



# ANNUAL REPORT 2017-18



**H.R.TEXTILE MILLS LIMITED**

An enterprise of PRIDE GROUP with public Participation





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## Board of Directors

Chairman	:	Professor Dr. Muhammad Abdul Moyeen
Managing Director	:	Mr. Mohammad Abdul Moyeed
Directors	:	Professor Mohammad Abdul Momen Ms. Ruhey Rawa Ms. Sumbal Azwad Momen Ms. Sana Kainat Moyeen
Independent Directors	:	Professor Dr. A.H.M. Habibur Rahman Mr. Mohammad Kabiruzzaman

## Corporate Information

Chief Financial Officer	:	Mr. Md. Abu Amur Naheel
Head of Internal Audit and Compliance	:	Mr. Sumnoon Moheb
Company Secretary	:	Mr. Md. Wali Ullah
Auditors	:	M/s. Ata Khan & Co. Chartered Accountants 67, Motijheel C/A Dhaka-1000
Bankers	:	Trust Bank Limited Mutual Trust Bank Limited The Hongkong and Shanghai Banking Corporation Ltd.
Corporate Office & Share Dept.	:	Mirandel (2nd Floor), House # 3, Road # 5 Block # J, Baridhara, Dhaka-1212 Tel : 9899147 (Share Dept.) Fax : (8802) 9899147 E-mail : hrtex_cs@pride-grp.com www.pride-grp.com/hrt
Operational Office & Factory	:	4, Karnapara (Near Bank Town) Savar, Dhaka Tel : (8802) 7748694 - 96 Fax : (8802) 7745819



## **MISSION**

Be a caring company through enriching customer experiences  
by providing innovative solutions & process excellence.

## **VISION**

Be an industry thought leader.



## Photo Gallery of 33rd AGM





## Letter of Transmittal

All shareholders  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies and Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

Subject: **Annual Report for the year ended on 30th June 2018**

Dear Sir/Madam(s),

In terms of the requirement of the Articles of Association of the company, I have the pleasure to forward herewith a copy of the Annual Report of H.R. Textile Mills Limited which, inter alia, covers the Directors Report, Audit Committee Report, Corporate Governance Report, Audited Financial Statements of the company covering Statement of Financial Position as on 30th June 2018, Statement of Profit or Loss and other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Shareholder's Equity, together with the Report of the Auditors for your information and necessary action.

Thank you.

Yours sincerely,



Md. Wali Ullah  
Company Secretary

# Notice of the 34<sup>th</sup> Annual General Meeting

Notice is hereby given that the 34th Annual General Meeting of the Shareholders of H.R. Textile Mills Limited will be held on Wednesday, 23rd January 2019, at Spectra Convention Centre Limited, King's Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212 at 11:00 a.m., to transact the following business:

## Agenda

1. To receive, consider and adopt the Directors Report and the Audited Financial Statements for the year ended 30th June 2018 together with the Auditors report thereon;
2. To approve cash dividend @ Tk. 1.00 per share (i.e. 10%) for the year ended 30th June 2018 as recommended by the Board of Directors;
3. To elect Directors in place of retiring Directors;
4. To approve the appointment of Independent Director;
5. To appoint the auditors for the year 2018-19 and to fix their remuneration;
6. To appoint auditor for Corporate Governance Compliance audit.

By Order of the Board



Md. Wali Ullah  
Company Secretary

Date: 24/10/2018

## Notes

- a. Shareholders whose names appeared in CDS/Company's Register on the Record date of 28th November 2018 will be eligible to attend the meeting and will be entitled for dividend for the year ended on 30th June 2018.
- b. Member entitled to attend and vote at the annual general meeting may appoint a Proxy to attend and vote on his/her behalf. The proxy form must be affixed with requisite revenue stamp and must be submitted to the Corporate Office of the company not less than 48 hours before the time fixed for the annual general meeting.
- c. For smooth conduct of the meeting, members having queries on the audited accounts or on the Directors Report are requested to submit the same to the office of the company at least 3 days ahead of the meeting.

N.B.: The shareholders will not be provided with any gift and or entertainment in the 34th AGM as instructed by the BSEC Directive No. SEC/CMRRCD/2009-193/154 dated October 24, 2013.

## H.R. Textile Mills Limited

### OPERATIONAL HIGHLIGHTS

General		Financial	
1. Year of Incorporation	1984	1. Authorised Capital	1,000 Million
2. Converted into Public Ltd. Co.	1995	2. Paid up Capital	253 Million
3. Initial Public Offering of Share	1996		
4. Enlistment with DSE and CSEP	1997		
5. Member of BAPLC	2014		

### Five Years Statistics

Particulars	For the year (Tk in million)				
	2017-18	2016-17	2015-16	2014-15	2013-14
Operations Results					
Turnover	2,046.49	1,658.25	1,474.80	1,237.81	1,550.95
Gross Profit	286.98	241.22	222.30	1,093.56	232.02
Operating Profit	66.55	56.51	54.34	37.75	60.88
Net Profit before tax	64.88	54.17	52.40	36.34	58.79
Net Profit after tax	43.09	36.29	46.27	30.89	49.97
Basic Earnings per share of (Tk. 10)	1.70	1.43	1.83	1.22	1.98
Cash Dividend per share of (Tk. 10)	1.00	1.00	1.00	1.00	1.25
Cash Inflows from Operating Activities	152.82	239.11	(37.17)	(47.41)	205.62
Financial Details					
Total Assets	1,624.21	1,508.26	1,541.98	1,350.98	1,273.24
Fixed Assets	742.81	654.96	622.44	528.01	506.24
Reserve and Surplus	135.71	117.92	106.93	156.05	156.79
Working Capital	(159.07)	(37.36)	(0.18)	30.92	(7.82)
Authorised Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Shareholders' Equity	388.71	370.92	359.93	353.60	409.79
Paid up Capital	253.00	253.00	253.00	253.00	253.00
Long Term Loans	128.04	181.75	199.05	140.76	79.51
Key Financial Ratios, Figures and Market Data					
Current Ratio (Actual)	0.96	0.96	1.00	1.04	0.99
Return on Investment (% in Actual)	2.65	2.41	3.00	2.29	3.92
Net Assets Value per share of Tk. 10	15.36	14.66	14.23	13.98	16.20
Market value of share (at DSE)	41.20	Closing value per share of Tk. 10			
Market value of share (at CSE)	41.70	Closing value per share of Tk. 10			
Price Earnings Ratio (Based on DSE price) (Times)	3.64	The Financial Express on 28th November 2018			
Price Earnings Ratio (Based on CSE price) (Times)	3.60	The Financial Express on 28th November 2018			
Other					
Number of shares - Paid-up	25.30	25.30	25.30	25.30	25.30
Number of shareholders as on 30th June (Actual)	12,741	12,255	12,736	13,396	13,421



## Message from the Chairman

### For the year ended on 30th June 2018

“Bismillah Hir Rahmanir Rahim”

#### **Distinguished Shareholders**

Assalamu Alaikum

I have the pleasure to welcome you in the Annual General Meeting of your company. I express my heartfelt gratitude to the Almighty Allah for enabling us to assemble here to exchange our views on the affairs of the company. Please accept my warm welcome!

We have passed another year in business. The RMG industry is experiencing a turbulent time due to the erosion of its competitive advantage leading to a decline in the unit sale price in one hand and increases in cost (increase the wages, gas and other utilities) on the other.

The cost-push could not have been absorbed due to the lack of concurrent increase in productivity, and product/market diversification. We are trying relentlessly and putting efforts to enhance productivity and product diversification for maintaining a normal growth rate.

On issues of compliance of Accord standards, the management has been adopting various measures to implement the CAP (corrective actions plan) raised by Accord covering fire, electrical and infrastructural safety. So far, by the grace of the Almighty, we have made considerable progress in terms of fire and electrical safety, while the CAPs on structural aspects are ongoing. The process is time-consuming and the progress is in line with our expectations.

While we are taking all measures to enhance growth and sustainability, the macro economic factors, among others, such as time-based wages structure determined by minimum wage board and increasing trend of utility costs continue to

erode our competitiveness. It is important that worker' take-home-pay be enhanced, but at the same time this increase must be supported by enhanced productivity. Time-based pay alone has rarely facilitated increased productivity; history of productivity suggests that. Without commensurate increase in productivity, both competitiveness and sustainability is gravely at stake. The Introduction of performance based pay structure is likely to result in a win-win situation. BKMEA, BGMEA can play a vital role in setting up the standards needed for performance-based pay.

As per the Provision of the Articles of the company, I have the pleasure to present before you the Directors Report, the Audited Financial Statements of the company for the year ended 30th June 2018, along with the report of the auditors for your consideration.

Finally, the Board offers its sincere thanks to the workers, professionals, whom the management considers as the most valuable asset of the company, and hopes that they will continue to keep the spirit of teamwork in the coming years for the smooth growth of the company.

With best wishes for the time ahead



Professor Dr. Muhammad Abdul Moyeen  
Chairman

Dated: October 24, 2018



## Report of the Board of Directors

### For the year ended on 30th June 2018

“Bismillah Hir Rahmanir Rahim”

#### Distinguished Shareholders

Assalamu Alaikum,  
Alhamdu Lillahe Rabbil Aalamin

While inviting you to this 34th Annual General Meeting of your company I have the pleasure to welcome you and to place before you the Directors Report for the year ended 30th June 2018 for your consideration.

#### Business Operations

The summary result of business operation along with comparison with the previous year appears as follows:

Particulars	Taka in million		
	2017-18	2016-17	Increase (decrease) %
Fabric Sale	951.29	809.96	17.45
Garments Sale	1,073.11	830.69	29.18
Export Incentive	22.09	17.59	25.58
Total Revenue	2,046.49	1,658.25	23.41
Cost of goods sold	1,759.51	1,417.03	24.17
Gross Profit	286.98	241.22	18.97
Administrative, Selling and General Expenses	220.43	184.71	19.34
Net profit before tax	64.89	54.17	19.79
Net profit after tax	43.09	36.29	18.74
Earnings per share	1.70	1.43	18.88

#### Compliance Issues

The compliance issues in all aspects of production, human resource management, eco-friendly environment, are getting more and more challenging. The company is complying with all these requirements. However, the new compliance requirements warrant major change in the building structure and the company need to invest substantial amount to improve production facilities and to upgrade compliance standards.

