

enjoying about 5% of the World's Apparel market; Vietnam is closing to Bangladesh having almost 5% of the same. If Bangladesh can address the key constraints that are hindering the export, it could take some of the market share from China, it could double its present markets share. However, if Bangladesh fails to act in time, other competitors may take up the share, pushing Bangladesh behind. Bangladesh could potentially become an important player in world RMG business, based on its comparative advantages in this labour - intensive industry.

The future of Bangladesh RMG will be dependent on capturing new market and increasing market share in existing products. Since the new product may take more time to develop and may grow slowly, more rapid export growth of the existing market may be instrumental for capturing higher market share with the existing products, both in the current market, as well as penetrating in new markets such as Japan, China, ASEAN and India. Bangladesh, however, must continue to work on improving the infrastructure, ensuring power and eco-compliances, maintaining a world class working environment by creating Eco-friendly RMG factories.


Under the above backdrop, your company, with long years of experience in the field, has created a franchise value in the global market as a quality exporter. The director, with their experience supported by a professional team, has worked hard to create this value. The Board has the program to expand both horizontally and vertically but cautiously, so that the history created by the company with the support of general shareholders can be continued with confidence.

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 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 professionals, whom the management considers as the most valuable asset of the company and hopes that they will continue to keep the spirit of team work in the coming years for the smooth growth of the company.

With best wishes for the time ahead.



Professor Mohammad Abdul Momen
Chairman

Dated: January 19, 2015

Report of the Board of Directors For the year ended 30th September 2014

Compliance Issues

With the passage of time, 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 30 years of its operation is complying with all requirements. However, it needs to take a number of steps, in the coming years to improve production facilities, and to need the upgraded compliance standards.

Board of Directors

There is no change in the Board of Directors of the company during the year. The two re-elected Directors such as Ms. Ruhey Rawa and Ms. Sumbal Azwad Momen 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	3	15,000
2	Mr. M.A Moyeed	5	4	20,000
3	Professor Dr. M.A Moyeen	5	5	25,000
4	Professor Mushtaque Ahmed	5	5	25,000
5	Mr. Md. Kabiruzzaman	5	2	10,000
6	Ms. Ruhey Rawa	5	4	20,000
7	Ms. Sumbal Azwad Momen	5	3	15,000
8	Ms. Sana Kainat Moyeen	5	5	25,000

"Bismillah Hir Rahmanir Rahim"

Distinguished Shareholders

Assalamu Alaikum

On behalf of the Board of Directors I have the pleasure to welcome you to the 30th Annual General Meeting of your company and place before you the Directors Report for the year ending on 30th September 2014 for your consideration.

Business Operations

Having many odds in the business environment, the management has tried to keep the business operation running at the same pace. The summary result of business operation may be stated as follows:

Particulars	Taka in million		
	2014	2013	Increase (decrease)
Fabric Sale	817.92	717.27	14.03
Garments Sale	733.03	1,063.55	(31.08)
Cash Incentive	49.35	43.60	13.19
Total Revenue	1,600.30	1,824.42	(12.28)
Cost of Goods Sold	1,368.28	1,560.88	(12.34)
Gross Profit	232.02	263.54	(11.96)
Administrative, Selling and General Expenses	171.14	193.52	(11.56)
Net Profit Before Tax	58.79	68.60	(14.30)
Net Profit After Tax	49.97	58.31	(14.30)
Earning Per Share	1.98	2.30	(13.91)

The above business operational result, reflects that the company, even at the face of severe unhealthy atmosphere, could maintain its operational result unaffected to a great extent.

The Board remained vigilant on the overall development of the garments sector in general, and knit garments in particular, specially keeping an eye on the changes that are taking place in the environment, product demand, and compliance issues, in addition to dealing with the business policies, forecasts and in resolving operational issues. The Board also dealt with negotiating 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.

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 significant role in guiding the internal management. The Committee reviewed the draft financial statements, financial position of the company, and report of the Auditors and the operational results of the company, from time to time. A separate Report of the Audit Committee to the shareholders is enclosed at Annexure-A.

