

ANNUAL REPORT 2017-18

বার্ষিক প্রতিবেদন ২০১৭-১৮





Late M. Noorul Quader

(Dec. 02, 1935 - Sept.13, 1998)

Founder Chairman and Managing Director



Mrs. Rokeya Quader
Chairman



Mr. Omar Quader Khan
Managing Director



Ms. Vidiya Amrit Khan
Deputy Managing Director

Desh Garments Limited



40th Annual General Meeting

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2018/042

BAPLC

Date of issue : February 17, 2018

Renewed Certificate

This is to certify that

DESH GARMENTS LIMITED

is an Ordinary Member of Bangladesh Association of Publicly Listed Companies and is entitled to all the rights and privileges appertaining thereto.

This certificate remains current until 31st December 2018.




Secretary-General
(Acting)

ANNUAL REPORT

2017-2018



Desh Garments Limited

TABLE OF CONTENTS

1.	LETTER OF TRANSMITTAL	8
2.	NOTICE TO SHAREHOLDERS FOR AGM	9
3.	CORPORATE GOVERNANCE	10-11
4.	MANAGEMENT APPARATUS	12
5.	CORPORATE HISTORY	13
6.	CORPORATE OPERATIONAL RESULTS	13
7.	DIRECTORS' REPORT TO SHAREHOLDERS	14-18
8.	CORPORATE GOVERNANCE COMPLIANCE REPORT	19-33
9.	AUDIT COMMITTEE REPORT	34
10.	AUDITORS' REPORT	35
11.	FINANCIAL STATEMENTS:	
	a) STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018	36
	b) STATEMENT OF COMPREHENSIVE INCOME	37
	c) STATEMENT OF CHANGES IN EQUITY	38
	d) STATEMENT OF CASH FLOWS	39
12.	NOTES TO THE FINANCIAL STATEMENTS	40-53
13.	SCHEDULE OF FIXED ASSETS	54
14.	PROXY FORM	55-56

LETTER OF TRANSMITTAL

To
All Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.

Sub : Annual Report for the year ended on 30th June, 2018.

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Statement of Financial Position as at June 30, 2018, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year ended on 30 June, 2018, along with notes thereon and all related consolidated Financial Statements for your kind information, records and necessary advise.

Yours faithfully,



Dr. K. Moulic
Company Secretary

Dated : 26th November, 2018

Notice of the 41st Annual General Meeting

Notice is hereby given that the 41st Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Tuesday the 18th December, 2018 at 11.45 a.m. in the Auditorium of Muktijuddha Shmrtee Milonayaton, Institution of Diploma Engineers Bangladesh, 160/A, Kakrail, V.I.P. Road, Dhaka-1000 to transact the following business :

01. To receive, consider and adopt the Audited Accounts of the Company for the year ended on 30th June, 2018 together with Report of the Directors and Auditors thereon.
02. To declare dividend.
03. Re-appointment of Managing Director for next 5 (Five) years.
04. To elect Directors.
05. To Appoint Mr. Subash Chandra Bose as Independent Director for another term.
06. To appoint auditors for the year 2018-2019 and to fix their remuneration.
07. To appoint professional for certificate on compliance for the year 2018-2019.
08. To transact any of this business with the permission of the chair.

Dated : Dhaka
28 October, 2018

By order of the Board



Dr. K. Moulic
Company Secretary

Notes:

The **Record Date** is 18 November, 2018.

Members of the company whose names appear in the register of members upto record date to be entitled to dividend for the year 2017-2018 to be approved by the Shareholders in the Annual General Meeting.

Any member of the company entitled to attend and vote at the above meeting may appoint a Proxy to attend and vote on his/her behalf. The Proxy Form duly affixing Revenue Stamp of Tk. 20.00 must be submitted at the Registered Office (Share Department) of the company not later than 48 hours before the time appointed for the meeting.

Admittance to the meeting venue will be on production of the attendance slip. Shareholders are requested not to be accompanied by child or guest.

The Folio Shareholders are requested to notify change of address, if any.

Written queries, if any, expected to be replied at the Annual General Meeting on the Audited Accounts for the year ended 30th June, 2018 should reach the Head Office (Share Department) of the company at least 7 (seven) days before the meeting for convenience and appropriate explanation.

CORPORATE GOVERNANCE

The Company follows the guidelines no. SEC/CMRRCD/2006-158/134/Admin/44 dated 07/08/2012 as amended BSEC notification no. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 3rd June, 2018 issued by the Bangladesh Securities and Exchange Commission (BSEC). The company's internal control and reporting procedures are adequate and effective. Corporate Governance involves decision making process for any corporate body as a going concern for the benefit of all concerned, present and future. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants, workers and others in fulfillment of the common goals that converge in increasing the benefits of all stakeholders.

The organisms through which the corporate governance functions are carried out are as under:

a) **Constitution:**

Board of Directors, the top management echelon, consisting of the founding entrepreneurs/successors and Independent Directors, provides the policy and strategic support and direction for the entire range of the corporate activities. The Board of Directors now consist of five members including the Independent Directors. The present Board of Directors consists persons with varied education and experience which provides a balancing character in decision making process. The Board is reconstituted every year at each Annual General Meeting with one-third of the members retiring by rotation.

b) **Role & Responsibilities:**

The Board of Directors, which is the highest level of authority, provided general supervision, oversee the operations and control the affairs of the company through appropriate delegations of authority and accountability processes via the lines of command. The Board of Directors, in fulfillment of its responsibility hold periodic meetings, at least once a quarter and provide appropriate decisions / directions to the executive management. The Board of Directors also remains responsible for ensuring overall hazard free and friendly working environment in the factory and offices.

