Directors' Report to the Shareholders

Dear Shareholders:

In terms of provision of Section 184 of the Companies Act 1994, Rule 12 (and the schedule there under) of the Securities and Exchange Rules 1987 and Bangladesh Securities & Exchange Commission Notification on compliance of corporate governance guidelines, dated 7 August 2012, it is the pleasure of the Board of Directors to submit its Report to the Shareholders for the year ended 30 September 2013 in the following paragraphs:

Industry Outlook

The Textile Industry, largest manufacturing sector in Bangladesh, is providing employment to a greatage percent of the work force in the country, contributing around 15 percent of the country's GDP, 40 percent of manufacturing value addition, and 80 percent of export earnings. During the last three decades, the Bangladesh textile sector has received a considerable foreign investment. Over the years, significant development has taken place in the textile sector. Bangladesh is now actually a very important hub of the world's textiles market. Due to increasing demand, Textile Industry is one of the most highly competitive manufacturing sectors in the world.

Although the export performance of textiles sector in Bangladesh lies in a satisfactory level, there is still a great concern for Bangladesh due to high cost of production, power shortage and stiff competition with regional players, which are some major factors contributing to the more challenges in textile and it smooth export.

Operational Performance

Your company is a 100% export oriented denim fabric manufacturer which is the first of its kind in Bangladesh with rope dyed technology. Current installed capacity of ETL is 24 million yards per year and realistic capacity is around 21 million yards per year. Expanding capacity of more 26 million yards per year is under installation and out of 50% expanding capacity is in trail production process. Product mix of the Company is quite flexible and is determined by the management of ETL based on the demand of the global market. ETL specialized in 6 oz to 14.00 oz ring and open –end denim. Company 's one of the focus areas is product development through research and innovation and its effort is to produce exclusive fashion items like flat/mercerized denim, coated denim, high quality stretch denim, etc to compete in the higher value added market segment.

Various counts of yarn, the prime ingredient of raw material, constitutes on 79.81% of the Cost of Goods Sold(COGS) of ETL in FY 2012-13, which was 74.95% of the COGS in FY 2011-12 This cost increase owes much to the price hike of yarn and has significant impact on the operational performance. Another major raw material, chemicals for dyeing and finishing constitutes on an average 10% of the COGS of the Company. Between those two major raw materials, yarn price in the world market is very volatile than dyes chemical price, since yarn price is directly correlated with cotton production.

Cost of Production per yard in FY 2012-13 was Taka 143.46; it is decreased by 2.12% as compared to the last year due to production efficiency through utilizing optimum production capacity.

The revenue sources of ETL are deemed export to export oriented textile mills through back to back LC, direct selling of denim fabric to the world-renowned foreign buyer, and export cash incentive. In FY 2011-12, ETL's revenue turnover was BDT 3,758.22 million, which was increased to around BDT 3,983.61 million in FY 2012-13. Revenue turnover average growth rate is 6% over the period from FY 2011-12 to FY 2012-13. The Company sold 21.77 million yards of denim fabric at the rate of average BDT 152.97 per yard. At the same time, total production was 22.84 million yards fabric including trail production of 17, 57,287 yards. Your Company has realized an amount of Taka 171.83 million as export incentive, which is 6.05% higher in compared to the previous year.

Relatively sharp and high sales growth due to optimizing production capacity through marketing efficiency and minimizing cost of production per yard through effective raw material procurement and operational management efficiency resulted in a satisfactory gross profit growth of 10.47% in FY 2012-13 compared to FY 2011-12.

During the FY 2012-13, your Company made a significant amount of investment in importing capital machinery and building infrastructure for setting-up 2nd denim fabric production unit.

The capital investment is yet to start yielding results in the business operation, but cost of capital has already been charged against profit. As a result, the EPS may not look as rosy as you would have expected right now, but once the second production unit goes into operation in full-swing, the result will start coming forth featuring a healthy and pleasing picture that you all would feel very happy with in the near future.

In spite of these, your Company's Profit after tax improved by 2.66% from BDT 424.26 Million last year to BDT 435.54 in 2012-13

The Company contributed an amount of Tk.139.72 million in the national Exchequer, which is 85% higher than that of the previous year, moreover contributed substantially to the Foreign Exchange Reserve of the country through its export marketing operation during the FY 2012-13.

