

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED ON 30 JUNE, 2015

Dear Shareholders,

In terms of provisions of section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and IAS – 1 (International Accounting Standards – 1) codes as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), It is the pleasure of Board of Directors to submit its Report to the Shareholders for the Year Ended 30 June, 2015 in the following paragraph.

PRINCIPAL ACTIVITY

The Principal Activity of the company in the period under review was that of production and sales of high quality 100% Cotton Yarn through export.

OPERATIONAL ACTIVITY

The Company's installed Production Capacity during the Year 2014-2015 remained same as previous Year, which is 34,872 Spindles. The production during the Year for Unit-1 & Unit-2 was 3,209 M. Ton which is 4 M. Tons (0.12%) higher than the previous Year. During the Year under review the Company was able to make Sales of Tk. 77.45 Crore, Net Profit before Tax is Tk. 2.57.

WORKING/OPERTING RESULTS

The Working/Operating Result of the Company for the Year under review is as follows:

PARTICULARS	As on 30.06.2015	As on 30.06.2014
Turnover	77,44,63,983	92,34,90,138
LESS: Cost of Goods Sold	57,83,60,959	67,86,10,729
Gross Profit	19,61,03,024	24,48,79,409
LESS: Operating Expenses	16,85,10,578	18,31,72,574
Operating Profit	275,92,446	617,06,835
ADD: Other Income	15,34,864	3,375
Less: non operatingexp	21,24,722	
Net Profit before WPPF	270,02,588	617,10,210
LESS : Contribution to WPPF	12,85,838	29,38,581
Net Profit before Tax	257,16,750	5,87,71,629
LESS: Provision for Tax	38,66,431	101,76,992
Retained Earnings	218,50,319	4,85,94,637

1.5 (XVII) Significant deviations from the last year's operating result and its reasons

PARTICULARS	As on 30.06.2015	As on 30.06.2014	Deviation Increase/ Decrease	Reasons
Turnover	77,44,63,983	92,34,90,138	(149,026,155)	This year turnover decreased to 16.14% due to decrease of sales rate by 13.62%.
Cost of Goods Sold	57,83,60,959	67,86,10,729	(100,249,770)	
Gross Profit	19,61,03,024	24,48,79,409	(48,776,385)	
Operating Expenses	16,85,10,578	18,31,72,574	(14661,996)	
Operating Profit	275,92,446	617,06,835	(34114,389)	
Other Income	15,34,864	3,375	1531,489	
Less: Non OperatingExp	21,24,722		2124,722	
Net Profit before WPPF	270,02,588	617,10,210	(34707,622)	
Contribution to WPPF	12,85,838	29,38,581	(1652,743)	
Net Profit before Tax	257,16,750	5,87,71,629	(33054,879)	
Provision for Tax	38,66,431	101,76,992	(6310,561)	
Retained Earnings	21850,319	48594,637	(26744,318)	

FINANCIAL RESULT AND APPROPRIATION

The presentation herewith of the comparative financial results of the Year under review (2014-2015) and the immediate Past Year (2013-2014) is provided below for you. Also recommendations have been placed before you for appropriation of the Profits generated during the Year under review:

PARTICULARS	Figure in '000' Tk.	
	2014-15	2013-14
Net Profit before Providing Income tax	25,716	58,771
Add: Revaluation Adjustments	3651	3,843
Add: Profit brought Forward from Previous Year	70,317	74,413
Profit available for Appropriation	99,684	137,027
Recommended for Appropriation		
Less: Transfer to Tax Provision	(3865)	(10,176)
Less: Dividend	(28,804)	(52,371)
Less Prior adjustment of deferred tax		(4,163)
Un-appropriated Profit Carried Forward	67,015	70,317

DIVIDEND PROPOSED

Your company has earned Net Profit before Tax to the extent of Tk. 2.57Crore and Retained Earnings of Tk. 2.19crore. Keeping in view with the performance of the company, the Board of Directors recommended 5% Cash Dividend for the year ended on 30 June 2015. The same is being placed before you for your approval.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the Financial Year under review the Company has contributed an amount of Tk. 8.32 Million to National Exchequer as Value Added Tax, Custom Duty and Income Tax.

DIRECTOR'S RETIREMENT AND THEIR RE-ELECTION.

In accordance with Article Nos. 124 & 125 Section 91(2) of Company Act 1994 Mr. Mohammad Ali Khokon, Director & Managing Director and Mrs. Laila Ali, Director both are due to Retire by rotation from the Board of Directors and being eligible, offer them for Re-Election. Board of Directors have re-elected both the Directors for the next term.

APPOINTMENT OF AUDITORS

The Retiring Auditors M/S. Ahmad & Akhtar Chartered Accountants – 39, Dilkusha (4th Floor) C/A Dhaka – 1000, Bangladesh have expressed their willingness to continue with us being eligible they have offered their service as Auditors of the Company through Reappointment for the Financial Year 2014-2015. The Board of Directors has decided to appoint Ahmad & Akhtar Chartered Accountants as Statutory Auditors of the company for the term until next Annual General Meeting subject to approval of Shareholders.