#### Board of Directors

There was no change in the Board of Directors of the company during the year.

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

In addition to the board members, Mr. Md. Abu Amur Naheel, Chief Financial Officer, Mr. Sumnoon Moheb, Head of Internal Audit and Compliance and Mr. Md. Wali Ullah, Company Secretary attended the Board Meetings on regular basis.

The Board deals with policy issues of the company, however in some important issues, the board members assist the operating management in resolving those issues that might hinder operation. The Board members broadly look after the business trend of the industry; policy issues, and suggest actions need to be taken. The Board members maintain liaison with the buyers, reviews the business developments nationally and internationally, and attunes the projection accordingly. The members of the Board identify the needs for various equipments, and respond quickly to the buyers' requirement. It also deals with availing financial assistance from banks and leasing companies, reviews 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 held five 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-2

#### **Election of Directors**

In pursuant to Article 102, 103 and 104 of the company, Ms. Sumbal Azwad Momen and Ms. Sana Kainat Moyeen, Directors of the company, will retire and being eligible, offer themselves for re-election.

#### **Independent Director**

The existing Independent Director Professor Mushtaque Ahmed has completed six years (i.e. two tenure) as per BSEC Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 3rd June 2018, under condition No. 1.2(e), Professor Mushtaque Ahmed is not eligible for another tenure. The Board and the management of the company offered heartfelt thanks to Professor Mushtaque Ahmed for his significant contribution as Independent Director during his tenure.

As per regulation, the Board approved the appointment of Professor Dr. Habibur Rahman, having over 48 years of teaching and business

experience who meets all the requirements to be appointed as Independent Director. It is expected that his expertise will help the company to protect the interest of all investors in general and smaller investor in particular. His appointment needs to be approved in the 34th AGM.

#### **Nomination and Remuneration Committee (NRC)**

With reference to the condition 6 of the Corporate Governance Code of BSEC, the Board formed the Nomination and Remuneration Committee as follows:

Names	Designation
Mr. Mohammad Kabiruzzaman	Chairman
Professor Dr. Muhammad Abdul Moyeen	Member
Professor Mohammad Abdul Momen	Member

The Committee held one meeting during the year. The Company Secretary is also working as the Secretary of this Committee.

#### **Directors Remuneration**

The Managing Director is paid his monthly remuneration as shown in the Financial Statements. Other than the Managing Director, none of the non-executive directors are paid any remuneration except the meeting attendance fee of Tk. 5,000 per attendance. The non-executive directors, including the independent directors do 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 of 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 therefrom has been adequately disclosed.



- e) That, the system of internal control is sound in design and has been effectively implemented and monitored.
- f) That, there are no significant doubts upon the company's ability to continue as a going concern.
- g) 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 Statement for the year ended 30th June 2018 and to the best of their knowledge and belief:

- a. That 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;
- b. That there is no statement which is materially untrue or misleading and there is no omission of facts in such statements; and
- c. That 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-A

#### 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 five years, are furnished below:

##### Financial Details

Particulars	Amount in Taka (million) for the year ended 30th June				
	2018	2017	2016	2015	2014
Total Assets	1,624.21	1,508.26	1,541.98	1,350.98	1,273.24
Fixed Assets	742.81	654.96	622.44	528.01	506.24
Reserve and Surplus	135.71	117.92	106.93	156.05	156.79
Working Capital	(159.07)	(37.36)	(0.18)	30.92	(7.82)
Authorised Capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Shareholders' Equity	388.71	370.92	359.93	353.60	409.79
Paid up Capital	253.00	253.00	253.00	253.00	253.00
Long Term Loans	128.04	181.75	199.05	140.76	79.51

#### Financial Performance

The summarized financial results of the company are as follows:

Particulars	Amount in Taka (million) for the year ended 30th June	
	2018	2017
Net Profit before Tax	64.88	54.17
Less: Provision for Income Tax	(21.79)	(17.88)
Net Profit after Tax	43.09	36.29
Add: Profit brought forward from previous year	53.27	42.28
Profit Available for Appropriation	96.36	78.57
<b>Recommended for Appropriations:</b>		
Proposed Dividend (Cash)	(25.30)	(25.30)
Un-appropriated Profit carried forward	71.06	53.27

#### Future Programs

As you are aware, Bangladesh is the second largest exporter of garments in the global market where knit garments are playing a vital and significant role. 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 and acumen, 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.

### Business Risk Perception

H.R. Textile Mills Limited, over the last three has gained significant franchise value in the market. The buyers, suppliers and the financial institutions have been showing substantial interest and offering comparatively low interest rate and interested to offer financial assistance if required. Although H.R. Textiles is company established long before, it has been updating its system equipment and procedures every year. Technologically H.R. Textile is one of the most advanced composite knit manufacturing company and maintaining close liaison with the buyers. Therefore there is no significant business risk in running 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 that 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 United States Dollars, and imports its major raw materials using the same dollars resulting no foreign exchange fluctuation risk. But, it must be mentioned here that, Bangladesh Taka has been

maintaining a constant rate with USD for the last few years and as such there is no significant foreign exchange fluctuation risk.

### Market Risk

RMG export market is still volatile. Since the export market of the company is mainly in Europe, our exports are the low cost essential products and with the increasing trend of labor cost, in the Chinese market, Bangladesh is likely to be a 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 compliance 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 source 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. 43,094,895. Out of the above the Board recommended a cash dividend of Tk. 1.00 (i.e. 10%) per share of Tk. 10 against 10% cash dividend per share of Tk. 10 in the last year. The above would require a cash outflow of Tk. 25.30 million. The balance amount of Tk. 17.80 million of un-appropriated profits will be used to meet the working capital requirement of the company as well to finance the developmental works.

### Interim Dividend

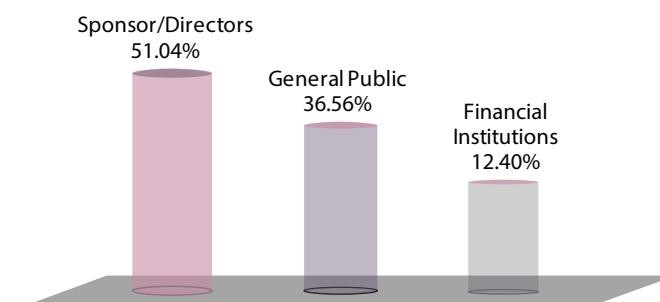
No interim dividend was declared by the Board of Directors during the year 2017-18.

## Annexure - 1

**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 12.40%, which was 13.80% in the previous year. The shareholding of the general public has increased to 36.56% compared to 35.16% in the previous year, on the date of year closing. The above change was mainly due to sale of shares by some institutions. The shareholding pattern of the company for the year closing on 30th June 2018 stands as follows:

Name of Shareholders	No. of Shares	Percentage
1.5) (xxiii) a) Parent Company/Subsidiary/Associated Companies/ Other Related Parties:	Nil	-
1.5) (xxiii) b) Directors, Chief Executive Officer, Chief Financial Officer, Head of Finance & Accounts, Company Secretary their Spouse and Minor Children:		
Mr. Mohammad Abdul Moyeed	3,762,256	14.87
Professor Dr. Muhammad Abdul Moyeen	3,762,254	14.87
Professor Mohammad Abdul 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. Mohammad Kabiruzzaman	Nil	-
Mrs. Rokeya Sultana	40,320	0.15
Mrs. Umbirin 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
Mr. Md. Abu Amur Naheel, Chief Financial Officer	Nil	-
Mr. Sumnoon Moheb, Head of Internal Audit and Compliance	Nil	-
Mr. Md. Wali Ullah, Company Secretary	Nil	-
Minor Children	Nil	-
Total Shares	12,911,855	51.04

**Shareholding Pattern**



- c) Non of the top executives of the company other than Mr. Mohammad Ali Chowdhury, Asstt. Manager and Taxes 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 Arm's Length Basis and at market price.

### Report on the compliance of the conditions of BSEC's notification

In accordance with the BSEC's Notification dated 3rd June 2018, the Board of Director's are required to report on the compliance of certain conditions. The notification was issued for the purpose of establishing a framework for ensuring good governance practices in the listed companies for the interest of the investors and the capital market. The overall shareholding pattern of the company is given on Annexure-1.

### Corporate Governance Compliance Report

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018, the Certificate on Compliance of Corporate Governance Code and Directors Report on Compliance of Corporate Governance Code are placed in Annexure-B and Annexure-C respectively.

### Appointment of Auditors

The existing Auditors M/s. Ata Khan & 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 34th Annual General Meeting.

### Appointment of Auditor for Audit of Corporate Governance Code

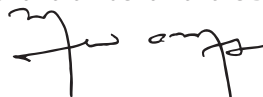
As per the Bangladesh Securities and Exchange Commission, Notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 3rd June 2018, the company received proposal from M/s. N.M Tareque and Associates, Cost and Management Accountants, 6/1/A, Segunbagicha, Dhaka-1000, as the Corporate Governance Auditor, which was placed in the board meeting. The Board of Directors recommended M/s. N.M Tareque and Associates, Cost and Management Accountants, appointment for audit on compliance of condition of Corporate Governance Code of BSEC. The matter is placed for the approval of the honorable shareholders in the AGM..

### 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 co-operation and support. We offer our heartfelt thanks to our valued international buyers and local buying houses who have contributed significantly as our strategic partners.

Finally, the Board offers its sincere thanks to the workers, professionals, whom the management considers as the most valuable asset of the company and hopes that they will continue to keep the spirit of teamwork 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

### **Audit Committee Report to the Shareholders For the year ended 30th June 2018**

I have the pleasure to report before the shareholders as the Chairman of the Audit Committee of your esteemed company. I am one of the independent Directors in the board and the Board appointed me as the Chairman of the Committee. H.R. Textile Mills Limited is a public limited company having quite large number of shareholders and stakeholders.