A synopsis of operational performance of the Company at a glance is revealed below:

Production Capacity:

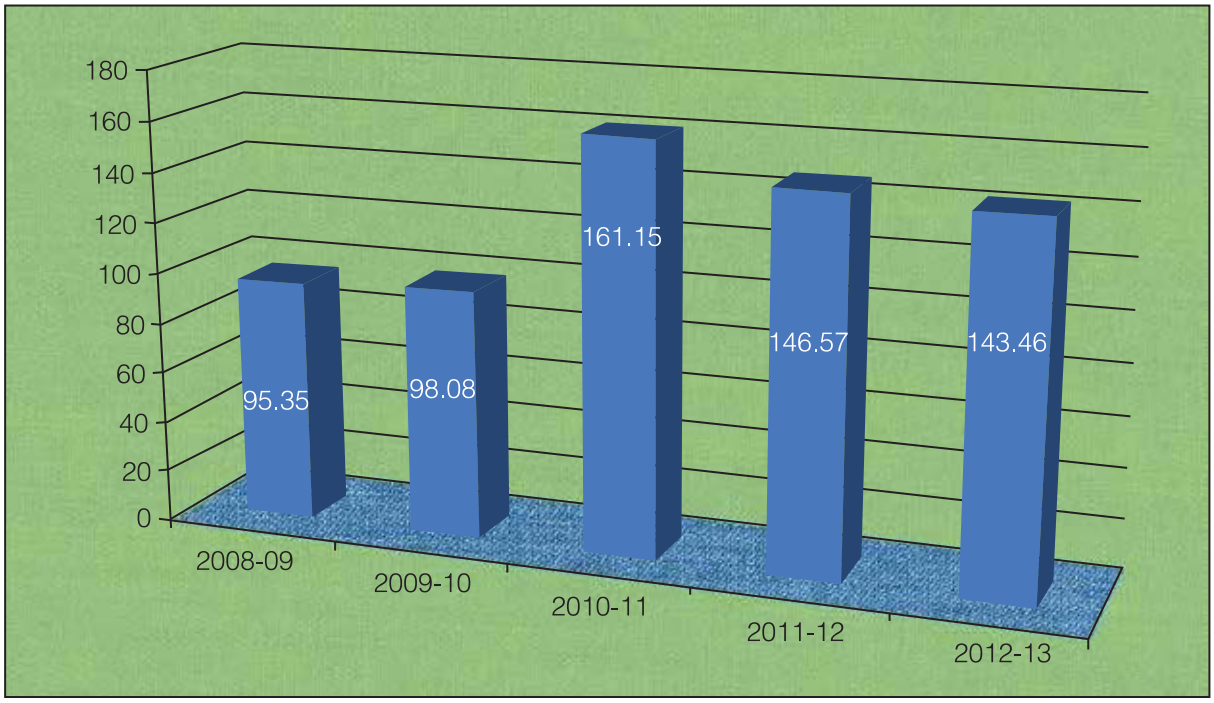
	2012-13	2011-12	2010-11	2009-10	2008-2009
Loom Machine Capacity					
a) Numbers of Loom Machine Installed	204	132	126	100	100
b) Numbers of Loom Machine in Operation	132	132	126	100	100
	2012-13	**2011-12**	**2010-11**	**2009-10**	**2008-2009**
Installed Production Capacity (in Yard):	37,000,000	24,000,000	24,000,000	20,000,000	16,000,000
Actual Production (in Yard):	22,844,730	19,823,911	17,357,052	15,474,093	9,408,887
Capacity Utilized (in Percentage):	*87.86%	82.60%	72.32%**	77.37%	58.81%

*13,000,000 yards out of total shown installed capacity in 2012-13 was in trail run operation and 17,57,287 yards produced by trail production during the period. **Weighted average capacity utilization in 2010-11 was 82.65%, as fresh capacity added mid of the year.

Cost of Production & Raw Materials Cost % on Cost of Goods Sold:

	2012-13	2011-12	2010-11	2009-10	2008-2009
(a) Fabrics Production (in Yards)	22,844,730	19,823,911	17,357,052	15,474,093	9,408,887
(b) Cost of Production (BDT):					
Raw Materials Consumed	2,810,189,376	2,522,201,465	2,463,330,318	1,306,978,495	756,127,418
i) Yarn	2,482,187,464	2,224,076,910	2,211,565,275	1,113,349,485	601,957,998
ii) Chemical	312,458,183	283,011,977	242,704,209	193,629,010	154,169,420
iii) Packing Material	15,543,729	15,112,578	9,060,834	-	-
Power & Fuel etc	57,251,645	47,561,244	39,945,486	39,990,397	36,334,986
Other Production Overhead	409,812,604	335,825,748	293,853,176	170,766,607	104,683,319
Total Cost of Production	**3,277,253,625**	**2,905,588,457**	**2,797,128,980**	**1,517,735,499**	**897,147,723**
(c) Cost per Unit	143.46	146.57	161.15	98.08	95.35
(d) Cost of Goods Sold	**3,109,944,679**	**2,967,364,792**	**2,643,450,397**	**1,500,112,729**	**883,696,458**
(e) Raw Materials Cost % on COGS:	90.36%	85%	93.18%	87.13%	85.56%
i) Yarn	79.81	74.95	83.66	74.22	68.11
ii) Chemical	10.05	9.54	9.18	12.91	17.45
iii) Packing Materials	0.50	0.51	0.34	-	-

