

Annexure - C

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 matter 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	✓		

Annexure - D

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

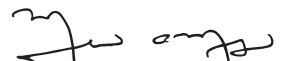
Dated: 16th January 2016

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

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission by H.R. Textile Mills Limited for the year ended 30th September 2015 as stipulated in clause 7(i) of the BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44: dated 7th August 2012. Our views in the form prescribed by the BSEC on the specific points are enclosed.

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

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


Mohammad Abdul Moyeed
Chief Executive Officer


Md. Abu Amur Naheel
Chief Financial Officer

Annexure - E

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

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

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/CMRRCD/2006-158/Admin/44: dated 7th August 2012. Our views in the form prescribed by the BSEC on the specific points is enclosed

We do hereby certify that we have examined the books and records of H.R. Textile Mills Limited specially related the corporate governance areas. We are of the opinion that the company has complied with the Conditions of Corporate Governance Guidelines for the year ended 30th September 2014 as prescribed by the above BSEC Notification.


N.M Tareque & Associates
Cost and Management Accountants

Dated: January 16, 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 September 30, 2015, Statement of Profit or Loss and other 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 1-34 and Annexure-A.

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 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.

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, 2015 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

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

Dated: Dhaka, January 16, 2016


Rahman Mostafa Alam & Co.
Chartered Accountants