The Audit Committee of H. R. Textile Mills Limited, as one of its prime board sub-committee, assists the Board in discharging its governance responsibilities. A brief of the Audit Committee and its roles, responsibilities and functions are as follows:

#### **Compositing and Meeting**

The Audit Committee of H. R. Textile Mills Limited of 02 (two) Independent Directors and 02 (two) Directors, All Members possess adequate qualifications as determined in the Corporate governance Guidelines Promulgated by the Bangladesh Securities and Exchange Commission (BSEC). The Committee Includes:

Names	Designation
Professor Mushtaque Ahmed	Chairman (Independent Director)
Mr. Mohammad Kabiruzzaman	Member (Independent Director)
Professor Dr. Muhamamd Abdul Moyeen	Member
Professor Mohammad Abdul Momen	Member

The Independent Director Professor Mushtaque Ahmed acts as Chairman of the Committee. As per regulatory guidelines, the Company Secretary Mr. Md. Wali Ullah acts as Secretary to the Committee.

The committee has emphasis 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, system procedures and also reviewed the compliance requirement of the company of guided the board in some cases for further necessary action as and when needed.

#### **Major Responsibilities of the Audit Committee**

The purpose, authority, composition, duties and responsibilities of the Audit Committee are delineated in its Charter. Some of the major responsibilities of the Audit Committee are as follows:

- a) Review the annual, half yearly and quarterly financial statements and other financial result, and upon its satisfaction of the review, recommend the same to the Board for approval.
- b) Review the adequacy and effectiveness of financial reporting process, internal control system, risk management auditing matters, and the Company's process for monitoring compliance with laws and regulations and the code of conduct.
- c) Recommend appointment, termination and determination of audit fees for statutory auditor's considering the scope of work, and oversees and evaluates the works performed by statutory auditors. Review permitted non-audit services performed by statutory auditors.

- d) Exercise its oversight of the work of H. R. Textile Mills Limited Internal audit, review of the effectiveness of internal audit function including performance, structure, and adequacy of resources, and complementation with professional standards, Examine audit findings and material weakness and monitor implementation of audit action plans.

**Major Activities of the Audit Committee during the reporting period**

- a) Reviewed and recommended the quarterly and annual Financial Statements for the year ended 30 June 2018;
- b) Approved the Internal Audit Plan, monitored the progress and effected revision when necessary;
- c) Monitored the status of implementation of audit action plans and provided guidance to ensure timely completion of action plans;
- d) Reviewed and recommended related party transactions;
- e) Reviewed compliance of Code of Conduct of the Company;
- f) Reviewed Management Letter issued by the External Auditors;
- g) Reviewed and received report on the matters as per requirement from the Bangladesh Securities and Exchange Commission (BSEC);
- h) Reviewed other matter and incident of Significance as Audit Committee Charter.

For and behalf of the Audit Committee of H. R. Textile Mills Limited



Professor Mushtaque Ahmed  
Chairman, Audit Committee  
Date: October 24, 2018



Annexure - A  
[As per condition No. 1(5)(xxvi)]

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

Dated: 22nd October 2018

[Issued under Condition 1(5)(xxvi) of Corporate Governance Code of BSEC's Notification No. SEC/CMRRC-D/2006-158/207/Admin/80: dated 3rd June 2018]

The Board of Directors  
H.R. Textile Mills Limited  
House # 3, Road # 5, Block # J  
Baridhara, Dhaka-1212

Subject: Declaration on Financial Statements for the year ended on 30th June 2018

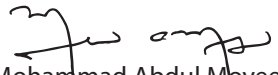
Dear Sirs,

Pursuant to the condition No. 1(5)(xxvi) imposed vide the Commission's Notification No. SEC/CMRRC-D/2006-158/207/Admin/80: dated 3rd June 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- 1) The Financial Statements of H.R. Textile Mills Limited for the year ended on 30th June 2018 have been prepared in compliance with International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in the Bangladesh and any departure therefrom has been adequately disclosed;
- 2) The estimates and judgments related to the financial statements were made on a prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- 3) The form and substance of transactions and the Company's state of affairs have been reasonably and fairly presented in its financial statements;
- 4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- 5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed; and
- 6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:

- i) We have reviewed the financial statements for the year ended on 30th June 2018 and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting statements 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 in violation of the code of conduct for the company's Board of Directors or its members.

  
Mohammad Abdul Mbyeed  
Chief Executive Officer

  
Md. Abu Amur Naheel  
Chief Financial Officer

Annexure - B  
[Certificate as per condition No. 1(5)(xxvii)]

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

### **Report to the Shareholders of H.R. Textile Mills Limited on compliance of Corporate Governance Code**

[Issued under Condition No. 1(5)(xxvii) of Corporate Governance Code of BSEC's Notification No. SEC/CMRRC-D/2006-158/207/Admin/80: dated 3rd June 2018]

We have examined the compliance status to the Corporate Governance Code for the year ended on 30th June 2018. This Code relates to the Notification No. BSEC/CMRRCD-2016-158/207/Admin/80, dated 3rd June 2018 of the Bangladesh Securities and Exchange Commission.

Such compliance with the Corporate Governance Code is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the condition of the Corporate Governance Code.

This is a scrutiny and verification and as independent audit on compliance of the conditions of the Corporate Governance Code as well as the provision of relevant Bangladesh Secretarial Standards (BSS) in so far as those standards are not inconsistent with any condition of this Corporate Governance Code.

We state that we have obtained all the information and explanations which we have required, and after due scrutiny and verification thereof, we report that, in our opinion:

- (a) The Company has complied with the conditions of the Corporate Governance Code issued by the Commission;
- (b) The Company has complied with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) as required by this Code;
- (c) Proper books and records have been kept by the company as required under the Companies Act, 1994. The securities laws and other relevant laws; and
- (d) The Governance of the company is satisfactory.

Dated: October 29, 2018

  
For N.M Tareque & Associates  
Cost and Management Accountants

Annexure - C  
[As per condition No. 1(5)(xxvii)]

## Compliance Report of Corporate Governance

Status of compliance with conditions imposed by the Bangladesh Securities and Exchange Commission's, Notification No. SEC/CMRRCD/ 2006-158/207/Admin/80, dated 3rd June 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

### Report under Condition No. 9.00

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
<b>1</b>	<b>Board of Directors:</b>			
1.1	Board Size: Board members should not be less than 5 and more than 20	✓		
1.2 (a)	<b>Independent Directors:</b> Independent Director at least 1/5th of the total number of directors	✓		
1.2 (b) (i)	Does not hold any share or holds less than 1% shares of the paid-up	✓		
1.2 (b) (ii)	Not connected with any sponsor/director/shareholders who holds or	✓		
1.2 (b) (iii)	Not an executive of the company in immediately preceding two financial years			
1.2 (b) (iv)	Does not have any relationship, whether pecuniary or otherwise,	✓		
1.2 (b) (v)	Not a member or TREC holder, director or officer of any stock exchange	✓		
1.2 (b) (vi)	Not a shareholder, director or officer of any member of stock exchange	✓		
1.2 (b) (vii)	Not a partner or an executive or was not a partner or an executive	✓		
1.2 (b) (viii)	Not be an independent director in more than 5 (three) listed companies	✓		
1.2 (b) (ix)	Not been convicted by a court of competent jurisdiction as a defaulter	✓		
1.2 (b) (x)	Not been convicted for a criminal offence involving moral turpitude	✓		
1.2 (c)	Independent Directors has been appointed by the board and approved by the shareholders	✓		
1.2 (d)	Not remain vacant for more than 90 (ninety) days	✓		
1.2 (e)	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 (a)	Independent Directors Knowledgeable individual with integrity to ensure compliance	✓		
1.3 (b) (i)	Business Leader who is or was a promoter or director of an unlisted company		N/A	
1.3 (b) (ii)	Higher position in an unlisted company having minimum paid-up capital of TK. 100.00 million		N/A	
1.3 (b) (iii)	Former official of government or statutory ...		N/A	
1.3 (b) (iv)	University Teacher with educational background in Commerce or Business Studies or Law.	✓		
1.3 (b) (v)	Professional who is or was an advocate practicing at least		N/A	
1.3 (c)	The independent director shall have at least 10 years of experiences ...	✓		
1.3 (d)	Special cases, the above qualification or experience ...		N/A	
1.4 (a)	Individual Chairman of the Board and Chief Executive Officer (CEO)	✓		
1.4 (b)	Not hold the same position in another listed company of MD/CEO	✓		
1.4 (c)	The Chairperson of the Board shall be elected from among the ...	✓		
1.4 (d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and	✓		
1.4 (e)	In the absence of the Chairperson of the Board, the remaining members may elect one		N/A	
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 including internal and external risk	✓		
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)	A detailed discussion on 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		N/A	
1.5 (x)	Remuneration to the 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/IFRS in preparation of Financial Reporting Statements	✓		
1.5 (xv)	Internal Control System has been effectively implemented and monitored	✓		
1.5 (xvi)	Minority shareholders have been protected from abusive action	✓		
1.5 (xvii)	Ability to continue as a going concern	✓		
1.5 (xviii)	Significant deviations from last year's in operation results		N/A	
1.5 (xix)	Key operation and financial summarized data of at last preceding five year's	✓		
1.5 (xx)	Reasons for not declared dividend		N/A	
1.5 (xxi)	Declaration of no bonus share or stock dividend as interim dividend		N/A	



Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
1.5 (xxii)	Number of Board Meetings held during the year and attendance by the Directors	✓		
1.5 (xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties	✓		
1.5 (xxiii)(b)	Directors, CEO, CS, CFO, HIA&C and their spouses and minor children	✓		
1.5 (xxiii)(c)	Executives	✓		
1.5 (xxiii)(d)	Shareholders holding ten percent or more voting interest	✓		
1.5 (xxiv)(a)	Resume of the director	✓		
1.5 (xxiv)(b)	Expertise in specific functional areas	✓		
1.5 (xxiv)(c)	Name of companies in which the person also holds the directorship		N/A	
1.5 (xxv)(a)	Accounting policies and estimation for preparation of financial statements	✓		
1.5 (xxv)(b)	Changes in accounting policies and estimation, if any, clearly describing		N/A	
1.5 (xxv)(c)	Comparative analysis of financial performance	✓		
1.5 (xxv)(d)	Compare such financial performance	✓		
1.5 (xxv)(e)	Explain the financial and economic scenario of the country	✓		
1.5 (xxv)(f)	Risks and concerns issues related to the financial statements	✓		
1.5 (xxv)(g)	Future plan or projection or forecast for company's operation	✓		
1.5 (xxvi)	Declaration or certification by the CEO and the CFO	✓		
1.5 (xxvii)	Disclosing the report and as well as certificate as per Annexure-A & B	✓		
1.6	Meeting of the Board of Directors	✓		
1.7 (a)	Code of conduct based on recommendation of the NRC	✓		
1.7 (b)	Position code of conduct on the website determined by the NRC	✓		
<b>2</b>	<b>The Board of Directors of all condition of subsidiary Company</b>		N/A	
<b>3</b>	<b>MD/CEO, CFO, HIAC and CS:</b>			
3.1(a)	Appointment of MD/CEO, CS, CFO and HIAC	✓		
3.1(b)	Individuals filled of MD or CEO, CS, CFO and HIAC	✓		
3.1(c)	don't hold any executive position in any other company	✓		
3.1(d)	The Board shall clearly define respective roles of the CFO, HIAC and CS	✓		
3.1(e)	Rules of removing from their position without approval of the Board	✓		
3.2	MD or CEO, CS, CFO and HIAC shall attend the meeting of the Board of Directors	✓		
3.3(a)(i)	Reviewed the materially untrue statement	✓		
3.3(a)(ii)	Reviewed about compliance of the accounting standards	✓		
3.3(b)	The MD or CEO and CFO shall also certify	✓		
3.3(c)	Disclosed the certificate of the MD or CEO and CFO	✓		
<b>4</b>	<b>Board of Directors' Committee</b>			
4(i)	Audit Committee	✓		
4(ii)	Nomination and Remuneration Committee	✓		
<b>5</b>	<b>Audit Committee</b>			
5.1(a)	Audit committee as a sub-committee of the Board	✓		
5.1(b)	The Audit Committee shall assist the Board in ensured	✓		
5.1(c)	The Audit Committee shall responsible of the Board	✓		
5.2 (a)	Audit Committee composed of at least 3 (Three) members	✓		
5.2 (b)	Members of the audit committee have been appointed by the Board of Directors	✓		
5.2 (c)	Qualified members in audit committee	✓		
5.2 (d)	Term and conditions of service of audit committee members	✓		
5.2 (e)	Secretary of the audit committee	✓		
5.2 (f)	Quorum of the audit committee	✓		
5.3 (a)	The Chairman has been selected by the Board of Directors	✓		
5.3(b)	Absence of the Chairperson of the Audit Committee	✓		
5.3 (c)	The Chairman of the audit committee present in the AGM	✓		
5.4(a)	The Audit Committee shall conduct at least four meeting	✓		
5.4(b)	The quorum of the Audit Committee meeting	✓		
5.5(a)	Oversee the financial reporting process	✓		
5.5 (b)	Monitor choice of the accounting policy and principals	✓		
5.5 (c)	Monitor Internal Audit and Compliance Process	✓		
5.5 (d)	Oversee hiring and performance of external auditors	✓		
5.5(e)	The external auditors and Review the annual financial statements	✓		
5.5 (f)	Review the annual financial statements before submission to the board for approval	✓		
5.5 (g)	Review of quarterly and half yearly financial statements before submission	✓		
5.5 (h)	Review of adequacy of internal audit function	✓		
5.5(i)	Review the discussion and analysis	✓		
5.5 (j)	Review statement of significant related party transaction	✓		
5.5 (k)	Review Management letters/Letter of internal control weakness		N/A	
5.5 (l)	Oversee the determination of audit fees based	✓		

## Annexure - C (Contd..)

Condition No.	Title	Compliance status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Non-complied	
5.5 (m)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue		N/A	
5.6(a)(i)	Activities of Audit Committee shall be reported to the Board	✓		
5.6(a)(ii) (a)	Conflicts of interests		N/A	
5.6(a)(ii)(b)	Suspected or presumed fraud of irregularity or material defect in the internal control system		N/A	
5.6(a)(ii)(c)	Infringement of laws, rules and regulations		N/A	
5.6(a)(ii)(d)	Any other matter disclosed to the Board of Directors		N/A	
5.6(b)	Reporting to the Authorities		N/A	
5.7	Reporting to the Shareholders and General Investors	✓		
<b>6</b>	<b>Responsibility of Nomination and Remuneration Committee to the Board:</b>			
6.1(a)	The NRC as sub-committee of the Board	✓		
6.1(b)	The NRC assist the Board in formulation of the nomination criteria	✓		
6.1(c)	The NRC Recommendation to the Board	✓		
6.2	Constitution of the NRC:			
6.2(a)	The Committee size with at least 3 (three) members	✓		
6.2(b)	Non-executive directors would be the members of the committee	✓		
6.2(c)	Members of the Committee would be nominated and appointed by the Board	✓		
6.2(d)	Board would be authority to remove and appoint any member of the Committee	✓		
6.2(e)	Any vacancy in the committee should be filled within 180 days by the Board		N/A	
6.2(f)	External expert or member can be included in the committee by the Chairman if necessary		N/A	
6.2(g)	CS shall act as the secretary of the Committee	✓		
6.2(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an ID	✓		
6.2(i)	Fee or remuneration is not applicable for any member of NRC	✓		
6.3	Chairperson of the NRC:			
6.3(a)	Selection of the chairperson of the committee by the board	✓		
6.3(b)	In absence of the Chairperson of the NRC		N/A	
6.3(c)	Presence of the chairman in the AGM		N/A	
6.4(a)	At least one meeting in a financial year	✓		
6.4(b)	Convening any emergency meeting if necessary		N/A	
6.4(c)	Constitution of the quorum of the meeting in presence of two or two third members	✓		
6.4(d)	Recording the proceedings of each meeting in the minutes	✓		
6.5(a)	Independence and responsibility or accountability of NRC	✓		
6.5(b)(i)(a)	Overseeing the level and composition of remuneration and reporting with recommendation to the Board	✓		
6.5(b)(i)(b)	Overseeing the relationship between remuneration to performance	✓		
6.5(b)(i)(c)	Balance of remuneration of directors and top level executive	✓		
6.5(b)(ii)	Devising a policy on Board's diversity	✓		
6.5(b)(iii)	Identifying the qualified persons and recommend them to the board	✓		
6.5(b)(iv)	Formulating the criteria for evaluation of performance of I.Directors and the Board	✓		
6.5(b)(v)	Identifying the needs for employees and determine their selection	✓		
6.5(b)(vi)	Developing, recommendation and reviewing annually human resources and	✓		
6.5(c)	Disclosing the nomination and remuneration policy and	✓		
<b>7</b>	<b>External/Statutory Auditor:</b>			
7(1)(i)	Appraisal/valuation services or fairness opinions	✓		
7(1)(ii)	Financial information system design and implementation	✓		
7(1)(iii)	Book-keeping or other services related to the accounting and financial statements	✓		
7(1)(iv)	Broker-dealer services	✓		
7(1)(v)	Actuarial services	✓		
7(1)(vi)	Internal Audit Services	✓		
7(1)(vii)	Services that the Audit Committee determines	✓		
7(1)(viii)	Audit/certification services	✓		
7(1)(ix)	Service that creates conflict or interest	✓		
7(2)	Audit firm could not hold any share of the company they audit	✓		
7(3)	Presence of representative of the auditors in the AGM	✓		
<b>8</b>	<b>Maintaining a website the Company:</b>			
8(1)	An official website linked with the website of the stock exchange	✓		
8(2)	Keeping the website functional from the date of listing	✓		
8(3)	Detailed disclosures on the company's website	✓		
<b>9</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
9(1)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	✓		
9(2)	Appointment of certificate provider regarding compliance of conditions of Corporate Governance Code	✓		
9(3)	Annexure attached in the Director's Report	✓		

**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 June 30, 2018, 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 1-35 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 (BFRSs); the Companies Act, 1994 and Securities and Exchange Rules, 1987 and for such internal control as the management determines it 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 June 30, 2018 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 these books;
- (c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- (d) The expenditure incurred was for the purposes of the Company's business.

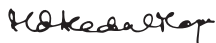
Dated: Dhaka  
October 24, 2018

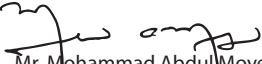
  
ATA KHAN & CO.  
Chartered Accountants

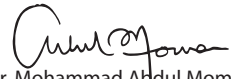
**H.R. Textile Mills Limited**  
**Statement of Financial Position**  
**As on 30th June 2018**

CAPITAL EMPLOYED IN:				
<b>ASSETS:</b>				
NON-CURRENT ASSETS:	Notes	2018 Taka	2017 Taka	
Property, Plant and Equipment	2	742,807,641	654,955,516	
Total Non-Current Assets		<u>742,807,641</u>	<u>654,955,516</u>	
CURRENT ASSETS				
Stocks and Stores	3	333,256,421	318,011,364	
Trade and Other Debtors	4	371,222,914	308,746,156	
Export Incentive Receivables	5	75,406,776	95,177,576	
Advances, Deposits and Prepayments	6	53,229,531	49,288,275	
Cash and Bank Balances	7	48,281,991	82,080,927	
<b>Total Current Assets</b>		<u>881,397,633</u>	<u>853,304,298</u>	
<b>Total Assets</b>		<u>1,624,205,274</u>	<u>1,508,259,814</u>	
SHAREHOLDERS' EQUITY & LIABILITIES:				
Shareholders' Equity				
Share Capital	8	253,000,000	253,000,000	
General Reserve	9	6,956,752	6,956,752	
Tax Holiday Reserve	10	22,378,988	22,378,988	
Dividend Equalisation Reserve	11	10,000,000	10,000,000	
Unappropriated Profit		96,374,242	78,579,347	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>388,709,982</u>	<u>370,915,087</u>	
LONG-TERM LIABILITIES:				
Long-term Loans - Secured Future Maturity	12	128,042,025	181,745,275	
Provision for Gratuity	13	27,852,964	29,166,174	
Deferred Tax Liabilities	14	39,128,378	35,773,545	
<b>Total Long-term Liabilities</b>		<u>195,023,367</u>	<u>246,684,994</u>	
CURRENT LIABILITIES :				
Bank Overdrafts - Secured	15	80,578,522	89,658,237	
Time Loan - Secured	16	123,733,987	14,483,306	
Trade Creditors	17	643,380,910	588,826,909	
Accrued Expenses	18	22,533,807	27,324,749	
Provision for Current Taxation	19	32,518,992	27,755,655	
Bills Receivable Discounted	20	37,667,941	33,424,991	
Workers' Participation/Welfare Funds	21	20,910,081	27,678,894	
Current Maturity of Long-term Loans	22	79,147,685	81,506,992	
<b>Total Current Liabilities</b>		<u>1,040,471,925</u>	<u>890,659,733</u>	
<b>Total Liabilities</b>		<u>1,235,495,292</u>	<u>1,137,344,727</u>	
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>		<u>1,624,205,274</u>	<u>1,508,259,814</u>	
Net Assets Value (NAV) per value of Tk.10		<u>15.36</u>	<u>14.66</u>	

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
 Dr. Muhammad Abdul Moyeen  
 Chairman

  
 Mr. Mohammad Abdul Moyeed  
 Managing Director

  
 Mr. Mohammad Abdul Momen  
 Director

  
 Mr. Md. Wali Ullah  
 Company Secretary

Signed in terms of our separate report of even date.