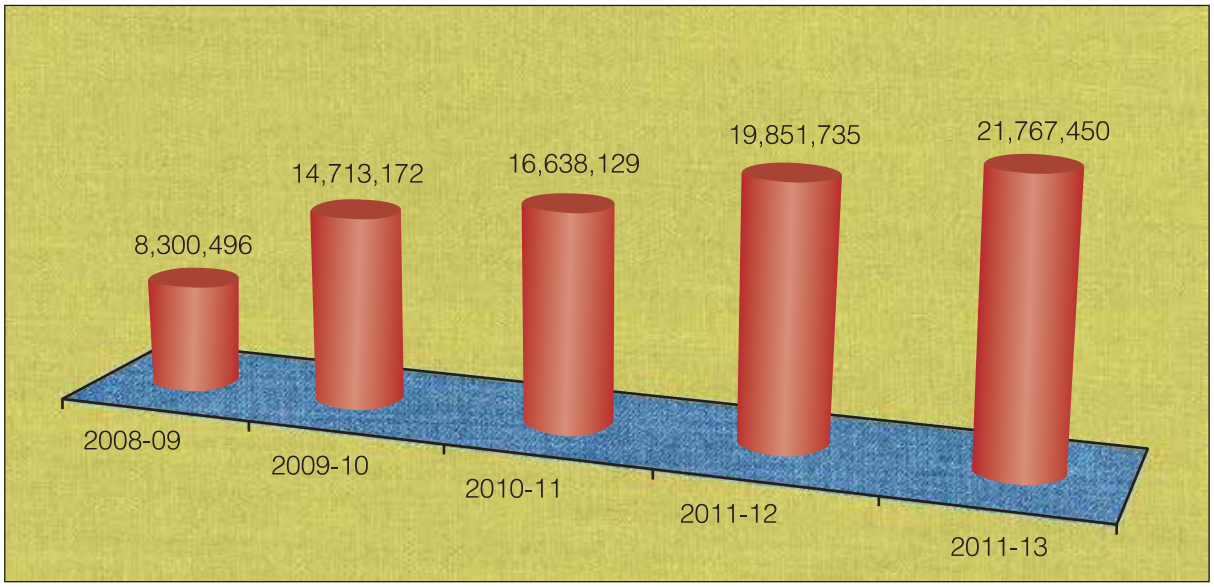
Cost of Production (Per Yard in Taka)



Marketing Operation:

	2012-13	2011-12	2010-11	2009-10	2008-2009
a) Quantity Sold (in Yards)					
i) Deemed Export- Local Garments Industry	18,339,603	17,218,882	14,729,444	13,435,187	7,587,519
ii) Export- International Market	646,735	241,756	387,646	67,130	--
iii) Surplus and B Grade	2,781,112	2,391,097	1,521,039	1,210,855	712,977
Total Sales in yards-	**21,767,450**	**19,851,735**	**16,638,129**	**14,713,172**	**8,300,496**