c) **Relationship with shareholders & public:**

The shareholders as owners, are to be provided with material information on the company's operation, half-yearly and annually, the latter at the Annual General Meeting. They are also provided with routine services by the Company Secretary. The Board is, however is responsible to the public for publication of any Price Sensitive Information as per Bangladesh Securities And Exchange Commission regulation. A Company Secretary is in-charge for all these responsibilities.

d) **Audit Committee of Board:**

The Board of Directors has constituted an Audit Committee of the Board consisting of three directors. The Audit Committee is headed by the Independent Director, Mr. Beg Md. Nurul Azim, FCA., a pioneer Chartered Accountants of the Country. Other members are Mrs. Rokeya Quader, Chairman and Ms. Vidiya Amrit Khan, Deputy Managing Director. The Audit Committee carries out its responsibilities as per the provisions of law and submits its report to the Board of Directors from time to time. The Audit Committee also co-ordinates with the internal and external auditors as and when required. The Audit Committee also ensures compliance of requirements of Bangladesh Securities and Exchange Commission and other agencies.

e) **Executive Management:**

The executive management is led by the Managing Director (CEO) who is appointed as per provisions of Companies Act by the Board of Directors for a term of five years (renewable) with the approval of shareholders in the Annual General Meeting. The Managing Director (CEO) is supported by professional, well educated, trained and experienced team consisting of Executive Directors, General Managers and host of Senior Executives in the hierarchy of Management.

f) **Independent Directors:**

We are pleased to inform you that Mr. Beg Md. Nurul Azim, FCA as eminent Chartered Accountants of the country. He is a knowledgeable person with integrity and capable to ensure compliance with financial, regulatory and corporate laws and can make meaningful contributions to the conduct of the business of the company and also safeguard the interest of the shareholders. Mr. Subhash Chandra Bose was appointed as an Independent Director. Mr. Bose had his education in commerce and worked as lecturer in commerce in a college during 1960-1971. In early 1973 he gave up teaching job and joined business and worked in different business houses in Dhaka and Chittagong in different decision making levels. He has in his possession excellent practical business knowledge and deep understanding of business transactions and profit and loss calculations etc. The number of Directors of Desh garments Limited is now 5 Directors which is the requirement of Board's Size as per Bangladesh Securities & Exchange Commission Notification No. SEC/CMRRC D/2006-158/134/Admin/44 dated 7th August, 2012 as amended BSEC notification no. BSEC/CMRRC D/2006-158/207/Admin/80 Dated 3rd June, 2018 stand fully complied with.

Desh Garments Limited

MANAGEMENT APPARATUS:

A. Board of Directors:

Mrs. Rokeya Quader	Chairman
Mr. Omar Quader Khan	Managing Director
Ms. Vidiya Amrit Khan	Deputy Managing Director
Mr. Beg Md. Nurul Azim, FCA	Independent Director
Mr. Subash Chandra Bose	Independent Director

B. Audit Committee:

Mr. Beg Md. Nurul Azim, FCA	Chairman
Mrs. Rokeya Quader	Member
Ms. Vidiya Amrit Khan	Member

C. NRC Committee:

Mr. Subash Chandra Bose	Chairman
Mr. Omar Quader Khan	Member
Ms. Vidiya Amrit Khan	Member

D. Management Committee:

Mr. Omar Quader Khan	Chairman
Ms. Vidiya Amrit Khan	Member
Dr. K. Moulic	Member

E. Senior Corporate Officials:

Dr. K. Moulic	Company Secretary (CS)
Mr. Kamruzzaman	Chief Financial Officer (CFO)
Mr. Nazmul Huda Mullick	Head of Internal Audit & Compliance (HIAC)

Auditors:

Pinaki & Company
Chartered Accountants
AHSANDELL, 2/A, Mymensingh Road
(2nd Floor), Shahbag
Dhaka-1000.

Legal Advisors:

Barrister Rafique Ul Huq
M/s. Huq & Company
47/1, Purana Paltan, Dhaka.

Banker:

Jamuna Bank Limited
Dhaka.

Insurance:

M/s. Desh General Insurance Co.Ltd.
Jiban Bima Bhaban (5th Floor),
10, Dilkusha C/A., Dhaka-1000.

Listing:

Dhaka Stock Exchange Ltd.
Dhaka.

REGISTERED OFFICE

Desh Garments Limited
Awal Centre (6th-7th Floor)
34, Kemal Ataturk Avenue, Road No.17
Banani C/A., Dhaka-1213.
Tel : 9822019, 9822314
website: www.deshgroup.com

FACTORY

53/A, Kalurghat Industrial Area
Chittagong.

CORPORATE HISTORY

1.	Date of Incorporation	:	27th December, 1977
2.	Year of Commencement of Business	:	1977
3.	Date of IPO	:	19th June, 1989
4.	Date of listing with DSE	:	24th September, 1989
5.	Authorised Capital	:	TK.100,000,000.00
6.	Paid up Capital	:	TK. 60,457,800.00
7.	Number of Shareholders	:	3,617
8.	Number of total Employees	:	1,295
9.	Main product	:	Woven Shirts
10.	Main Export Market (countries)	:	USA, Canada, EU

CORPORATE OPERATIONAL RESULTS

Figure in Taka

PARTICULARS	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Total Turnover	535,823,009	375,722,677	410,453,025	437,540,598	261,137,471
Gross Profit	79,200,416	61,899,500	58,944,812	34,631,338	20,843,845
Net Profit (AT)	28,010,878	34,463,291	26,112,654	8,370,786	3,553,128
Earning Per Share (Restated)	4.63	5.70	4.97	1.59	0.68
Dividend Rate (%)	10% Stock	5% Cash & 15% Stock	30% Stock	20% Stock	10% Cash
Total Assets	375,735,945	238,984,900	247,124,173	260,106,253	214,121,533
Total Liabilities	(221,671,820)	(138,673,683)	(174,719,905)	(210,477,368)	(172,863,434)
Net Asset Value	125,551,803	100,311,217	72,404,268	49,628,885	41,258,099
N.A.V. Per share (Restated)	20.77	15.31	13.77	9.44	7.85