Election of Directors

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

Re-appointment of Managing Director

As per clause 136 of the Articles of Association of the Company and decision of 25th Annual General Meeting, the tenure of the appointment of Mr. Mohammad Abdul Moyeed, Managing Director will expire on 31st March 2015. The Managing Director has expressed his desire to be re-appointed for a further period of 5 (five) years with effect from 31st March 2015. The

re-appointment of the Managing Director of the company is required to be approved by the shareholders in this 30th Annual General Meeting as per Section 110(3) of the Companies Act 1994.

Directors Remuneration

Other than the Managing Director all are non-executive directors. The Managing Directors is paid his monthly remuneration as shown in the Financial Statements. 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.

Corporate and Financial Reporting

The Board of Directors is pleased to confirm that

- The Financial statements together with the notes therein have been drawn 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.
- That, the system of internal control is sound in design and has been effectively implemented and monitored.
- That, there are no significant doubts upon the company's ability to continue as a going concern.
- 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 year 30th September 2014 and to the best of their knowledge and belief:

- 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;
- There is no statement which is materially untrue or misleading and there is no omission of facts in such statements; and
- 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-B

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

The directors are pleased to furnish the summary of the current year's key financial data, along with the same for preceding five years, are furnished below:

Financial Details

Particulars	For the year ended 30th September (Tk. in '000)				
	2014	2013	2012	2011	2010
Total Assets	1,273,244	1,233,793	1,203,178	1,154,709	1,102,704
Fixed Assets – Net	506,239	489,057	392,857	432,858	474,645
Reserve and Surplus	156,786	144,762	124,403	106,334	50,412
Working Capital	56,176	14,862	35,300	6,270	(12,534)
Authorised Capital	1,000,000	1,000,000	1,000,000	500,000	500,000
Shareholders' Equity	409,787	397,762	377,403	326,334	270,412
Paid up Capital	253,000	253,000	253,000	220,000	20,000
Long Term Loan	143,513	97,041	44,727	110,736	193,918

Chief Financial Officer, Head of Internal Audit and Company Secretary

The Company has appointed Mr. Md. Abu Amur Naheel, as Chief Financial Officer, Mr. Sumnoon Moheb as Head of Internal Audit and Mr. Md. Wali Ullah as Company Secretary of the Company as per requirement of the Bangladesh Securities and Exchange Commission's Corporate Governance Guidelines.

Financial Performance

The financial performance of the company was satisfactory. The summarized financial result of the company is as follows:

Particulars	Amount in Taka (million)	
	2014	2013
Net Profit before Tax	58.79	68.60
Less: Provision for Income Tax	(8.82)	(10.29)
Net Profit after Tax	49.97	58.31
Add: Profit brought forward from previous year	67.48	45.50
Profit Available for Appropriation	117.45	105.43
Recommended for Appropriations:		
Proposed Dividend (Cash)	(31.63)	(37.95)
Un-appropriated Profit carried forward	85.82	67.48

Business Risk Perception

Political Risk

The economy, as a whole, has been passing through, a political turmoil which has been hampering the operation and growth. The export oriented industries are the most sufferer. 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 having substantial equity in the company always decides 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 being 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 the production facilities with modern technology. With the above, the company is now operating as a quality product supplier with high franchise value. It has developed a pool of quality human resources who are capable to undertake any type of export orders relating to knit garments. Therefore, the management does not foresee any significant operational risk.

Foreign Exchange Fluctuation Risk

The company is in the export business. The total export is in foreign currency and most of the imports required to execute the export, is also in foreign currency. Since the exports are more than the imports to the extent of value addition, and the imports are mostly against back to back Letter of Credit, the company does not have any foreign exchange fluctuation risk.

Market Risk

The RMG export market is volatile. Since the export market of the company is mainly within Europe, and Europe is still under recession, the market has potential risk. But 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

In light of the recent incidences in some RMG factories, the compliance requirement is becoming more strict and there is the possibility of imposing additional requirements for compliance by buyers and regulators. The management of the company has been constantly keeping an 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 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.