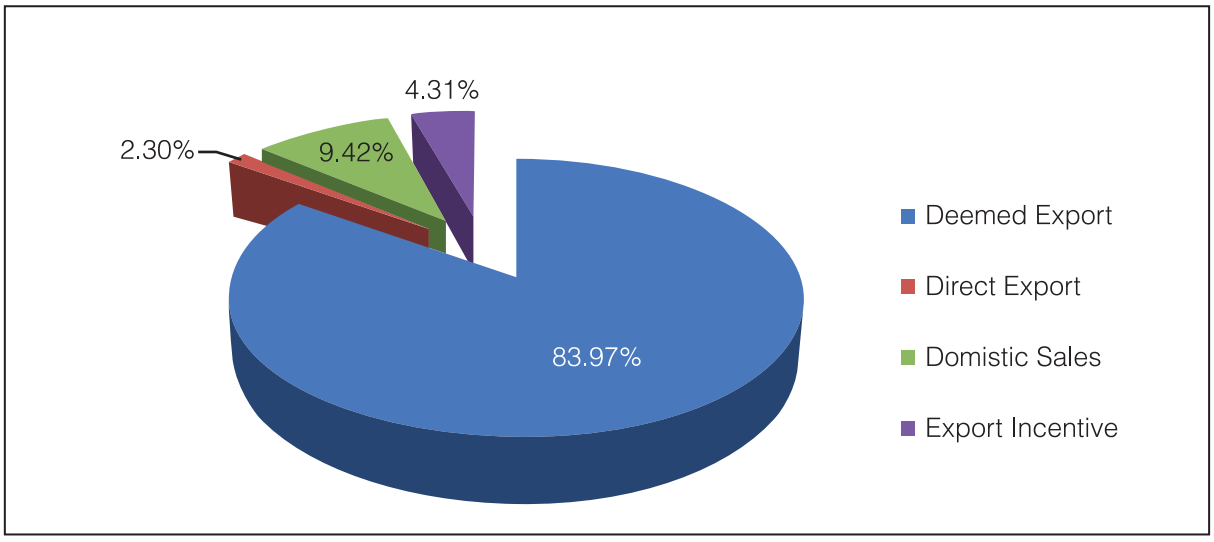
Quantity Sold-in Yards



	2011-13	2011-12	2010-11	2009-10	2008-2009
b) Selling Price Per Yards in BDT					
i) Export- Local Garments Industry	182.39	185.35	194.93	122.87	124.88
ii) Export- International Market	141.61	202.50	239.55	165.75	-
iii) Surplus and B Grade Sales	134.91	148.77	153.43	134.72	129.56
Average Unit Price	**152.97**	**178.87**	**195.97**	**141.12**	**127.22**

	2011-13	2011-12	2010-11	2009-10	2008-2009
c) Sales & Other Revenue in BDT					
i) Export- Local Garments Industry	3,345,006,723	3,191,520,950	2,871,237,387	1,650,834,320	947,557,471
ii) Export- International Market	91,584,019	48,955,659	92,861,392	11,126,952	-
iii) Surplus and B Grade Sales	375,190,587	355,720,449	233,373,081	163,126,338	92,373,317
iv) Export Incentive	171,829,537	162,023,830	148,204,939	87,620,655	42,992,036
Total Sales & Other Revenue	**3,983,610,866**	**3,758,220,888**	**3,345,676,799**	**1,912,708,265**	**1,082,922,824**