Dated: Dhaka  
 October 24, 2018


  
 ATA KHAN & CO.  
 Chartered Accountants

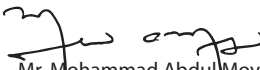



**H.R. Textile Mills Limited**  
**Statement of Profit or Loss and**  
**other Comprehensive Income**  
**For the year ended 30th June 2018**

Particulars	Notes	2018 Taka	2017 Taka
Sales Revenue	23	2,024,397,221	1,640,655,729
Export Incentive	24	22,088,900	17,589,653
Turnover		2,046,486,121	1,658,245,382
Less: Cost of Goods Sold	25	1,759,509,642	1,417,026,861
Gross Profit		286,976,479	241,218,521
Less: Administrative, Selling and General Expenses	26	220,427,548	184,707,006
Operating Profit		66,548,931	56,511,515
Add: Other Income	27	1,581,879	365,400
Profit before Workers' Participation/Welfare Funds		68,130,810	56,876,915
Less: Contribution to Workers' Participation/Welfare Funds	21	3,244,324	2,708,425
Net Profit before Tax		64,886,486	54,168,490
Provision for Income Tax		21,791,591	17,882,042
Provision for Income Tax (Current)	28	18,436,758	14,082,234
Provision for Income Tax (Deferred)	14	3,354,833	3,799,808
Net Profit after Tax		43,094,895	36,286,448
(Transferred to the statement of Changes in Equity)			
Earning per share (EPS) of Tk. 10		1.70	1.43

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Dr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Signed in terms of our separate report of even date.

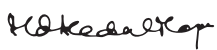
Dated: Dhaka  
October 24, 2018

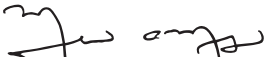
  
ATA KHAN & CO.  
Chartered Accountants


**H.R. Textile Mills Limited**  
**Statement of Cash Flows**  
**For the year ended 30th June 2018**


<u>Particulars</u>	<u>Notes</u>	2018 Taka	2017 Taka
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and export incentives		2,005,362,042	1,821,302,562
Cash paid for goods and services		(1,761,166,968)	(1,514,058,261)
Cash from operation		244,195,074	307,244,301
Interest paid		(75,250,179)	(54,111,083)
Income-tax paid/deducted at sources		(16,126,655)	(14,018,289)
Net Cash inflows from operating activities		152,818,240	239,114,929
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of fixed assets	2.2	(159,121,662)	(100,302,909)
Net Cash outflows from investing activities		(159,121,662)	(100,302,909)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Bank Overdraft Received/(Repaid)		(9,079,715)	11,846,762
Long Term Loans Received/(Repaid)		(56,062,557)	10,553,879
Time Loan Received/(Repaid)		109,250,681	14,483,306
Bills Receivable Discounted Received/(Repaid)		4,242,950	(111,392,624)
Cash Dividend paid		(75,846,873)	(22,856,850)
Net Cash inflow from financing activities		(27,495,514)	(97,365,527)
Net increase/(decrease) in cash and bank balances		(33,798,936)	41,446,493
Cash and bank balances on opening		82,080,927	40,634,434
Net increase/(decrease) in cash and bank balances		(33,798,936)	41,446,493
Cash and Cash equivalents at closing - Note 7		48,281,991	82,080,927
Net operating cash flows per share (NOCFPS) of Tk. 10		6.04	9.45

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Dr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

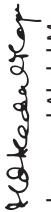
Signed in terms of our separate report of even date.

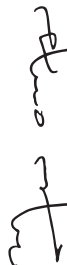
Dated: Dhaka  
October 24, 2018

**H.R. Textile Mills Limited**  
**Statement of Changes in Shareholders' Equity**  
**For the year ended 30th June 2018**


Particulars	Share Capital	General Reserve	Tax holiday Reserve	Dividend Equalisation Reserve	Retained Earnings	Total Taka
Balance as at 30th June 2016	253,000,000	6,956,752	22,378,988	10,000,000	67,592,899	359,928,639
Net profit after tax	-	-	-	-	36,286,448	36,286,448
Cash Dividend declared 2016	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2017	253,000,000	6,956,752	22,378,988	10,000,000	78,579,347	370,915,087
Balance as at 30th June 2017	253,000,000	6,956,752	22,378,988	10,000,000	78,579,347	370,915,087
Net profit after tax	-	-	-	-	43,094,895	43,094,895
Cash Dividend declared 2017	-	-	-	-	(25,300,000)	(25,300,000)
Balance as at 30th June 2018	253,000,000	6,956,752	22,378,988	10,000,000	96,374,242	388,709,982

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Dr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Dated: Dhaka  
October 24, 2018

## H.R. Textile Mills Limited

### Notes to the Financial Statements

#### For the year ended June 30, 2018

#### 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) Statements of Financial Position as on 30th June 2018;
- (ii) Statements of Profit or Loss and other Comprehensive Income for the year ended 30th June 2018;
- (iii) Statements of Cash Flows for the year ended 30th June 2018 and
- (iv) Statements of Changes in Shareholders' Equity for the year ended 30th June 2018;
- (v) Notes to the Financial Statements for the year ended 30th June 2018.

###### **(c) Reporting Period:**

The financial period of the Company covers an accounting year from 1st July 2017 to 30th June 2018 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 2017 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 year.

###### **(f) Statement of compliance with local laws:**

The financial statements have been prepared in compliance with requirements of the Companies Act, 1994; Bangladesh Securities and Exchange Rules, 1987 and other relevant laws as applicable. The cash flows from operating activities are computed by the direct method as prescribed by the Bangladesh Securities and Exchange Rules, 1987.

###### **(g) Statements of compliance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs):**

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

###### **(h) Statement of Measurement Basis:**

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

###### **(i) Accrual basis Accounting:**

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:**

Fixed Assets i.e. Property, Plant, Equipment are stated at their historical cost less accumulated depreciation. No Depreciation has been charged on land and land development and on the Capital Work in progress. Depreciation is charged on all other



fixed assets on straight-line method. 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) represent 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 in terms of BAS 17 - "Lease".

iii) *Stocks and Stores:*

Stocks and Stores 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 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 written down value in terms of BAS 12- "Income Taxes".

v) *Foreign Currency Transaction:*

Transactions in Foreign Currencies are translated into Bangladesh Taka at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities expressed in foreign currencies are translated into Bangladesh Taka at the rate of exchange ruling at the date of Statement of Financial position. Exchange differences are dealt with in the Statement of Profit or Loss and Other Comprehensive Income.

vi) *Translation of closing balances in foreign currencies:*

These are converted into Bangladesh Taka at the exchange rate ruling on the date of Statement of Financial Position as follows:

	2018		2017	
	Receivables	Payables	Receivables	Payables
US Dollar	82.64	82.92	Tk. 79.67	Tk. 79.83

vii) *Trade Receivables:*

Trade Receivable are stated at their nominal value and considered good. No provision has been made for doubtful debt and no amount was written off as bad.

viii) *Payables:*

Trade payables are stated at their nominal value.

ix) *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.

x) *Related Party Transaction:*

The Company has some related party transactions at arm's length basis with its related parties.

xi) *Earnings Per Share (EPS):*

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

xii) *Retrial Benefits (Gratuity):*

The retrial benefit (gratuity) liability for the permanent employees of the Company is accrued at one months' basic pay for each completed year of service of each employee who has completed service for six months or more.

## 2. Property, Plant and Equipment

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

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2018
	As on 1 July 2017	Additions/ (Deletions) As on 30 June 2018	As on 1 July 2017	During the period As on 30 June 2018	
Factory Land and Development					
Factory Building	7,250,000	-	13,709,810	-	7,250,000
Factory Shed	23,230,710	-	6,823,470	580,768	8,940,132
Plant and Machinery	6,823,475	-	89,257,661	-	5
Electric Installation	89,257,661	-	3,601,103	-	5
Gas Installation	3,601,103	-	2,171,914	-	5
Water Installation	2,171,914	-	1,168,842	-	5
Steam Installation	1,168,842	-	1,991,090	-	5
Furniture and Fixtures	1,991,090	-	718,689	-	5
Telephone Installation	718,694	-	449,033	-	5
Motor Vehicles	449,033	-	5,783,519	-	5
Office Equipment	5,783,524	-	3,723,049	-	5
Loose Tools	3,723,054	-	142,377	-	5
Factory Equipment	142,382	-	153,885	-	5
Total Taka	153,885	-	129,694,407	580,768	16,190,192
	146,465,367	-			