Desh Garments Limited

Bismillahir Rahmanir Rahim Directors' Report to Shareholders for the year ended on 30th June, 2018

Dear Shareholders,
Assalamu Alaikum,

I am pleased to welcome you to the 41st Annual General Meeting of the company being held at this pleasant morning, at the Auditorium of Muktiyuddha Shmritee Milonayaton, Institution of Diploma Engineers Bangladesh, Kakrail, Dhaka. In terms of section 184 of the Companies, Act, 1994 and the Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 1987, I am pleased to present, on behalf of the Board of Directors, the Report of the Directors on the activities of the company together with the Auditors' Report thereon for the year ended on 30th June, 2018 for your kind consideration and approval.

INDUSTRY OUTLOOK:

Ready Made Garments Industry (RMGI) is the main stay of Bangladesh economy at present. This industry was born in Bangladesh during 1976-78 when late M. Noorul Quader, the founder Chairman and Managing Director of Desh Garments Limited when he signed contract with Daewoo Corporation of South Korea for providing technical and marketing collaboration for setting up of garments factory in Bangladesh. This was first contract in the private sector of Bangladesh with any foreign company. Mr. Quader, under that contract got 128 young Bangladeshi including eleven young ladies adequately trained for 6 months in all aspect of garments making and its business at Daewoo's factory at Busan, South Korea. Thus he brought the technical knowhow in Bangladesh and built up his factory at Kalurghat Heavy Industrial Area, Chittagong. His factory started operations from 1980 but were almost without work upto 1982 because of non-availability of raw materials as sufficient foreign currency for importing raw materials was not available. Mr. Quader using his personality and influence over civil administration was able to introduce Back to Back L/C System for non-funded import of raw materials, and Custom Bonded Warehousing system for storing and using of imported raw materials without payment of custom duty for two years. His these three contribution namely (1) making technical knowhow available, (2) allowing non-funded opening of Back to Back L/Cs for procurement of raw materials, and (3) allowing of custom bonded warehouse facilities drastically reduced the investment requirement for setting up a garments industry bringing it within the reach of the entrepreneurs coming out from middle income families spawned the Growth of RMG factories in Bangladesh, starting from only one factory in 1980, the number rose to 383 employing only 120,000 workers and earning only US\$ 31.57 million during 1982-83 has grown into the highest export earner accounting for US\$ 30.614 billion in the year 2017-2018, and becoming the highest employer of Bangladesh employing 40 lacs of which 80 % are women.

The export of woven garments, which is the main export item of Desh Garments Ltd., registered a sharp increase from \$8.432 billion in the year 2010-2011 to US \$15.426 billion in the year 2017-2018. Further, the government has set annual export target of US\$ 50 billion from total RMG sector by 2020-21 from US\$ 30 billion of 2017-18. All these figures indicate existence of very good opportunities for investment and expansion in this sector. We have planned to expand our production capacities from ten lines to twenty lines in future on coming.

CURRENCY RISK:

The Company is exposed to foreign currency exchange rate fluctuation for its upcoming export of RMG products. Any major depreciation in foreign currency exchange rate will affect the company adversely; however, no exchange rate fluctuation risk is assumed by the company considering the past trend and current foreign exchange market condition.

Desh Garments Limited

INTEREST RATE RISK:

The company has no foreign currency loan in its balance sheet and hence, it's not exposed to any foreign currency interest rate risk. The company has taken local working capital loan at a reasonable interest rate which is also in declining trend at this point in time.

OPERATIONS:

We have successfully completed another year of operation. During this year, we concentrated on increasing the efficiency in the production and financial side, strictly enforcing cost control measures. Our total export to Tk.53.57 crore of bdt from previous 35.57 crores of bdt, i.e.42.61% higher.

Our gross profit has been increased to 7.92 crore in the year 2017-2018 from 6.19 crore in the year 2016-2017. However, our net profit has been decreased to 2.80 crore in the year 2017-2018 from 3.44 crore in the year 2016-2017.

Rate of gross profit increase, was comparatively slower because, Desh Garments Ltd. never charged depreciation on revaluated assets since 1995-1996, where the auditor continuously given observation. From the current year, the board of directors decided to charge depreciation as per accounting standard. We also introduced deferred tax in the year 2017-2018 to comply with international accounting standard- 12.

Trade discount, marketing expenditure, finance expenses, deferred tax and lower margin order also affected the net profit despite increasing revenue. One of our buyer, Global brand group has been changed the payment policy from sight to 90 days deferred L/C, affected the working capital and cost of finance has been increased significantly. In the financial year 2017-2018, we have also completed Alliance recommended retro fitting works where, we could not capitalized all expenses due to follow proper accounting standard.

In the financial year 2017-2018, we have done our Alliance recommended retrofitting works and now the factory is Alliance and ACCORD approved where any buyer from Australia, Europe, Canada, USA and other countries can place the order for their goods.

We also imported machineries to extend line and production capacity. We have taken loan from our bank (Jamuna Bank Ltd) for the imported machineries.

Statement of related parties to operating expenses have been disclosed in the Annual Report. Basis of all party transactions is the funds received and funds paid only related to the business of exporting RMGs and importing related raw materials and payment of salaries/wages etc.