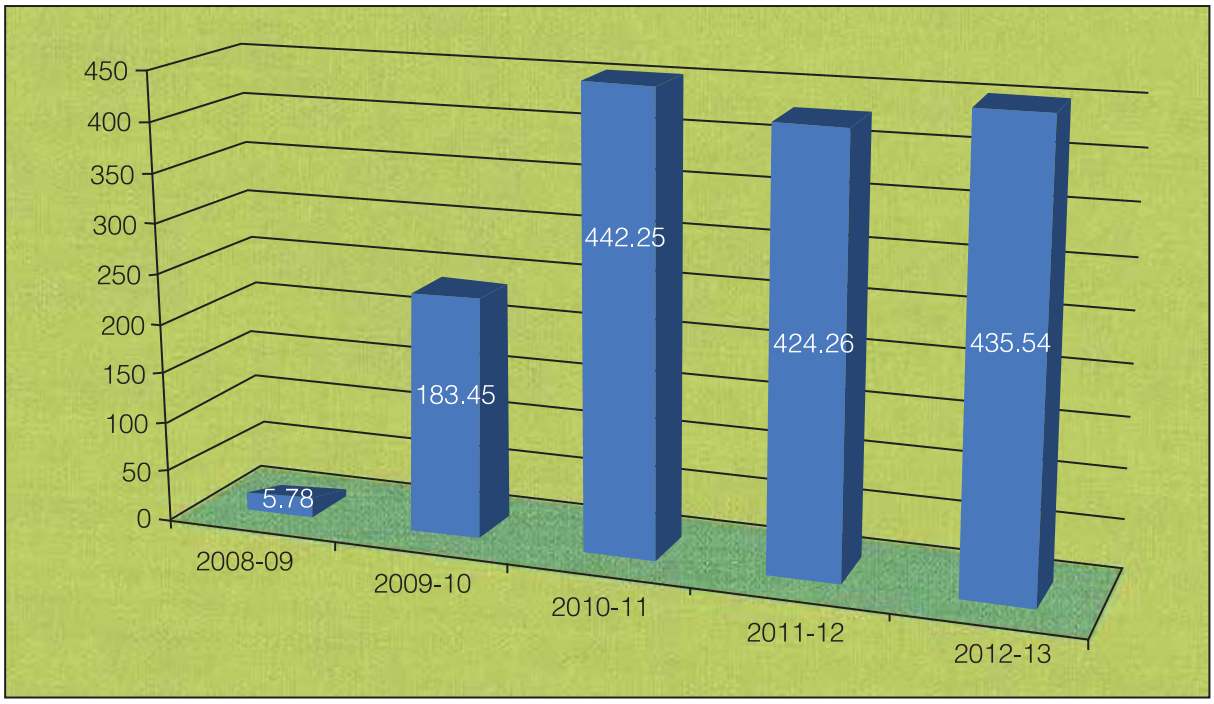
Revenue for the year 2012-13



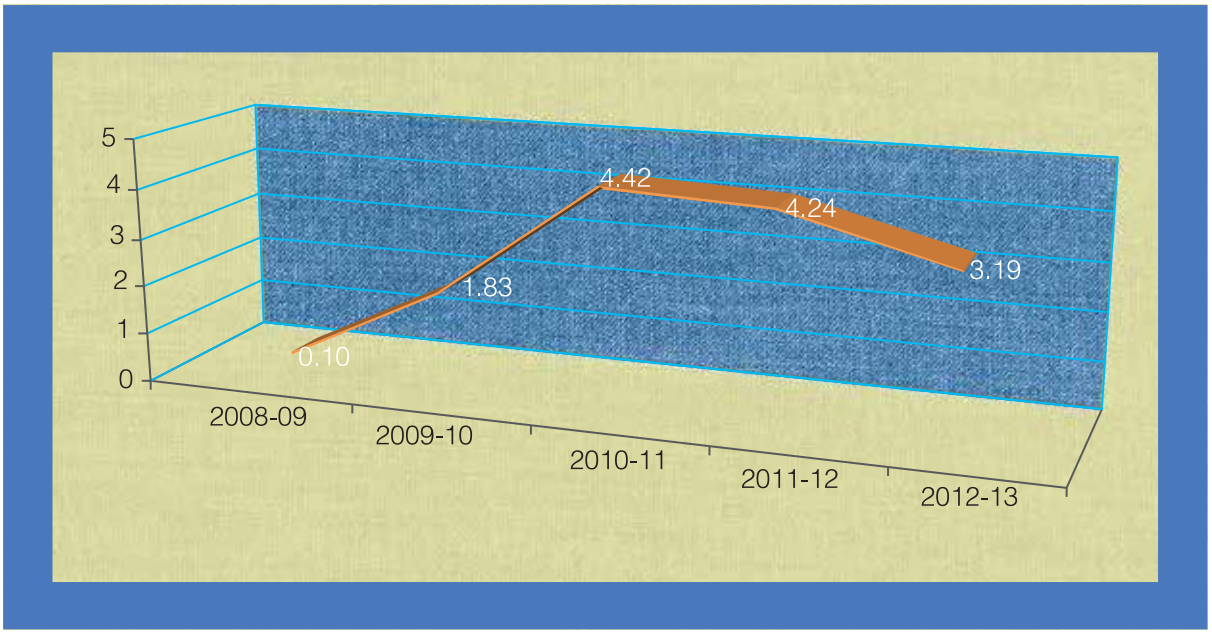
Operating Results:

	2012-13	2011-12	2010-11	2009-10	2008-2009
Gross Profit	873,666,187	790,856,096	702,226,402	412,595,536	211,996,854
Operating Income	513,537,786	474,139,725	461,734,780	180,616,656	5,782,957
Net Profit after Tax	435,542,579	424,258,533	442,252,097	183,450,525	5,782,957
Earning per Share (EPS)	3.19	4.24	4.42	1.83	0.10

Net Profit after Tax (in million taka)



