

As per the Provision of the Articles of the company, I have the pleasure to present before you the Directors Report, the Audited Accounts of the company, for the year ended 30th September 2015, along with the report of the auditors for your consideration.

Conclusion

The Board of Directors of the company takes the opportunity to express its sincere thanks and appreciation to its valued shareholders, the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Government Agencies, Banks, Financial Institutions, 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 16, 2016

Report of the Board of Directors For the year ended 30th September 2015

Compliance Issues

As stated earlier 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 as well as others regulatory agencies. H.R. Textile Mills Limited, being a company having 30 years of its operation is complying with all requirements. However, the new compliance requirements warrant major change in the building structure and HRTML need to invest substantial amount in the coming years to improve production facilities, and to 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 Professor Mohammad Abdul Momen and Ms. Sana Kainat Moyeen 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:

SI No	Name of the Directors	No of meetings held	No of meetings attended	Fee Paid Taka
1	Professor M.A Momen	5	4	20,000
2	Mr. M.A Moyeed	5	3	15,000
3	Professor Dr. M.A Moyeen	5	4	20,000
4	Professor Mushtaque Ahmed	5	5	25,000
5	Mr. Md. Kabiruzzaman	5	5	25,000
6	Ms. Ruhey Rawa	5	3	15,000
7	Ms. Sumbal Azwad Momen	5	3	15,000
8	Ms. Sana Kainat Moyeen	5	3	15,000

“Bismillah Hir Rahmanir Rahim”

Distinguished Shareholders Assalamu Alaikum

On behalf of the Board of Directors I have the pleasure to welcome you to the 31st Annual General Meeting of your company and place before you the Directors Report for the year ending on 30th September 2015 for your consideration.

Business Operations

The summary result of business operation may be stated as follows:

Particulars	Taka in million		
	2015	2014	Increase (decrease)
Fabric Sale	722.34	817.92	(11.69)
Garments sale	515.47	733.03	(29.68)
Cash incentive	41.92	49.35	(15.06)
Total Revenue	1,279.73	1,600.30	(20.03)
Cost of goods sold	1,093.56	1,368.28	(20.08)
Gross Profit	186.18	232.02	(19.76)
Administrative, Selling and General Expenses	148.43	171.14	(13.27)
Net profit before tax	36.34	58.79	(38.19)
Net profit after tax	30.89	49.97	(38.19)
Earnings per share	1.22	1.98	(38.19)

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

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-B.

Election of Directors

Pursuant to Article 102, 103 and 104 of the company, Professor Dr. Muhammad Abdul Moyeen and Ms. Ruhey Rawa, Directors of the company, will retire and being eligible, offer themselves for re-election.

Extension of the tenure of office of Professor Mushtaque Ahmed as Independent Director for another term

As per BSEC Notification No. SEC/CMRRCD/ 2006-158 /134/Admin/44 dated 7th August 2012, under condition No. 1.2 (vi) Professor Mushtaque Ahmed

was appointed as Independent Director. He would complete his three years' tenure in this AGM. The Board of Directors as the aforementioned notification has recommended to extending the term as Independent Director. This extension of tenure as Independent Director would be approved in the ensuing AGM.

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 from the organization.

Corporate and Financial Reporting

The Board of Directors is pleased to confirm that

- The Financial statements together with the notes thereon have been drawn up in conformity with the companies Act 1994 and Bangladesh Securities and Exchange Rules 1987. These statements fairly present the company's statement of affairs, the results of its operations, cash flow and changes in equity.
- That proper books of account of the company have been maintained.
- That, appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- That, the International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there-from has been adequately disclosed.
- 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 2015 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-D

Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million)	
	2015	2014
Net Profit before Tax	36.34	58.79
Less: Provision for Income Tax	(5.45)	(8.82)
Net Profit after Tax	30.89	49.97
Add: Profit brought forward from previous year	85.83	67.48
Profit Available for Appropriation	116.72	117.45
Recommended for Appropriations:		
Proposed Dividend (Cash)	(25.30)	(31.63)
Un-appropriated Profit carried forward	91.42	85.82

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

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

Financial Details

Particulars	For the year ended 30th September (Tk. in '000)				
	2015	2014	2013	2012	2011
Total Assets (Tk. in '000)	1,350,984	1,273,244	1,233,793	1,203,178	1,154,709
Fixed Assets – Net	528,012	506,239	489,057	392,857	432,858
Reserve and Surplus (Tk. in '000)	156,052	156,786	144,762	124,403	106,334
Working Capital (Tk. in '000)	30,919	(7,824)	14,862	35,300	6,270
Authorised Capital (Tk. in '000)	1,000,000	1,000,000	1,000,000	1,000,000	500,000
Shareholders' Equity (Tk. in '000)	409,053	409,787	397,762	377,403	326,334
Paid up Capital (Tk. in '000)	253,000	253,000	253,000	253,000	220,000
Long Term Loan (Tk. in '000)	140,764	79,512	97,041	44,727	110,736

Business Risk Perception

Political Risk

Although hartal and other political programs have declined substantially, but foreign buyers are still hesitant to visit Bangladesh. In many instances, we require to go to neighboring countries, to meet the buyers. The above risk has substantial impact on the operation of the company.