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

Particulars	Cost or valuation		Depreciation		Written down value As on 30 June 2018
	As on 1 July 2017	Additions (Deletion) As on 30 June 2018	As on 1 July 2017	During the Period As on 30 June 2018	
Land Development					
Factory Building	1,229,375	-	47,333,826	-	1,229,375
Plant and Machinery	181,447,748	30,227,295	614,473,209	4,679,049	159,662,168
Gas Installation	1,082,783,922	54,793,240	4,304,116	55,050,084	468,053,869
Electric Installation	4,304,121	-	12,394,244	-	5
Water Installation	14,966,615	1,100,000	4,091,268	1,572,305	2,100,066
Steam Installation	5,655,573	1,641,105	572,257	646,630	2,558,780
Telephone Installation	572,262	-	578,823	-	5
Motor Vehicles	578,828	-	18,488,246	-	5
Furniture and Fixtures	34,110,228	6,298,370	7,407,004	3,504,024	18,416,328
Office Equipment	7,623,998	1,612,435	21,650,524	848,855	980,574
Factory Equipment	32,634,673	398,820	6,308,932	3,290,440	8,092,529
Loose Tools	9,879,657	2,292,960	41,488	1,097,382	4,766,303
Capital Works in Progress	41,493	-	-	-	5
Total Taka	-	60,757,437	737,643,937	70,688,769	60,757,437
Grand Total June, 2018	1,375,828,493	159,121,662	867,338,344	808,332,706	726,617,449
Grand Total June, 2017	1,522,293,860	159,121,662	799,555,618	71,269,537	742,807,641
	1,421,990,951	100,302,909		67,782,726	654,955,516

2.3. Depreciation for the year is charged as below:

<b>Particulars</b>
Cost of Goods Sold - Note 25.1
Administrative, Selling and General Expenses - Note 26.1

2018 Taka	2017 Taka
57,015,630	54,226,180
14,253,907	13,556,546
<u>71,269,537</u>	<u>67,782,726</u>

### 3. Stocks and Stores

3.1 The make-up is as follows:

Item	2018		2017	
	Quantity (In Kg.)	Amount Taka	Quantity (In Kg.)	Amount Taka
Stock of Yarn - Note 3.2	<u>603,895</u>	170,810,558	<u>607,086</u>	152,051,570
Stock of Dyes and Chemicals - Note 3.3	<u>281,124</u>	52,941,206	<u>160,105</u>	38,419,208
Stock of Work-in-Process - Note 3.4		43,464,295		57,568,320
Stock of Finished Goods - Note 3.5		48,948,923		52,089,632
Stock of Accessories		5,683,320		3,494,275
Goods in Transit		<u>5,699,504</u>		<u>8,756,232</u>
		327,547,806		312,379,237
Stock of Spares		<u>5,708,615</u>		<u>5,632,127</u>
		<u>333,256,421</u>		<u>318,011,364</u>
<b>3.2 Stock of Yarn</b>				
Stock of Yarn	<u>603,895</u>	170,810,558	<u>607,086</u>	152,051,570
	<u>603,895</u>	<u>170,810,558</u>	<u>607,086</u>	<u>152,051,570</u>
<b>3.3 Stock of Dyes and Chemicals</b>				
Dyes	38,550	27,458,636	22,285	19,857,080
Chemicals	<u>242,574</u>	<u>25,482,570</u>	<u>137,820</u>	<u>18,562,128</u>
	<u>281,124</u>	<u>52,941,206</u>	<u>160,105</u>	<u>38,419,208</u>
<b>3.4 Stock in Work in Process</b>				
Cost of Materials		18,502,289		17,490,070
Cost of Conversion		<u>24,962,006</u>		<u>40,078,250</u>
		<u>43,464,295</u>		<u>57,568,320</u>
<b>3.5 Stock of Finished Products</b>				
Finished Garments	-	26,728,412	-	11,540,584
Knitted Fabrics	<u>110,348</u>	<u>22,220,511</u>	<u>125,545</u>	<u>40,549,048</u>
	<u>110,348</u>	<u>48,948,923</u>	<u>125,545</u>	<u>52,089,632</u>
<b>4. Trade and Others Debtors</b>				
	US\$	Taka	US\$	Taka
Export Sales Receivable (Below 180 days)	3,941,468	325,722,914	3,292,652	262,325,556
Others Debtors	-	45,500,000	-	46,420,600
	<u>3,941,468</u>	<u>371,222,914</u>	<u>3,292,652</u>	<u>308,746,156</u>

These include a sum of Tk. 45,500,000 (2017: Tk. 46,420,600 ) due from Associates Companies, expected to be realised/ adjusted within a year from the financial statement end date.

These are unsecured but considered goods.

**5. Export Incentives Receivables**

Opening Balance  
Less: Received

For the year  
Closing Balance

The receivables are unsecured but considered goods.

**6. Advances, Deposits and Prepayments**

Advances:

Salary Advance  
Advance Tax  
Factory Insurance Advance  
Operational Advance  
Tax deducted at source

Deposits :

Security deposit  
Bank Guarantee margin  
L/C Margin

The advances are unsecured but considered goods.

**7. Cash and Bank Balances**

Cash at Banks with Banks on Current Account:

BRAC Bank Ltd, Dhanmondi Branch, CD A/c  
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c  
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c  
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c  
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c  
HSBC, Anchor Tower Branch, MDA Margin A/c  
HSBC, Anchor Tower Branch, FCY A/c  
Trust Bank Ltd, SKB Branch, Dollar A/c  
Trust Bank Ltd, SKB Branch, FCAD A/c  
Trust Bank Ltd, SKB Branch, CD A/c  
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c  
AB Bank Ltd, Motijheel Branch, CD A/c  
AB Bank Ltd, Motijheel Branch, CD A/c  
AB Bank Ltd, Motijheel Branch, Notice A/c  
AB Bank Ltd, Motijheel Branch, Notice A/c

With Bank on Short Term Deposit Account:

Trust Bank Ltd, SKB Branch, SND A/c  
Southeast Bank Ltd, Principal Branch, STD A/c

Cash at Banks  
Cash in Hand

	2018 Taka	2017 Taka
Opening Balance	95,177,576	125,066,201
Less: Received	41,859,700	47,478,278
	53,317,876	77,587,923
For the year	22,088,900	17,589,653
Closing Balance	75,406,776	95,177,576
Advances:		
Salary Advance	1,324,504	958,512
Advance Tax	210,000	-
Factory Insurance Advance	905,912	1,345,431
Operational Advance	5,933,929	5,973,962
Tax deducted at source	30,144,945	26,361,405
	38,519,290	34,639,310
Deposits :		
Security deposit	10,151,571	8,984,221
Bank Guarantee margin	4,558,670	3,392,820
L/C Margin	-	2,271,924
	14,710,241	14,648,965
	53,229,531	49,288,275
Cash and Bank Balances		
Cash at Banks with Banks on Current Account:		
BRAC Bank Ltd, Dhanmondi Branch, CD A/c	16,506	286,653
Mutual Trust Bank Ltd, Gulshan Branch, CD A/c	2,122	125,197
Mutual Trust Bank Ltd, Gulshan Branch, Dollar A/c	31,357,734	22,874,983
Mutual Trust Bank Ltd, Gulshan Branch, ERQ A/c	401,854	91,597
Mutual Trust Bank Ltd, Gulshan Branch, SND A/c	389,238	-
HSBC, Anchor Tower Branch, MDA Margin A/c	5,797,972	13,837,729
HSBC, Anchor Tower Branch, FCY A/c	795,271	-
Trust Bank Ltd, SKB Branch, Dollar A/c	1,127,877	39,093,343
Trust Bank Ltd, SKB Branch, FCAD A/c	850,588	1,366,509
Trust Bank Ltd, SKB Branch, CD A/c	6,267	9,630
Dutch-Bangla Bank Ltd., Gulshan Branch, CD A/c	1,103,754	704,838
AB Bank Ltd, Motijheel Branch, CD A/c	-	74,868
AB Bank Ltd, Motijheel Branch, CD A/c	25,039	873
AB Bank Ltd, Motijheel Branch, Notice A/c	-	2,342
AB Bank Ltd, Motijheel Branch, Notice A/c	3,814,731	324,132
	45,688,953	78,792,394
With Bank on Short Term Deposit Account:		
Trust Bank Ltd, SKB Branch, SND A/c	23,030	879,995
Southeast Bank Ltd, Principal Branch, STD A/c	1,002,585	982,908
	1,025,615	1,862,903
Cash at Banks	46,714,568	80,655,297
Cash in Hand	1,567,423	1,425,630
	48,281,991	82,080,927



### 8.3 Composition of shareholdings:

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

Shareholdings range in number of shares	2018			2017		
	No. of Shareholders	No. of Shares	Holdings (%)	No. of Shareholders	No. of Shares	Holdings (%)
00000000001 - 00000000499	7,211	1,990,236	7.87	5,022	1,274,967	5.04
00000000500 - 00000000500	3,729	1,864,500	7.37	5,454	2,727,000	10.78
00000000501 - 00000002000	1,068	2,362,143	9.34	728	764,850	3.02
00000002001 - 00000005000	530	1,696,000	6.70	765	1,683,256	6.65
00000005001 - 00000010000	125	881,500	3.48	187	949,568	3.75
00000010001 - 00000050000	57	1,881,000	7.43	61	629,436	2.49
00000050001 - 00000100000	11	968,000	3.83	16	849,108	3.36
00000100001 - 00000250000	4	848,000	3.35	11	1,198,753	4.74
00000250001 - 00000500000	0	0	0	4	1,248,071	4.93
00000500001 and above	6	12,808,621	50.63	7	13,974,991	55.24
Total	12,741	25,300,000	100.00	12,255	25,300,000	100.00

## 8.4 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.

## 9. General Reserve

Opening &amp; Closing Balance

2018 Taka	2017 Taka
6,956,752	6,956,752
<u>6,956,752</u>	<u>6,956,752</u>

## 10. Tax Holiday Reserve

Opening &amp; Closing balance

22,378,988	22,378,988
<u>22,378,988</u>	<u>22,378,988</u>

## 11. Dividend Equalisation Reserve

Opening &amp; Closing balance

10,000,000	10,000,000
<u>10,000,000</u>	<u>10,000,000</u>

## 12. Long Term Loan - Secured Future Maturity

10% Loan - Note 12.1

2,516,705	-
-----------	---

5% Loan - Note 12.2

102,892,400	168,657,945
-------------	-------------

Deferred L/C Liabilities - Note 12.3

22,632,920	-
------------	---

Deferred L/C Liabilities - Note 12.4

-	13,087,330
---	------------

<u>128,042,025</u>	<u>181,745,275</u>
--------------------	--------------------

## 12.1 The movement of loans is as follows:

Opening Balance

-	-
---	---

Add: Loan received this year

2,516,705	-
-----------	---

Closing Balance

<u>2,516,705</u>	<u>-</u>
------------------	----------

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for import of Plant and machinery. The loan carries interest at 10% and is repayable in 16 quarterly installments, starting from 11 June 2018. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

## 12.2 The movement of loans is as follows:

Opening balance

168,657,945	113,572,966
-------------	-------------

Add: Loan received this year

13,382,140	139,106,507
------------	-------------

<u>182,040,085</u>	<u>252,679,473</u>
--------------------	--------------------

Less: Current Maturity

(79,147,685)	(81,506,992)
--------------	--------------

Less: Loan re-paid this year

-	(2,514,536)
---	-------------

Closing balance

<u>102,892,400</u>	<u>168,657,945</u>
--------------------	--------------------

The offshore term loan has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 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 quarterly installments, starting from 1 January 2014.