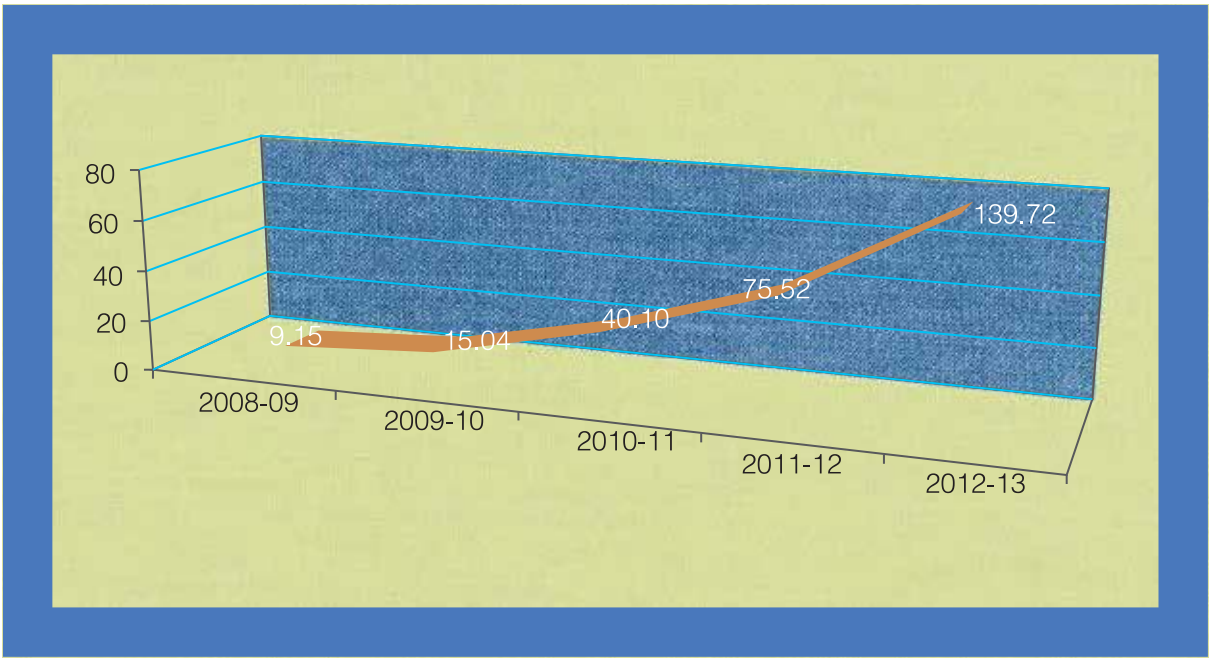
Earnings per Share (EPS)



a) Contribution to National Exchequer:

	2012-13	2011-12	2010-11	2009-10	2008-2009
Corporate Income Tax	46,641,705	27,396,542	130,490	-	158,353
Advance Income Tax (Deduct at Source)	75,735,432	38,650,477	27,060,013	4,565,474	1,785,986
VAT	9,853,163	5,912,087	1,764,306	404,766	94,618
Import Duties	1,170,798	2,063,919	9,275,055	7,512,795	6,085,364
Stamp Duties	2,594,822	850,859	855,758	513,247	430,627
License Fees etc.	3,725,088	650,604	1,016,363	2,041,553	595,355
Total Amount in BDT	**139,721,008**	**75,524,488**	**40,101,985**	**15,037,834**	**9,150,302**

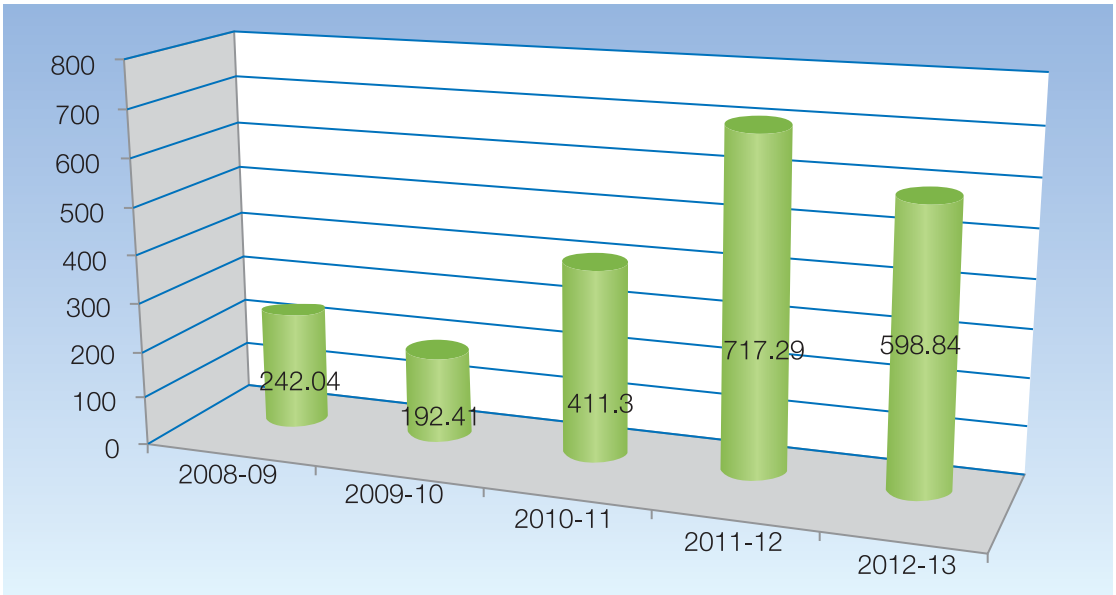
Contribution to National Exchequer



b) Foreign Exchange Earned/Saved: (Amount in Million BDT)