FINANCIAL RESULT:

Summarized comparative results for the years 2017-2018 and 2016-2017 are given below:

	2017-2018 (Taka)	2016-2017 (Taka)
Turnover (Exports)	535,823,009	375,722,677
Gross Profit/(Loss)	79,200,416	61,899,500
Operating Profit	50,105,028	42,198,716
Other income	1,504,847	2,561,813
Cost of Goods Sold	456,622,593	313,823,177
Net Profit before tax	34,063,210	39,460,147
Net Profit after tax	28,010,879	34,463,291
Earnings Per Share (EPS)- (Restated)	4.63	5.70
Net Assets Value (NAV) - (Restated)	20.77	15.31
Face Value of share (Tk.)	10.00	10.00
Net Operating Cash Flows per share - (Restated)	1.97	1.83

Desh Garments Limited

Board Meeting and Attendance:

Seven (7) board meetings were held during the year under review (2017-2018). The attendance record of the directors is as follows:

Name of Directors	Position	Meetings held	Attended
Mrs. Rokeya Quader	Chairman	07	07
Mr. Omar Quader Khan	Managing Director	07	06
Ms. Vidiya Amrit Khan	Deputy Managing Director	07	07
Mr. B.M. Nurul Azim	Independent Director	07	07
Mr. Subash Chandra Bose	Independent Director	07	07

The tenure as Independent Director of Mr. Subash Chandra Bose expired on 28.10.2018 as well as Board took decision, extension another one term as Independent Director which will be effect on 28.10.2018.

Shareholding

The Pattern of shareholding as on 30.06.2018 is as follows:

Sl. No.	Name-wise details	No. of Shareholding	Percentage %	Remarks
	Parent/Subsidiary/Associate Company			
i)	Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:			
	Director:			
	Mrs. Rokeya Quader	491,771	8.13	
	Mr. Omar Quader Khan	2,104,182	34.80	
	Ms. Vidiya Amrit Khan	909,252	15.03	
	Mr. B.M. Nurul Azim, FCA	179		Independent Director
	Mr. Subash Chandra Bose	179		Independent Director
	Company Secretary (CS)	-	-	
	Chief Financial Officer (CFO)	-	-	
ii)	Head of Internal Audit (HIA)	-	-	
	Executives (Top five salaried persons) other than CEO, CS, CFO, HIA)	-	-	
	Mr. Md. Nurul Islam	-	-	
	Mrs. Jolly Hassan	-	-	
	Mr. Modasser Ahmed	-	-	
	Mr. Md. Zafrul Enayet Ullah	-	-	
	Mr. Alauddin Ahamed	-	-	

Shareholders holding 10% or more voting right:

1.	Mr. Omar Quader Khan	2,104,182	34.80	
2.	M s. Vidiya Amrit Khan	909,252	15.03	

Desh Garments Limited

The Directors also report that:

The financial statement of the company presented here reflects true and fair view of the company's state of affairs, result of its operations, cash flows, and changes in equity.

Proper Books of Accounts as required by the law have been maintained. Appropriate accounting policies have been followed in formulating the financial statements and the accounting estimates were reasonable and prudent. The financial statements were prepared in accordance with international Accounting Standard (IAS) as applicable in Bangladesh. The internal control system is sound in design and it's effectively implemented and monitored. There are no significant doubts upon the company's ability to continue as a going concern.

ACCUMULATED LOSS:

As it was reported earlier several times, the devastating cyclone and tidal bore that lashed the south-east coast of Bangladesh on the night of 29-30 April 1991 badly damaged our factory. The salty water from the tidal bore rushed into the factory with the tremendous force and inundated upto an average height of 5 ft. inside the factory. Entire machinery, fabrics, accessories, export ready goods stored in the godown and lying on the floor, and the fabrics awaiting clearance from the customs at Chittagong port were damaged beyond recovery. As a result of such unusual damages, we had suffered a net loss of Tk.6.56 crore in 1991-92. However, after restarting of the factory in 1994-95 with the new machineries, we have been earning profit in most of the years; however, the accumulated profit is still inadequate to offset the loss of 1991 cyclones. Our accumulated profit net of losses and the dividends paid till 2016-17 has been shown under the "Retained Earnings" section of the Balance Sheet.

REVALUTION OF ASSETS:

The cost valuation of the assets of the company was calculated on the basis of actual costs incurred during 1978 to 1980. Since then the average price levels of the company assets had increased substantially. In order to find the real asset value of the company, the lands, factory building, electrical installation, and road, bridges, and fencing were revalued during 1994-95 and the balance sheet was reconstructed on that basis of the asset revaluation resulting in appreciation of the lands factory building, and electrical installation and depreciation of road, bridges, and fencing. As mentioned earlier, we have started charging depreciating on the revalued surplus amount from 2017-2018 financial year.

FIXED ASSET REGISTER:

Fixed asset ledger was maintained properly throughout the year. Beside this, a fixed asset register is being maintained currently mentioning the code, location, and quantity of the company property, plant, and equipment.

DIVIDEND:

The Profit after Tax earned during the financial year under the report is Tk. 28,010,878.00 Considering the current years' profits, the directors, recommend 10% stock dividend to all shareholders of the company.

MANAGING DIRECTOR'S REMUNERATION:

The Managing Director didn't draw any remuneration during the year under the report. Independent Directors are given allowance of Tk.5,000.00 per meeting.

RETIREMENT OF DIRECTOR BY ROTATION:

Ms. Vidiya Amrit Khan is due to retire by rotation as per Article 122 of the Articles of Association of the Company and being eligible, she seeks re-election as per Article 124.

INDEPENDENT DIRECTOR:

As three years services as Independent Director of Mr. Subash Chandra Bose has expired and being agreeable, the Board has extended his tenure for another one term with effect from 28.10.2018 as per BSEC's Notification No.SEC/CMRRCD/2006-207/Admin/80 dated 03.06.2018.