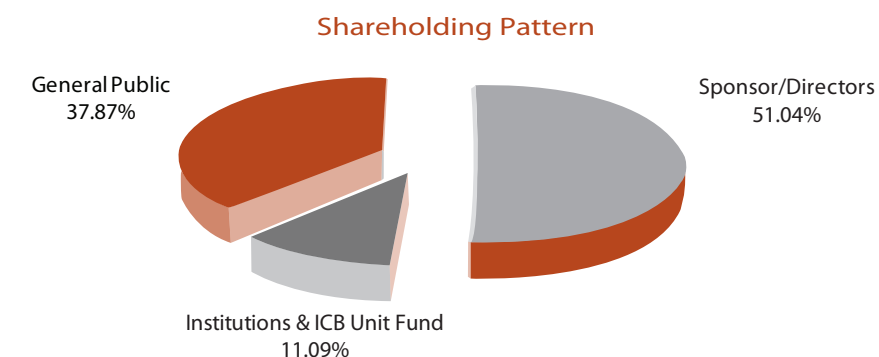
Dividend

During the year under report, the company earned profit after tax of Tk. 49,974,020. Out of the above the Board recommended a cash dividend of Tk. 1.25 (i.e. 12.50%) per share of Tk. 10 against 15% cash dividend per share of Tk. 10 each in the last year. The above would require a cash outflow of Tk. 31,625 Million. The balance amount of Tk. 18,349 Million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

Shareholding Pattern

The shareholding of the sponsors remained at 51.04% without any change whatsoever. Out of the balance shares, the institutions and ICB Unit Fund are holding 11.09%, which was 11.33% in the previous year. The shareholding of the general public has increased to 37.87% compared to 37.63% in the previous year, on the date of year closing. The above change was mainly due to sale of shares by Financial Institutional shareholders. The shareholding pattern of the company as on 30th September 2014 has been shown at page 32 of this 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. Ziaul Haque, Manager, Income Taxes and Mr. Kamal Ahmed, Manager, Production, holds 1,000 share each which was issued to them at the time of IPO from employees 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 HR Textile Mills Limited and Fashion Knit Garments Limited are being transacted on Arms Length Basis and at market price.

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-C

Appointment of Auditors

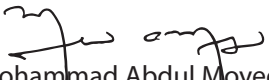
The existing Auditor M/s. Ata Khan & Co, Chartered Accountants has been carrying out the audit of the company for the last two years. The audit company informed that, they like to retire and unable to not work as auditors. Therefore the shareholders are required to appoint new auditors for the year of 30th September 2015. The office has so far received few applications and some are expected and in pipe line. All will be placed for your consideration and appointment.

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 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 professionals, whom the management considers as the most valuable asset of the company and hopes that they will continue to keep the spirit of team work 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: January 19, 2015

Annexure - A

Audit Committee Report to the Shareholders

For the year ended 30th September 2014

I am pleased to report before the shareholders as the Chairman of the Audit Committee of your esteemed company. H.R. Textile Mills Limited is a public limited company having quite 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 hold a number of meetings. The committee was especially interested to see that the financial transactions of the company are being taking place for the purpose of the company and for its smooth and effective operation, funds are appropriately deployed, 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 its duties and responsibilities effectively.


 Professor Mushtaque Ahmed
 Chairman
 Audit Committee
 Date: January 19, 2015

Declaration of CEO and CFO to the Board of Directors

Dated: 19th January 2015

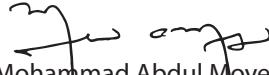
To
The Board of Directors
H.R. Textile Mills Limited

Dear Sirs,

Compliance with the condition no. 6 imposed by Bangladesh Securities & 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 we do hereby certify to the Board that:

- i) We have reviewed financial statement for the year ended 30th September 2014 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- ii) There are, to the best of knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.

Sincerely yours,


Mohammad Abdul Moyeed
Chief Executive Officer


Md. Abu-Amur Naheel
Chief Financial Officer

Annexure - C

Compliance Certificate on 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 19, 2015



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	✓		