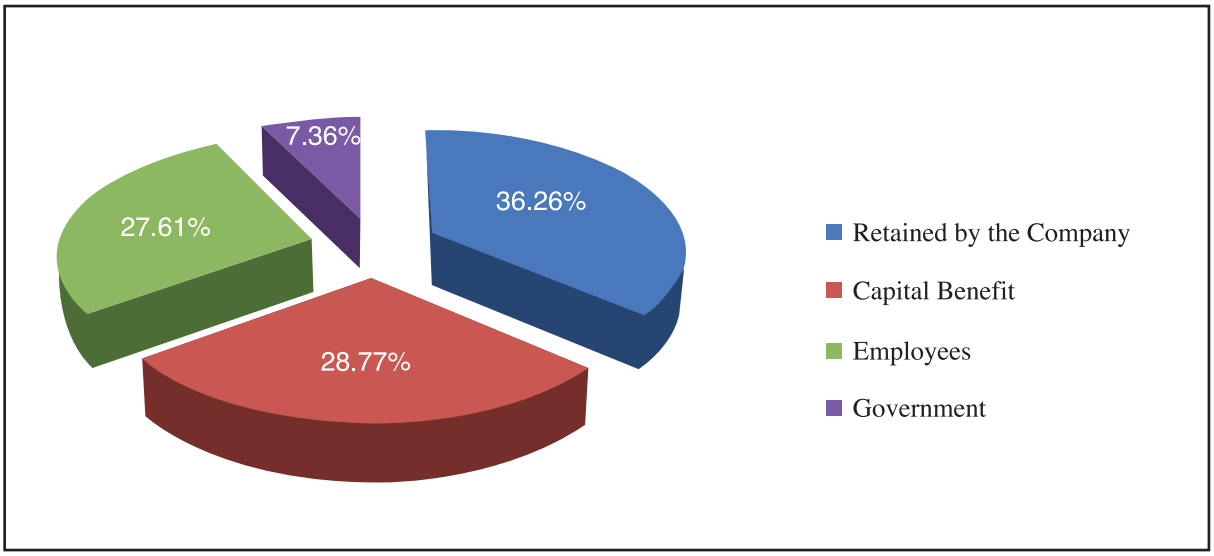
	2012-13	2011-12	2010-11	2009-10	2008-2009
Total Export Earnings:	3,436.59	3,240.48	2,964.10	1,661.96	947.56
Less: Foreign Import Cost:					
Raw Material Yarn	2,485.06	2,211.59	2,286.43	1,238.72	579.48
Raw Material Dyes & Chemicals	311.62	286.62	258.97	220.25	124.03
Spare Parts	40.18	23.16	4.16	8.98	1.88
Miscellaneous	0.89	1.82	3.24	1.59	0.13
Net Export Earned / Saved	**598.84**	**717.29**	**411.30**	**192.41**	**242.04**

Foreign Exchange Earned/Saved in Million BDT



Value Added Statements:		2012-13	2011-12
Source of Funds:			
Net Sales		3,983,610,866	3,758,220,888
Less: Purchase of Raw Materials and services		(3,033,517,627)	(2,946,807,957)
Add: Other Income		(1,077,406)	97,579
	Total BDT-	**949,015,833**	**811,510,509**
Application of Funds:			
Employees			
Salary, Wages & Other benefits		237,654,725	152,107,619
Contribution to Workers Profit Participation Fund		24,402,875	22,582,729
		262,057,600	**174,690,348**
Government			
Corporate Tax		52,514,926	27,396,042
Other Government Duties		17,343,871	9,477,469
		69,858,797	**36,873,511**
Capital Benefit			
Dividend		**273,000,000**	**260,000,000**
Retained by the company			
Depreciation & Ammortization		181,556,858	175,688,118
Retain Earnings		162,542,578	88,982,771
Tax Holiday Reserve		-	75,275,762
		344,099,436	**339,946,651**
	Total BDT-	**949,015,833**	**811,510,509**

Dristribution of Value addition in 2012-2013



Corporate and Financial Reporting Framework

The Directors, in accordance with BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012; confirm compliance with the financial reporting framework for the following:

- The financial statements prepared by the management of ETL, present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books and accounts of the Company have been maintained;
- Appropriate accounting policies have been consistently applied except for the changes disclosed in the financial statements in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of financial statements and any departure there from has been adequately disclosed. The system of internal control is sound in design and has been effectively implemented and monitored;
- There is no significant deviation from the operating result of the last year.
- There is no significant variance between the quarterly and the Annual financial performance of the company for the year 2012-13
- There is no extra-ordinary gain or loss in 2012-13

Key Operating and Financial Data

Key operating and financial information of last five years as per requirement of the condition 1.5(xviii) of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012, are presented as Annexure I titled under Key Operating and Financial data.