Desh Garments Limited

APPOINTMENT OF AUDITORS:

M/s. Pinaki & Co., M/s. Pinaki & Company, Chartered Accountants have expressed their willingness as per their offer letter No.Pinaki/MHN/DESH/2018-01 dated 27.10.2018 Auditors are required to be appointed at this Annual General Meeting and fixed their remuneration.

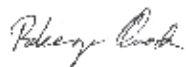
MANAGEMENT APPRECIATION:

The Management takes this opportunity to thank all the shareholders, well wishers, banks, and business associates for their sincere co-operation and understanding.

The Management also thanks the workers, staff, and officers of the company for their hard work and sincere efforts rendered which enabled the company to achieve a substantial growth during the reporting year.

The status of compliance as required in pursuance of notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 as amended by notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of Bangladesh Securities and Exchange Commission is given in Annex-02 and the audit committee report for the year 2017-2018 is also enclosed vide Annex-03.The company has already form remuneration committee as per latest BSEC Corporate Governance Guidelines the Committee has started working on total activities, policy and the company will publish next financial year, annual report.

Thanking you,



Rokeya Quader
Chairman

Dated : 28/10/2018

Report to the Shareholders of Desh Garments Limited on compliance on the Corporate Governance Code

We have examined the compliance status to the Corporate Governance Code by Desh Garments Limited for the year ended on June 30, 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 Dated 03 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 conditions of the Corporate Governance Code.

This is a scrutiny and verification and an independent audit on compliance of the conditions of the Corporate Governance Code as well as the provisions of relevant Bangladesh Secretarial Standards (BSS) as adopted by Institute of Chartered Secretaries of Bangladesh (ICSB) 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 as stipulated in the above mentioned 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 highly satisfactory or satisfactory or not satisfactory.

LTR & Associates



Debabrata Deb Roy, FCMA
Cost & Management Accountants

Place: Dhaka
Dated: 04 November 2018

Desh Garments Limited

Annexure-C

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

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

(Report under Condition No. 9)

