

Audit Committee Report to the Shareholders For the year ended 30th September 2013

I have the pleasure to inform that the year under report is my second year as the Chairman of the Audit Committee of HR Textile Mills Limited. HR being a public limited company has tremendous amount of responsibility to protect the interest of stakeholders and the Audit Committee shares this responsibility to see that the interest of the stakeholders is protected. As an independent director our role was limited to specific areas where we considered that the management may look closely so that the company functions by complying with rules regulations and cost effective manner. With the above in view, during the year, the Audit Committee organized a number of meetings. The committee was especially interested to see that the financials of the company has bearing with the operation, internal audit functions are carried out smoothly. 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 Dr. A.H.M. Habibur Rahman	Member
Professor Mohammad Abdul Momen	Member
Md. Wali Ullah	Secretary

The Committee held 4 (four) meeting during the year. The meetings were also attended by the company secretary and chief financial officer.

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



Professor Mushtaque Ahmed
Chairman
Audit Committee
Date: January 29, 2014

Certificate of Compliance with the Conditions of Corporate Governance Guidelines

To the shareholders of
H.R. Textile Mills Limited

Certificate on Compliance of
Corporate Governance by 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 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 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 2013 as prescribed by the above BSEC Notification.

Dated: January 23, 2014


N.M Tareque & Associates
Cost and Management Accountants

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	✓		
1.2(i)	Appointment of Independent Director	✓		
1.2 (ii)	Independent Directors appointment by the elected Directors	✓		
1.3	Qualification of Independent Director (ID)	✓		
1.4	Chairman of the Board and Chief Executive Officer of the Company	✓		
1.5	Inclusion of statements in Directors' Report prepared under Section 184 of the Companies Act, 1994:			
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)	A 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)	Related party transactions	✓		
1.5 (vii)	Utilization of proceeds	✓		
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO Right offer, Direct Listing,	✓		
1.5 (ix)	Significant variance	✓		
1.5 (x)	Remuneration to directors	✓		
1.5 (xi)	Fairness of state of the affairs	✓		
1.5 (xii)	Keeping proper books of accounts	✓		
1.5 (xiii)	Consistent application of Accounting Policies and preparation of financial statements	✓		
1.5 (xiv)	Compliance with Bangladesh Accounting Standards (BAS)	✓		
1.5 (xv)	Soundness and efficiency of internal control system	✓		
1.5 (xvi)	Ability to continue as a going concern	✓		
1.5 (xvii)	Significant deviations from last year in operation results	✓		
1.5 (xviii)	Presentation of key operation and financial data for last five years	✓		
1.5 (xix)	Declaration of dividend	✓		
1.5 (xx)	Number of Board Meeting held during the year and attendance by each other	✓		
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, H.I. Audit and CS	✓		
2.2	Attendance of CFO and the Company Secretary in the Board Meeting	✓		
3 (i), (ii), (iii)	Audit Committee			
3.1 (i)	Audit Committee composed of 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	✓		

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
3.3 (vi)	Review of quarterly and half yearly financial statements	✓		
3.3 (vii)	Review of adequacy of internal audit function	✓		
3.3 (viii)	Related party transaction	✓		
3.3 (ix)	Management Letters/Letter of internal control weakness	✓		
3.3 (x)	Purposes of fund utilization	✓		
3.4	Reporting of the Audit Committee:			
3.4.1 (i)	Reporting by the audit Committee on its activities to the Board of Directors	✓		
3.4.1 (ii)	Report to the Board of Directors by the audit committee on:	✓		
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	✓		
3.4.2	Reporting to Authorities	✓		
3.5	Reporting to the Shareholders and Investors	✓		
4	External/Statutory Auditor:			
4 (i)	Appraisal or valuation services	✓		
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)	Any other services that the Audit Committee determines	✓		
4 (viii)	Possess any share of the company	✓		
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 of the subsidiary company	✓		
5 (ii)	Independent director on the Board of Director of the holding company	✓		
5 (iii)	Submission of Minutes to the holding company	✓		
5 (iv)	Review of Minutes by the holding company	✓		
5 (v)	Financial statements is reviewed by the Audit Committee	✓		
6	Duties of CEO and CFO:			
6 (i)	Reviewed financial statements to the best of their knowledge:	✓		
6 (i)a	Materially	✓		
6 (i)b	True and fair view of the company's affairs	✓		
6 (ii)	Reviewed about 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	✓		