## 12.3 The movement of Deferred L/C liabilities is as follows:

Opening Balance

-	-
---	---

Add: This year

22,632,920	-
------------	---

Closing Balance

<u>22,632,920</u>	<u>-</u>
-------------------	----------

The offshore facility has been taken from Mutual Trust Bank Ltd., Gulshan Branch, 120 Gulshan Avenue, Gulshan, Dhaka-1212, Bangladesh for import of Plant and machinery at 360 days deferred L/C payment.

12.4 The movement of Deferred L/C liabilities is as follows:

	2018 Taka	2017 Taka
Opening Balance	13,087,330	85,182,173
Less: Paid during the year	13,087,330	72,094,843
	-	13,087,330
Add: Addition this year	-	-
Closing Balance	-	13,087,330

The offshore facility has been taken from The Hongkong and Shanghai Banking Corporation Plc, Anchor Tower Branch, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

### 13. Provision for Gratuity

	2018 Taka	2017 Taka
Opening balance	29,166,174	31,304,282
Add: Contribution this year	3,470,387	2,157,254
	32,636,561	33,461,536
Less: Paid this year	4,783,597	4,295,362
Closing balance	27,852,964	29,166,174

### 14. Deferred Tax Liabilities

	2018	2017
Opening Balance	35,773,545	31,973,737
Add: Provision during the year	3,354,833	3,799,808
Closing balance	39,128,378	35,773,545

#### Deferred Tax Liabilities for 2018

	As per Accounting base W.D.V	As per Tax base W.D.V	Temporary Difference Taxable/ (Deductable)
Property, Plant and Equipments	742,807,641	454,098,819	288,708,822
Tax rate	-	-	15%
Deferred Tax Liabilities	-	-	43,306,323
Gratuity provision	-	27,852,964	-
Deferred Tax assets 15%	-	-	4,177,945
Net deferred Tax Liabilities			39,128,378

### 15. Bank Overdraft

	2018 Taka	2017 Taka
Trust Bank Ltd, SKB Branch	51,350,460	51,180,303
HSBC Bank, Plc, Anchor Tower Branch, Kawran Bazar	19,188,123	38,477,934
Mutual Trust Bank Ltd., Gulshan Branch	10,039,939	-
	80,578,522	89,658,237

These are secured

### 16. Time Loan Bank

11.50% Loan - Note 16.1	7,437,916	14,483,306
11.50% Loan - Note 16.2	116,296,071	-
	123,733,987	14,483,306

These are secured

**16.1 The movement of loan is as follows:**

	2018 Taka	2017 Taka
Opening Balance	14,483,306	24,929,537
Add: Loan received this year	7,437,916	-
Less: Loan re-paid this year	(14,483,306)	(10,446,231)
Closing Balance	7,437,916	14,483,306

The loan has been taken from Trust Bank Ltd., Motijheel Branch for Working Capital requirement. The loan carries interest at 11.50% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

**16.2 The movement of loan is as follows:**

	2018 Taka	2017 Taka
Opening Balance	-	-
Add: Loan received this year	116,296,071	-
Less: Loan re-paid this year	-	-
Closing Balance	116,296,071	-

The loan has been taken from Mutual Trust Bank Ltd., Gulshan Branch for retrofitting, factory building expansion & Construction purpose. The loan carries interest at 11.50% and is repayable in 12 months. The loan is secured by hypothecation of stock, machinery, equipment and book debts.

**17. Creditors**

	2018		2017	
	US\$	Taka	US\$	Taka
For Import Purchases	7,054,770	584,981,488	6,050,037	482,974,454
For Local Purchases		10,242,705		7,045,533
For Dividend Payable		47,552,099		98,098,972
For Staff Income Tax		233,149		336,481
For Refund Warrant		371,469		371,469
		643,380,910		588,826,909

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

**18. Accrued Expenses**

	2018 Taka	2017 Taka
Gas Expenses (Factory)	12,197,954	18,725,237
Electricity bill	364,049	214,310
Telephone	81,459	57,682
Salaries, Wages and Allowances	9,065,845	7,047,020
Security bill	192,000	348,000
Legal Fee	60,000	60,000
Auditors' Fee (Including Vat)	172,500	172,500
AGM Expense	400,000	700,000
	22,533,807	27,324,749

**19. Provision for Taxation**

Opening balance	27,755,655	13,673,421
Add: Addition during the year	18,436,758	14,082,234
	46,192,413	27,755,655
Less: Paid during the year	(13,673,421)	-
Closing Balance	32,518,992	27,755,655

**20 Bills Receivable Discounted**

Opening balance	33,424,991	144,817,615
Add: Discounted during the year	222,798,531	232,827,641
	256,223,522	377,645,256
Less: Collected during the year	218,555,581	344,220,265
Closing balance	37,667,941	33,424,991

**21. Workers' Participation/Welfare Funds**

	2018 Taka	2017 Taka
Opening balance	27,678,894	35,996,566
Less: Payment this year	11,245,632	12,768,223
	16,433,262	23,228,343
Add: Contributions for this year	3,244,324	2,708,425
Add: Interest during this year	1,232,495	1,742,126
Closing balance	20,910,081	27,678,894

Interest has been provided on the fund balance in terms of the Bangladesh Labour Law.

**22. Current Maturity of Long-term Loans**

	2018 Taka	2017 Taka
Opening balance	81,506,992	53,649,889
Add: Current Maturity	79,147,685	81,506,992
	160,654,677	135,156,881
Less: Paid this year	81,506,992	53,649,889
Closing Balance	79,147,685	81,506,992

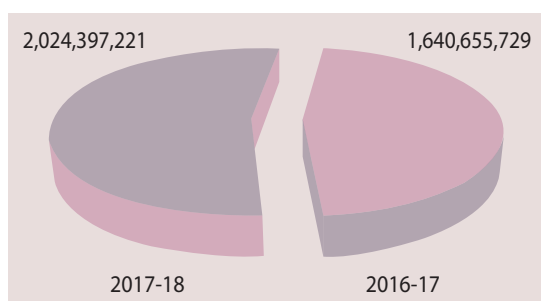
The offshore facilities has been taken from The Honkong and Shanghai Banking Corporation Plc, Anchor Tower, 108 Bir Uttam C.R. Dutta Road, Dhaka-1205, Bangladesh, for import of Plant and machinery at 360 days deferred L/C payment.

**23. Sales**

Item	Quantity	2018 Amount (in US\$)	Amount Taka	Quantity	2017 Amount (in US\$)	Amount Taka
Export sales:						
Knit Fabrics (Kgs)	1,875,970	11,535,384	951,290,987	1,663,903	10,166,450	809,961,061
Garments (Pcs)	6,579,896	13,020,091	1,073,106,234	4,782,887	10,426,693	830,694,668
Total		24,555,475	2,024,397,221		20,593,143	1,640,655,729

**24. Export Incentives**

	2018 Taka	2017 Taka
Cash Incentive	22,088,900	17,589,653
	22,088,900	17,589,653

**Export Sales in Taka**



**25. Cost of Goods Sold**

25.1 The break-up is as follows:

Materials Consumed - Note-25.2
Salary, Wages and Allowances - Note 25.3
Tiffin & Entertainment expenses
Depreciation - Note 2.3
Stores and Spares Consumed
Factory Conveyance
Power and Gas
Gratuity
Vehicle expenses
Repairs and Maintenance
Packing & Loading expenses
Import Landing, Clearing and Insurance
Factory Stationery expenses
Carriage Inward & Outward
Knitting, Sewing & Processing charge
Factory Insurance
Sewing Machine Rental
Miscellaneous
Total Manufacturing Costs for the year
Add: Opening Work in Process
Total Manufacturing Costs
Less: Closing Work in Process
Cost of Goods Manufactured
Add: Opening Finished Goods
Cost of Goods available for use
Less: Closing Finished Goods
Cost of Goods Sold

2018 Taka	2017 Taka
1,384,950,594	1,112,025,337
175,263,039	134,996,325
658,456	465,953
57,015,630	54,226,180
1,554,236	1,659,635
712,564	565,965
105,650,647	95,570,014
2,533,247	1,617,264
1,344,856	1,185,963
1,285,452	1,459,635
986,694	985,692
1,045,842	1,159,642
758,423	865,326
1,254,231	1,252,642
1,542,364	1,298,456
4,898,389	4,229,793
581,563	575,887
228,681	145,980
1,742,264,908	1,414,285,689
57,568,320	59,829,824
1,799,833,228	1,474,115,513
43,464,295	57,568,320
1,756,368,933	1,416,547,193
52,089,632	52,569,300
1,808,458,565	1,469,116,493
48,948,923	52,089,632
1,759,509,642	1,417,026,861

## 25.2 Materials Consumed

	2018		2017	
	Quantity (Kg)	Taka	Quantity (Kg)	Taka
Yarn	3,462,055	979,242,364	2,899,038	791,553,246
Dyes	237,214	154,663,245	221,373	122,483,245
Chemicals	1,278,121	152,096,453	1,474,679	121,292,314
Accessories	-	98,948,532	-	76,696,532
Total Materials Consumption	-	1,384,950,594	-	1,112,025,337

## 25.3 Salaries, Wages and Allowances

	2018		2017	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk. 3,000 or more p/m	1,878	175,263,039	1,847	134,996,325
Employees drawing less than Tk. 3,000 p/m	-	-	-	-
Total	1,878	175,263,039	1,847	134,996,325