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1	Board of Directors.-			
1(1)	The total number of members of a company's Board of Directors (hereinafter referred to as "Board") shall not be less than 5 (five) and more than 20 (twenty).	✓		
1(2)	Independent Directors			
1(2) (a)	At least one-fifth (1/5) of the total number of directors in the company's Board shall be independent directors; any fraction shall be considered to the next integer or wholenumber for calculating number of independent director(s);	✓		
1(2)(b)(i)	who either does not hold any share in the company or holds less than onepercent (1%) shares of the total paid-up shares of the company;	✓		
1(2)(b)(ii)	who is not a sponsor of the company or is not connected with the company's any sponsor or director or nominated director or shareholder of the company or any of its associates, sister concerns, subsidiaries and parents or holding entities who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship and his or her family members also shall not hold above mentioned shares in the company:	✓		
1(2)(b)(iii)	who has not been an executive of the company in immediately preceding 2 (two) financial years;	✓		
1(2)(b)(iv)	who does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary or associated companies;	✓		
1(2)(b)(v)	who is not a member or TREC (Trading Right Entitlement Certificate) holder, director or officer of any stock exchange;	✓		
1(2)(b)(vi)	who is not a shareholder, director excepting independent director or officer of any member or TREC holder of stock exchange or an intermediary of the capital market;	✓		
1(2)(b)(vii)	who is not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	or audit firm engaged in internal audit services or audit firm conducting special audit or professional certifying compliance of this Code;			
1(2)(b)(viii)	who is not independent director in more than 5 (five) listed companies;	✓		
1(2)(b)(ix)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan or any advance to a bank or a Non-Bank Financial Institution (NBFIs); and	✓		
1(2)(b)(x)	who has not been convicted for a criminal offence involving moral turpitude;	✓		
1(2)(c)	The independent director(s) shall be appointed by the Board and approved by the shareholders in the Annual General Meeting (AGM);	✓		
1(2)(d)	The post of independent director(s) cannot remain vacant for more than 90 (ninety) days; and	✓		
1(2)(e)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) tenure only:	✓		
1(3)	Qualification of Independent Director:-			
1(3)(a)	Independent director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws and can make meaningful contribution to the business;	✓		
1(3)(b)(i)	Business Leader who is or was a promoter or director of an unlisted company having minimum paid-up capital of Tk. 100.00 million or any listed company or a member of any national or international chamber of commerce or business association; or	✓		
1(3)(b)(ii)	Corporate Leader who is or was a top level executive not lower than Chief Executive Officer or Managing Director or Deputy Managing Director or Chief Financial Officer or Head of Finance or Accounts or Company Secretary or Head of Internal Audit and Compliance or Head of Legal Service or a candidate with equivalent position of an unlisted company having minimum paid up capital of Tk. 100.00 million or of a listed company; or	✓		
1(3)(b)(iii)	Former official of government or statutory or autonomous or regulatory body in the position not below 5th Grade of the national pay scale, who has at least educational background of bachelor degree in economics or commerce or business or law; or	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or	✓		
1(3)(b)(v)	Professional who is or was an advocate practicing at least in the High Court Division of Bangladesh Supreme Court or a Chartered Accountant or Cost and Management Accountant or Chartered Financial Analyst or Chartered Certified Accountant or Certified Public Accountant or Chartered Management Accountant or Chartered Secretary or equivalent qualification;	✓		
1(3)(c)	The independent director shall have at least 10 (ten) years of experiences in any field mentioned in clause (b);	✓		
1(3)(d)	In special cases, the above qualifications or experiences may be relaxed subject to prior approval of the Commission.	-	-	Not Applicable
1(4)	Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-			
1(4)(a)	The positions of the Chairperson of the Board and the Managing Director (MD) and/or Chief Executive Officer (CEO) of the company shall be filled by different individuals;	✓		
1(4)(b)	The Managing Director (MD) and/or Chief Executive Officer (CEO) of a listed company shall not hold the same position in another listed company;	✓		
1(4)(c)	The Chairperson of the Board shall be elected from among the non-executive directors of the company;	✓		
1(4)(d)	The Board shall clearly define respective roles and responsibilities of the Chairperson and the Managing Director and/or Chief Executive Officer;	✓		
1(4)(e)	In the absence of the Chairperson of the Board, the remaining members may elect one of themselves from non-executive directors as Chairperson for that particular Board's meeting; the reason of absence of the regular Chairperson shall be duly recorded in the minutes.	✓		
1(5)	The Directors' Report to Shareholders			
1(5)(i)	An industry outlook and possible future developments in the industry;	✓		
1(5)(ii)	The segment-wise or product-wise performance;			Not Applicable
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	impact on environment, if any;			
1(5)(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin, where applicable;	✓		
1(5)(v)	A discussion on continuity of any extraordinary activities and their implications (gain or loss);			Not Applicable
1(5)(vi)	A detailed discussion on related party transactions along with a statement showing amount, nature of related party, nature of transactions and basis of transactions of all related party transactions;	✓		
1(5)(vii)	A statement of utilization of proceeds raised through public issues, rights issues and/or any other instruments;			Not Applicable
1(5)(viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing, etc.;			Not Applicable
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			Not Applicable
1(5)(x)	A statement of remuneration paid to the directors including independent directors;	✓		
1(5)(xi)	A statement that the financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity;	✓		
1(5)(xii)	A statement that proper books of account of the issuer company have been maintained;	✓		
1(5)(xiii)	A statement 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;	✓		
1(5)(xiv)	A statement that International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed;	✓		
1(5)(xv)	A statement that the system of internal control is sound indesign and has been effectively implemented andmonitored;	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xvi)	A statement that minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;	✓		
1(5)(xvii)	A statement that there is no significant doubt upon the issuer company's ability to continue as a going concern, if the issuer company is not considered to be a going concern, the fact along with reasons there of shall be disclosed;	✓		
1(5)(xviii)	An explanation that significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof shall be explained;	✓		
1(5)(xix)	A statement where key operating and financial data of at least preceding 5 (five) years shall be summarized;	✓		
1(5)(xx)	An explanation on the reasons if the issuer company has not declared dividend (cash or stock) for the year;			Not Applicable
1(5)(xxi)	Board's statement to the effect that no bonus share or stock dividend has been or shall be declared as interim dividend;			Not Applicable
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);			Not Applicable
1(5)(xxiii)(b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Compliance and their spouses and minor children (name-wise details);	✓		
1(5)(xxiii)(c)	Executives;	✓		
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)(a)	a brief resume of the director;	✓		
1(5)(xxiv)(b)	nature of his or her expertise in specific functional areas; and	✓		
1(5)(xxiv)(c)	names of companies in which the person also holds the directorship and the membership of committees of the Board;	✓		
1(5)(xxv)(a)	accounting policies and estimation for preparation of financial statements;	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
1(5)(xxv)(b)	changes in accounting policies and estimation, if any, clearly describing the effect on financial performance or results and financial position as well as cash flows in absolute figure for such changes;	✓		
1(5)(xxv)(c)	comparative analysis (including effects of inflation) of financial performance or results and financial position as well as cash flows for current financial year with immediate preceding five years explaining reasons thereof;	✓		
1(5)(xxv)(d)	compare such financial performance or results and financial position as well as cash flows with the peer industry scenario;	✓		
1(5)(xxv)(e)	briefly explain the financial and economic scenario of the country and the globe;	✓		
1(5)(xxv)(f)	risks and concerns issues related to the financial statements, explaining such risk and concerns mitigation plan of the company; and	✓		
1(5)(xxv)(g)	future plan or projection or forecast for company's operation, performance and financial position, with justification thereof, i.e., actual position shall be explained to the shareholders in the next AGM;	✓		
1(5)(xxvi)	Declaration or certification by the CEO and the CFO to the Board as required under condition No. 3(3) shall be disclosed as per Annexure-A ; and	✓		
1(5)(xxvii)	The report as well as certificate regarding compliance of conditions of this Code as required under condition No. 9 shall be disclosed as per Annexure-B and Annexure-C .	✓		
1(6)	Meetings of the Board of Directors			
1(7)	Code of Conduct for the Chairperson, other Board members and Chief Executive Officer:-			
1(7)(a)	The Board shall lay down a code of conduct, based on the recommendation of the Nomination and Remuneration Committee (NRC) at condition No. 6, for the Chairperson of the Board, other board members and Chief Executive Officer of the company;	✓		
1(7)(b)	The code of conduct as determined by the NRC shall be posted on the website of the company including, among others, prudent conduct and behavior; confidentiality; conflict of interest; compliance with laws, rules and regulations; prohibition of insider trading; relationship with environment, employees, customers and suppliers; and independency.	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
2	Governance of Board of Directors of Subsidiary Company:-			
2(a)	Provisions relating to the composition of the Board of the holding company shall be made applicable to the composition of the Board of the subsidiary company;			Not Applicable
2(b)	At least 1 (one) independent director on the Board of the holding company shall be a director on the Board of the subsidiary company;			No Applicable
2(c)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company;			Not Applicable
2(d)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also;			Not Applicable
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company.			Not Applicable
3	Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS):-			
3(1)	Appointment			
3(1)(a)	The Board shall appoint a Managing Director (MD) or Chief Executive Officer (CEO), a Company Secretary (CS), a Chief Financial Officer (CFO) and a Head of Internal Audit and Compliance (HIAC);	✓		
3(1)(b)	The positions of the Managing Director (MD) or Chief Executive Officer (CEO), Company Secretary (CS), Chief Financial Officer (CFO) and Head of Internal Audit and Compliance (HIAC) shall be filled by different individuals;	✓		
3(1)(c)	The MD or CEO, CS, CFO and HIAC of a listed company shall not hold any executive position in any other company at the same time;	✓		
3(1)(d)	The Board shall clearly define respective roles, responsibilities and duties of the CFO, the HIAC and the CS;	✓		
3(1)(e)	The MD or CEO, CS, CFO and HIAC shall not be removed from their position without approval of the Board as well as immediate dissemination to the Commission and stock exchange(s).	✓		
3(2)	Requirement to attend Board of Directors'	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	Meetings			
3(3)	Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)	✓		
3(3)(a)(i)	these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and	✓		
3(3)(a)(ii)	these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	✓		
3(3)(b)	The MD or CEO and CFO shall also certify that 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 or its members;	✓		
3(3)(c)	The certification of the MD or CEO and CFO shall be disclosed in the Annual Report.	✓		
4	Board of Directors' Committee:-			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.	✓		
5	Audit Committee:-			
5(1)	Responsibility to the Board of Directors.			
5(1)(a)	The company shall have an Audit Committee as a sub-committee of the Board;	✓		
5(1)(b)	The Audit Committee shall assist the Board in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business;	✓		
5(1)(c)	The Audit Committee shall be responsible to the Board; the duties of the Audit Committee shall be clearly set forth in writing.	✓		
5(2)	Constitution of the Audit Committee			
5(2)(a)	The Audit Committee shall be composed of at least 3 (three) members;	✓		
5(2)(b)	The Board shall appoint members of the Audit Committee who shall be nonexecutive directors of the company excepting Chairperson of the Board and shall include at least 1 (one) independent director;	✓		
5(2)(c)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	background and 10 (ten) years of such experience;			
5(2)(d)	When the term of service of any Committee member expires or there is any circumstance causing any Committee member to be unable to hold office before expiration of the term of service, thus making the number of the Committeemembers to be lower than the prescribed number of 3 (three) persons, the Board shall appoint the new Committee member to fill up the vacancy immediately or notlater than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;			No Vacancy Occurred
5(2)(e)	The company secretary shall act as the secretary of the Committee;	✓		
5(2)(f)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	✓		
5(3)	Chairperson of the Audit Committee			
5(3)(a)	The Board shall select 1 (one) member of the Audit Committee to be Chairperson of the Audit Committee, who shall be an independent director;	✓		
5(3)(b)	In the absence of the Chairperson of the Audit Committee, the remaining members may elect one of themselves as Chairperson for that particular meeting, in that case there shall be no problem of constituting a quorum as required under condition No. 5(4)(b) and the reason of absence of the regular Chairperson shall be duly recorded in the minutes.			Not applicable
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM):	✓		
5(4)	Meeting of the Audit Committee			
5(4)(a)	The Audit Committee shall conduct at least its four meetings in a financial year:	✓		
5(4)(b)	The quorum of the meeting of the Audit Committee shall be constituted in presence of either two members or two third of the members of the Audit Committee, whichever is higher, where presence of an independent director is a must.	✓		
5(5)	Role of Audit Committee			
5(5)(a)	Oversee the financial reporting process;	✓		
5(5)(b)	monitor choice of accounting policies and principles;	✓		
5(5)(c)	monitor Internal Audit and Compliance process to ensure that it is adequately resourced, including	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	approval of the Internal Audit and Compliance Plan and review of the Internal Audit and Compliance Report;			
5(5)(d)	oversee hiring and performance of external auditors;	✓		
5(5)(e)	hold meeting with the external or statutory auditors for review of the annual financial statements before submission to the Board for approval or adoption;	✓		
5(5)(f)	review along with the management, the annual financial statements before submission to the Board for approval;	✓		
5(5)(g)	review along with the management, the quarterly and half yearly financial statements before submission to the Board for approval;	✓		
5(5)(h)	review the adequacy of internal audit function;	✓		
5(5)(i)	review the Management's Discussion and Analysis before disclosing in the Annual Report;	✓		
5(5)(j)	review statement of all related party transactions submitted by the management;	✓		
5(5)(k)	review Management Letters or Letter of Internal Control weakness issued by statutory auditors;	✓		
5(5)(l)	oversee the determination of audit fees based on scope and magnitude, level of expertise deployed and time required for effective audit and evaluate the performance of external auditors; and	✓		
5(5)(m)	oversee whether the proceeds raised through Initial Public Offering (IPO) or Repeat Public Offering (RPO) or Rights Share Offer have been utilized as per the purposes stated in relevant offer document or prospectus approved by the Commission:	✓		
5(6)	Reporting of the Audit Committee			
5(6)(a)	Reporting to the Board of Directors			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	✓		
5(6)(a)(ii)(a)	report on conflicts of interests;			Not Applicable
5(6)(a)(ii)(b)	suspected or presumed fraud or irregularity or material defect identified in the internal audit and compliance process or in the financial statements;			Not Applicable
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			Not Applicable