CORPORATE GOVERNANCE

Corporate Governance is the system through which the Company is directed, guided and controlled by the Board, keeping in view with its accountability to the shareholders. Now in accordance with the requirement of the Securities and Exchange Commission, “**Corporate Governance Compliance Report**” is also annexed. Additionally, the Status Report that is required to be presented by the Company in pursuance to **Notification No. SEC/CMRRCD/2006-158/134/Admin/44** of 07 August, 2012 issued by Securities & Exchange Commissions is attached as Annexure-1.

MARKETING STRATEGY

Adopting the Marketing Theory, the 4P's consideration is noteworthy; Price, Place, Promotion and People. We consider that People and Place are Company internal factors and conversely Price and Promotion are external variables which can alter as well depending on market situation. However, our marketing strategies are laid before you.

- Price is an important determinant in terms of sourcing a product. On the other hand Price tool is not controllable but can be realized. Coping up with the changing price by making necessary adjustments, is always a smarter idea to procure and produce quality products. Our primary objective is to market quality products to buyers at competitive price through effective procurement.
- Place or availability of quality products at buyer's doorstep is required. In time delivery within projected lead-time and early delivery also increases good will of the company and at the same time adds value.
- Promotion is an active marketing tool that needs highest emphasis in now days marketing operations. Having a proper marketing planning or promotional plan is required in order to survive in the competitive environment sustaining worldwide. Establishing good relationship with buyers located both home and abroad is vital. Our objective behind this strategy is to stand on the building block of trust and faith laid through competitive promotional activities.
- People are the most important asset for us. Our aim is to make our buyers feel that we are always standing next to them in all shapes and at all situations. Nevertheless we consider our people as our company partners not as employees. We value our shareholders, stakeholders, investors and also partners/ employees. Through earning their commitment and dedication we make sure that our company serves better and the best to the market.

It is vital to realize that alongside with price, quality; in time delivery within shortened lead time and technical cooperation with buyers are all key elements that play progressively more chief functions in modernized marketing era.

We have intensified our efforts to sell to our target customers and have achieved significant breakthrough even in this competitive situation. We are at a faster pace expanding our customer base by adding several new highly successful buyer to our list of customers. On top our strong focus on differentiation, innovation and value addition have so far strengthened our marketing team and expanded our product development activities through R&D. Our continuous efforts to deploy new marketing strategies and tactics for quality based demonstration rather than volume based sales has so far led to significant reduction in terms of facing unnecessary competition.

SHAREHOLDERS POISE

You, the valued Shareholders, retained solid confidence and laid trust on us throughout the previous years and it is our firm believes, that you will continue to do so in years to come. Now we know, through operational experience that the key element in upholding to the Shareholders confidence is to deliver consistent business performance, constantly compete with market for the market leading position through performance, show competitiveness and renovation, and finally deliver competitive results in the industry. I decisively have realized that we have attained authentic potency, based on which we are growing our business enhance our well-deserved corporate goodwill. In order to attain full confidence of our valued shareholders based on the corporate performance which we aim to achieve though our company objectives and values set initially, since we have the proper resources and desired determination targeting one common goal which ensures business continuation for a significant amount of time till today to date.

INNOVATION & EXPANSION- TAPPING TO THE FUTURE

While faced up with adverse variables, explained earlier, your company was keen to adapt and deploy new strategies and lay greater emphasis on innovation in the textile sector. To cope with this pace in harmony with modern textile world, we are continuing the modernization program of our plant and machineries. We are pleased to inform you that decision of BMRE program of existing unit is already being undertaken. We have formed a BMRE Implementation Committee under the leadership of Deputy Managing Director Mr. Mohd. Showkot Ali to supervise the program. The Annual production and turnover of existing unit will be increased significantly at the successful completion of BMRE. Additionally extensive marketing plan deployment, recruitment of best capable and qualified employees were undertaken and new machineries were also installed in order to ensure better and increased production.

This will enable new and improved quality products made available for both local and international market gaining competitive edge in the Industry.

HUMAN RESOURCE

We recognized that the skills, motivation and commitment of our employees remain amongst the most important factors in our success story. We foster these qualities through a human resource policy that is committed to training and development. The company always believes in policy of promotion and development from within whenever possible. An excellent relationship between management and employees always exist in our company, which indicates proper, unbiased and welfare oriented human resource policy of the Company and increase the production & quality.

MANAGEMENT APPRECIATION

The Board of Directors record with deep appreciation the performance of the Management, the officers, staff members and employees or partners; whose relentless efforts helped company to minimize the natural and unnatural adverse factors of Production and Marketing throughout the country and the world as much as possible. It is expected that the employees and the management team will have to continue to improve the results or outcomes for the best interest of the Shareholders and Stakeholders, whose unswerving trust in the Management has always been an inspiration to the Board of Directors. The Directors humbly want to express their gratitude and acknowledge the cooperation and unflinching support it has received so far from various agencies including the Securities and Exchange Commission, Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, National Board of Revenue and other Public Agencies and Private Sectors. However, we are confident, that with your understanding and support we will continue to build on our capabilities for sustainable high performance in future. Finally we pray to almighty Allah for the bright future of the company and our valued shareholders.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

(Haider Ahmed Khan)

CHAIRMAN