**26. Administrative, Selling and General Expenses**

26.1 The break-up is as follows:

	2018 Taka	2017 Taka
Directors' Remuneration - Note 26.2	2,600,300	2,600,000
Salaries and Allowances - Note 26.3	55,325,412	53,169,532
Security Service charge	1,152,000	2,088,000
Depreciation - Note 2.3	14,253,907	13,556,546
Electricity expenses	3,574,772	2,682,725
Postage, Courier, Telephone and Fax	1,556,942	1,196,523
Form & Stamp	1,010,278	-
Gratuity	937,140	539,990
Traveling and Conveyance	845,634	995,762
Legal and Professional expenses	60,000	60,000
Auditors' Fee - Note 26.2	172,500	172,500
A.G.M expenses	387,561	874,890
Registration and Fees	825,464	975,320
Staff welfare	1,225,423	1,265,320
Stationery expenses	1,054,120	1,285,692
Office Repairs and Maintenance	1,050,213	1,354,200
Vehicle expenses	2,756,321	3,863,240
Entertainment expenses	954,633	1,062,300
Central fund for RMG	503,956	380,733
Buying House Commission	4,025,611	1,470,543
Freight Charges & Freight out	14,297,509	5,956,759
Garments Testing & Inspection Charges	10,392,143	7,836,802
Interest expense - Note 26.4	75,250,179	54,111,083
Currency Gain/(Loss)	-	458,437
Bank Charges	25,557,290	25,981,589
Miscellaneous	658,740	768,520
<b>Total</b>	<b>220,427,548</b>	<b>184,707,006</b>

26.2 No remuneration or fee, other than that specified in note 26.1, was paid to directors and auditors.

26.3 Salaries and Allowances:

	2018		2017	
	No. of Employee	Taka	No. of Employee	Taka
Employees drawing Tk.3,000 or more p/m	146	55,325,412	132	53,169,532
Employees drawing less than Tk.3,000 p/m	-	-	-	-
	<u>146</u>	<u>55,325,412</u>	<u>132</u>	<u>53,169,532</u>

26.4 Interest expense is as follows:

	2018 Taka	2017 Taka
Interest on Workers' Participation/Welfare Funds	1,232,495	1,742,126
Interest on Long Term Loans	11,657,041	11,526,611
Interest on Bills Discounted	50,869,270	32,284,534
Interest on Bank Overdraft	7,877,478	7,618,236
Interest on Time Loan	3,613,895	939,576
	<u>75,250,179</u>	<u>54,111,083</u>
<b>27. Others Income</b>		
Rental income	365,400	365,400
Exchange Gain/(Loss)	1,216,479	-
	<u>1,581,879</u>	<u>365,400</u>

**28. Income Tax (Current Tax)**

	2018 Taka	2017 Taka
Profit before tax	64,886,486	54,168,490
Add: Depreciation as per accounting base	71,269,537	67,782,726
	136,156,023	121,951,216
Less: Depreciation as per Tax base	92,321,966	90,976,585
	43,834,057	30,974,631
Add: Provision for Gratuity for the year	3,470,387	2,157,254
	47,304,444	33,131,885
Less: Other income (Separate calculation)	365,400	365,400
	46,939,044	32,766,485
Less: Payment for Gratuity	4,783,597	4,295,362
	42,155,447	28,471,123
Tax Rate @ 15%	6,323,317	4,270,668
Minimum Tax	16,126,655	14,018,289
Add: Other income tax	-	-
Rental income	365,400	365,400
Less: Maintains @ 30%	109,620	109,620
	255,780	255,780
Add: Tax Rate @ 25%	63,945	63,945
Current Tax	16,190,600	14,082,234
Add: Additional Tax for the prior years finally determined	2,246,158	-
	18,436,758	14,082,234

**29. Remuneration/Payments to Directors/Officers:**

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

Particulars	2018		2017	
	Directors	Officers	Directors	Officers
Remuneration	2,600,000	-	2,600,000	-
Basic salary	-	33,095,240	-	32,156,320
House rent allowance	-	15,894,452	-	15,848,560
Other benefits and perquisites	-	6,335,720	-	5,164,652
	2,600,000	55,325,412	2,600,000	53,169,532

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

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

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

Bank & Branch Name	Type of facility	Limit	Utilised	Unutilised	
		Taka	Taka	2018 Taka	2017 Taka
Trust Bank Ltd. SKB Branch, Dhaka	Back to Back L/C, EDF& Sight	650,000,000	281,657,180	368,342,820	247,630,468
	IBP	70,000,000	12,564,230	57,435,770	5,597,559
	Trust receipt	40,500,000	-	40,500,000	40,500,000
	Overdraft	50,000,000	51,350,460	(1,350,460)	(1,180,303)
	Bank guarantee	1,000,000	-	1,000,000	1,000,000
	Term Loan	25,000,000	7,437,916	17,562,084	5,516,694
		836,500,000	353,009,786	483,490,214	299,064,418
Mutual Trust Bank Ltd. Gulshan Branch, Dhaka	Back to Back L/C, EDF& Sight	490,000,000	139,515,530	350,484,470	214,064,377
	Secured Overdraft	10,000,000	10,039,939	(39,939)	-
	Term Loan	980,000,000	116,296,071	863,703,929	-
	IDBP/FDBP	100,000,000	15,894,463	84,105,537	7,362,635
		1,580,000,000	281,746,003	1,298,253,997	221,427,012
HSBC Anchor Tower, 108 Bir Uttam C.R. Datta Road, Dhaka-1205	Export Cash Limit	246,000,000	85,645,632	160,354,368	21,641,122
	Import Line (PRM)	395,000,000	147,989,813	247,010,187	132,042,148
	Import Line	600,000,000	401,933,619	198,066,381	311,035,466
	Overdraft	50,000,000	19,188,123	30,811,877	11,522,066
	Bank guarantee	30,000,000	4,558,670	25,441,330	4,533,800
	Term Loan	184,677,770	34,050,272	150,627,498	20,000,000
		1,505,677,770	693,366,129	812,311,641	500,774,602

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

	2018		2017	
	Taka	%	Taka	%
Imported	466,748,532	33.66	368,808,649	33.12
Local	919,756,298	66.34	744,876,323	66.88
	<u>1,386,504,830</u>	<u>100.00</u>	<u>1,113,684,972</u>	<u>100.00</u>

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

Item	Capacity	Actual Production	Percentage (%) of achievement
Finished Garments (Lac Pcs.)	84	65.80 (2017: 47.83)	78.33% (2017: 56.94%)
Knit Fabrics ( MTs.)	4,500	3,653 (2017: 2,461)	81.18% (2017: 54.68%)

**33. Even after Balance Sheet Date:**

The Board of Directors of the Company in its meeting held on 24th October 2018 (2017: 23rd October 2017) recommended 10% cash dividend i.e., Tk. 1.00 per share of Tk. 10.00 each (2017: 10% cash dividend) for all shareholders of the company subject to their approval in the AGM.

**34. Related Parties Disclosures**

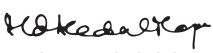
The Company in normal course of business carried out a number of transactions with other entities that fall within the definition of "related party" contained in Bangladesh Accounting Standard-24; "Related party Disclosure". Total Balance Sheet exposure with the related parties as at 30 June 2018 is as under.

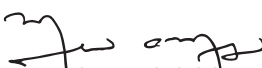
Name of the related party	Relationship	Nature of Transaction	2018	2017
Fashion Knit Garments Ltd.	Common Director	Sale of Finished Fabrics	951,290,987	809,961,061
		Receivable	<u>45,500,000</u>	<u>46,420,600</u>


**35. General**

- 35.1 There was no sum for which the company was contingently liable as at 30 June 2018 and 30 June 2017.
- 35.2 There was no claim, except an aggregate amount of Tk. 23,042,449 (2017: 21,095,550) claimed by the Tax Authority but appealed against by the company, not acknowledged as debt as at 30 June 2018 and 30 June 2017. Such claim, being contingent liability, needs not be provided for.
- 35.3 There was no credit facilities available to the company, except trade credits and back to back L/C facilities, during the years ended 30 June 2018 and 30 June 2017.
- 35.4 There was no foreign shareholder of the company as at 30 June 2018 and 30 June 2017 and no dividend was remitted to any foreign shareholders during the years ended 30 June 2018 and 30 June 2017.
- 35.5 There was no capital expenditure contracted but not incurred or provided for at 30 June 2018 and 30 June 2017.
- 35.6 There was no capital expenditure authorised by the Board but not contracted for at 30 June 2018 and 30 June 2017.

The annexed notes from 1 to 35 form an integral part of these financial statements.

  
Mr. Muhammad Abdul Moyeen  
Chairman

  
Mr. Mohammad Abdul Moyeed  
Managing Director

  
Mr. Mohammad Abdul Momen  
Director

  
Mr. Md. Wali Ullah  
Company Secretary

Dated: Dhaka  
October 24, 2018

**H.R. Textile Mills Limited**  
**Mirandel (7th Floor), House # 3**  
**Road # 5, Block # J, Baridhara, Dhaka-1212**

**PROXY FORM**

I/We.....of.....

..... being a shareholder of H.R. Textile Mills Limited here by appoint

Mr./Mrs/Ms..... of .....

.....  
as my proxy to attend and vote for me on my behalf at the 34th Annual General Meeting of the company to be held on Wednesday, 23rd January 2019 at 11:00 a.m. at the Spectra Convention Centre Limited, King's Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212 and at any adjournment thereof.

As witness my hands this ..... day of January 2019

Signature of Proxy .....

Signature of Shareholder.....

Registered Folio / BO No. ....

**Revenue  
Stamp  
Tk 10.00**

**Importants:**

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 34th Annual General Meeting of H.R. Textile Mills Limited to be held on Wednesday, 23rd January 2019 at 11:00 a.m. at the Spectra Convention Centre Limited, King's Hall, House # 19, Road # 7, Gulshan-1, Dhaka-1212.

Signature Verified By .....

Authorized Signature of the Company

.....

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.



The background features a complex abstract design. On the left, there are dense, wavy, concentric lines in shades of purple, blue, and red, creating a sense of depth and movement. A large, solid orange triangle points downwards from the top left towards the center. The right side of the image is dominated by a large, solid purple shape that also points downwards. In the center, the letters 'PR' are rendered in a large, bold, light gray font. The 'P' and 'R' are partially overlaid by the orange and purple geometric shapes.

# PR

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