote for me on my behalf at the 29th Annual General Meeting of the company to be held on 21st April 2014 at 10:00 a.m. at the Trust Milonayaton, 545 Old Airport Road, Dhaka Cantonment, Dhaka and at any adjournment thereof.

As witness my hands this day of April 2014

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 29th Annual General Meeting of H.R. Textile Mills Limited to be on 21st April 2014 at 10:00 a.m. at the Trust Milonayaton, 545 Old Airport Road, Dhaka Cantonment, Dhaka.

.....
Authorized Signature

.....
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.