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			Not Applicable
5(6)(b)	Reporting to the Authorities			Not Applicable
5(7)	Reporting to the Shareholders and General Investors			Not Applicable
6	Nomination and Remuneration Committee (NRC):-			
6(1)	Responsibility to the Board of Directors			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a subcommittee of the Board;	✓		
6(1)(b)	The NRC shall assist the Board in formulation of the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of directors and top level executive as well as a policy for formal process of considering remuneration of directors, top level executive;	✓		
6(1)(c)	The Terms of Reference (ToR) of the NRC shall be clearly set forth in writing covering the areas stated at the condition No. 6(5)(b).	✓		
6(2)	Constitution of the NRC			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;	✓		
6(2)(b)	All members of the Committee shall be non-executive directors;	✓		
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;	✓		
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;	✓		
6(2)(e)	In case of death, resignation, disqualification, or removal of any member of the Committee or in any other cases of vacancies, the board shall fill the vacancy within 180 (one hundred eighty) days of occurring such vacancy in the Committee;			Not applicable
6(2)(f)	The Chairperson of the Committee may appoint or co-opt any external expert and/or member(s) of staff to the Committee as advisor who shall be non-voting member, if the Chairperson feels that advice or suggestion from such external expert and/or member(s) of staff shall be required or valuable for the Committee;			Not applicable
6(2)(g)	The company secretary shall act as the secretary of	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	the Committee;			
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;	✓		
6(2)(i)	No member of the NRC shall receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Director's fees or honorarium from the company.	✓		
6(3)	Chairperson of the NRC			
6(3)(a)	The Board shall select 1 (one) member of the NRC to be Chairperson of the Committee, who shall be an independent director;	✓		
6(3)(b)	In the absence of the Chairperson of the NRC, the remaining members may elect one of themselves as Chairperson for that particular meeting, the reason of absence of the regular Chairperson shall be duly recorded in the minutes;	✓		
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders;	✓		
6(4)	Meeting of the NRC			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;	✓		
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;	✓		
6(4)(c)	The quorum of the meeting of the NRC shall be constituted in presence of either two members or two third of the members of the Committee, whichever is higher, where presence of an independent director is must as required under condition No. 6(2)(h);	✓		
6(4)(d)	The proceedings of each meeting of the NRC shall duly be recorded in the minutes and such minutes shall be confirmed in the next meeting of the NRC.	✓		
6(5)	Role of the NRC			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;	✓		
6(5)(b)(i)(a)	the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate suitable directors to run the company successfully;	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and	✓		
6(5)(b)(i)(c)	remuneration to directors, top level executive involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;	✓		
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;	✓		
6(5)(b)(iii)	identifying persons who are qualified to become directors and who may be appointed in top level executive position in accordance with the criteria laid down, and recommend their appointment and removal to the Board;	✓		
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;	✓		
6(5)(b)(v)	identifying the company's needs for employees at different levels and determine their selection, transfer or replacement and promotion criteria; and	✓		
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;	✓		
6(5)(c)	The company shall disclose the nomination and remuneration policy and the evaluation criteria and activities of NRC during the year at a glance in its annual report.	✓		
7	External or Statutory Auditors:-			
7(1)(i)	appraisal or valuation services or fairness opinions;	✓		
7(1)(ii)	financial information systems design and implementation;	✓		
7(1)(iii)	book-keeping or other services related to the accounting records or financial statements;	✓		
7(1)(iv)	broker-dealer services;	✓		
7(1)(v)	actuarial services;	✓		
7(1)(vi)	internal audit services or special audit services;	✓		
7(1)(vii)	any service that the Audit Committee determines;	✓		
7(1)(viii)	audit or certification services on compliance of corporate governance as required under condition No.	✓		