Going Concern Risk

H.R. Textile Mills Ltd has been operating as a sustainable organization since 1984. The sponsors always decide on operational and financial issues from the perspective of going concern. Having its own land, building and infrastructure, the company has been operating in such an industry which is a basic requirement of human 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 with production facilities with modern technology. With the above facilities, the company is now operating as a quality producer with high franchise value. It has developed a pool of quality human resources who are capable 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

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

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

Market Risk

RMG export market is still volatile. Since the export market of the company is mainly in Europe. 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

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

Interest rate risk

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

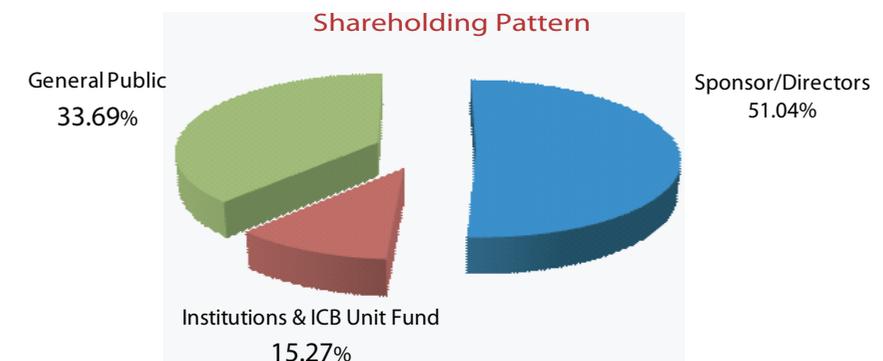
Dividend

During the year under report, the company earned profit after tax of Tk. 30,890,780. Out of the above the Board recommended a cash dividend of Tk. 1.00 (i.e. 10%) per share of Tk. 10 against 12.50% cash dividend per share of Tk. 10 each in the last year. The above would require a cash outflow of Tk. 25,300 million. The balance amount of Tk. 5,591 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 during the year. Out of the balance shares, the institutions are holding 15.27%, which was 11.09% in the previous year. The shareholding of the general public has decreased to 33.69% compared to 37.87% in the previous year, on the date of year closing. The above change was mainly due to sale of shares by General shareholders. The shareholding pattern of the company for the year closing on 30th September 2015 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. Kamal Ahmed, Manager, and Production hold 1,000 shares each which was issued to them at the time of IPO from employee's quota.
- d) Shareholders holding ten percent (10%) or more votes' interest in the company (name wise details):

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

Subsidiary Company

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

Extra-Ordinary Gain or Loss

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

Related Party Transactions

H.R. Textile Mills Limited exports garments and also fabric as "Deemed Export" to one concern, namely, Fashion Knit Garments Limited. The Fashion Knit Garments Limited is owned by three sponsor Directors of the company. The transactions between H.R. Textile Mills Limited and Fashion Knit Garments Limited are being transacted on 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-E

Appointment of Auditors

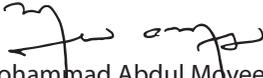
The existing Auditor M/s. Rahman Mostafa Alam & Co, Chartered Accountants has been carrying out the audit of the company for the last one year. They are now retiring and being eligible for re-appointment have shown their interest to continue as auditors of the company. On the recommendation of the Board Audit Committee, the Directors of the Company is proposing their appointment and fixing remuneration at the 31st Annual General Meeting.

Conclusion

The Board of Directors of the company takes the opportunity to express its sincere thanks and appreciation to its valued shareholders, the Bangladesh Securities and Exchange Commission, Dhaka Stock Exchange, Chittagong Stock Exchange, Government Agencies, Banks, Financial Institutions, Contractors, Suppliers and Auditors for their 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 16, 2016

Annexure - B

Audit Committee Report to the Shareholders For the year ended 30th September 2015

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 held a number of meetings. The committee was especially interested to see that the financial transactions of the company are taking place for the purpose of the company and for its smooth and effective operation, funds are appropriately deployed, 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 of Audit Committee
 Date: January 16, 2016