Shareholding Pattern

Shareholding patterns of the Company as on September 30, 2013, are stated in Annexure II of this report as required by condition 1.5(xxi) of the BSEC Notification dated August 7, 2012

Board Meeting, Attendance & Remuneration to the Directors

During the year ended on September 30, 2013, a total of twelve (12) Board Meetings were held and attendance by the Directors are summarized in Annexure III of this report. The remuneration of Directors has been mentioned in Note 4.11 of the Financial Statements.

Proposed Dividend

The Board recommended Cash Dividend @ 17% and Stock Dividend @ 3% for the year ended September 30, 2013.

Distribution of Profit

Considering the need for expansion and product innovation, increasing cost of external sources of fund, the Board of Directors have proposed and recommended for appropriation as follows:

a.	Net Profit after Tax for the year ended September 30, 2013	435,542,578
b.	Proposed appropriation:	
	(i) Cash Dividend	232,050,000
	(ii) Issuance of Stock Dividend	40,950,000
c.	Transferred to Retained Earnings and Reserve-	162,542,578

Directors Re-appointment

As per Article- 125 of the Articles of Association of the Company, the following two Directors will retire from the office of the Company in ensuing 18th Annual General Meeting:
Mr. Tanvir Ahmed
Ms. Shehrin Salam Oishee
Being eligible for re-election as per Article- 126 of the Articles of Association of the Company, they applied for re-appointment.
Brief Resume of appointee Directors is enclosed as Annexure IV in compliance with the Provision 1.5 (xxii) of BSEC Notification dated August 7, 2012.

Auditors Re-appointment
In 17th Annual General Meeting, shareholders appointed M/s MABS & J Partners (formerly M/s Saha Mazumder & Co.), Chartered Accountants, as the external auditors for auditing the financial statements of the Company for the year 2012-13 until the conclusion of 18th Annual General Meeting at a remuneration of Tk. 100,000. Being eligible for re-appointment, the existing auditors, M/s Saha Mazumder & Co., Chartered Accountants, offered themselves for re-appointment. As proposed by the Audit Committee, the Board recommended M/s MABS & J Partners (formerly M/s Saha Mazumder & Co.), Chartered Accountants, for further appointment as the auditor of the company until completion of the next Annual General Meeting.

Appointment of Independent Director
The Board of Directors at its meeting held on May 14, 2013 appointed to Mr. Sk. Bashir Ahmed, as Independent Director to comply with the Provision 1.2(i) & (iii) of BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 relating Corporate Governance dated August 7, 2012. Mr. Ahmed has a 20 years business experience in the field of Indenting, Trading, Manufacturing, Marketing, Export, Import and Agro based Business. Beside of his business career, he is a pioneer sports organizer, presently working as President of Bangladesh Gymnastics Federation & Vice President of Bangladesh Olympic Association & Abahani Cricket Committee. Independent Director qualifies the entire requirements as prescribed under clause 1.2(ii) of the BSEC Notification. As per Clause 1.2(iii), the appointment of Mr. Sk. Bashir Ahmed as Independent Director is to be placed at ensuing 18th Annual General Meeting for approval.

Going concern
The directors, having made appropriate enquiries, have satisfied themselves that no material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified, and they have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

Utilization of proceeds from public issues
With the proceeds from IPO, ETL planned to expand its existing business by increasing its capacity of 26.00 million yards of denim fabrics per year by setting up a fully automated state of the art 2nd rope denim plant with an estimated project cost of Taka 2,763.42 million, out of which an amount of Taka 900.00 million collected through initial public offering issuing 3,00,00,000 ordinary shares @ Taka 30.00 including premium Taka 20.00 in October 2012.
The Company has utilized the full amount of IPO proceeds, investing Taka 435.08 million for importing capital machineries, Taka 424.39 million for infrastructure development, and the rest going for meeting IPO expenses of taka 40.53 million during the period from November, 2012 to April 2013.

Status of Corporate Governance Compliance
Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012 is enclosed as Annexure V, VI & VII.

Management Appreciation
The Board of Directors record with deep appreciation the performance of the management, the officers, staff and workers whose continuous effort helped increase the productivity as well as the net profit despite the natural and unnatural adverse factors of production and marketing throughout the country and the world. It is expected, the employees and the management will continue to improve the results for the interest of shareholders whose unswerving trust in management has always been an inspiration to the Board of Directors. The directors express their gratitude and acknowledge with keen interest the cooperation and unflinching support received from various agencies including Bangladesh Securities and Exchange Commission, Stock Exchanges, National Board of Revenue, Board of Investment, Bank/Financial Institutions and other agencies of the public.

On behalf of the Board of Directors,

Kutubuddin Ahmed
Chairman