Desh Garments Limited

Condition No.	Title	Compliance Status (Put ✓ in the appropriate column)		Remarks (if any)
		Complied	Not complied	
	9(1); and			
7(1)(ix)	any other service that creates conflict of interest.	✓		
7(2)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company; his or her family members also shall not hold any shares in the said company:	✓		
7(3)	Representative of external or statutory auditors shall remain present in the Shareholders' Meeting (Annual General Meeting or Extraordinary General Meeting) to answer the queries of the shareholders.	✓		
8	Maintaining a website by the Company:-			
8(1)	The company shall have an official website linked with the website of the stock exchange.	✓		
8(2)	The company shall keep the website functional from the date of listing.	✓		
8(3)	The company shall make available the detailed disclosures on its website as required under the listing regulations of the concerned stock exchange(s).	✓		
9	Reporting and Compliance of Corporate Governance:-			
9(1)	The company shall obtain a certificate from a practicing Professional Accountant or Secretary (Chartered Accountant or Cost and Management Accountant or Chartered Secretary) other than its statutory auditors or audit firm on yearly basis regarding compliance of conditions of Corporate Governance Code of the Commission and shall such certificate shall be disclosed in the Annual Report.	✓		
9(2)	The professional who will provide the certificate on compliance of this Corporate Governance Code shall be appointed by the shareholders in the annual general meeting.			Board recommended the Professional for due appointment by the Shareholders in 41th AGM on 18th Dec, 2018
9(3)	The directors of the company shall state, in accordance with the Annexure-C attached, in the directors' report whether the company has complied with these conditions or not.	✓		

AUDIT COMMITTEE REPORT

For the year 2017-2018

The Audit Committee consists of the following members:

Mr. Beg Md. Nurul Azim, FCA - Chairman

Mrs. Rokeya Quader - Member

Ms. Vidiya Amrit Khan - Member

The scope of Audit Committee was defined as under :

- a. Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
- b. Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- c. Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and
- d. Review and consider the internal report and statutory auditors' observations on internal control.

Activities carried out during the year:

Four meetings of the Audit Committee were held during the year 2017-2018, first one in November 2017, second one in January 2018, third one in April 2018 and last one in September 2018. In the first three meetings, un-audited quarterly statement of financial position and statement of comprehensive income were discussed and examined in details. In the last meeting held on 19 September, 2018, the audited Accounts for the year 2017-2018 was discussed and examined in details.

Through holding of meetings as above, the Committee reviewed and discussed the internal control and audit systems, justifications and correctness of the expenditures incurred and income earned. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the Company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting



Mr. Beg Md. Nurul Azim, FCA

Chairman

Audit Committee

Dated : September 19, 2018

Desh Garments Limited

AUDITORS' REPORT TO THE SHAREHOLDERS OF DESH GARMENTS LIMITED

We have audited the accompanying financial statements of Desh Garments Limited which comprises the Statement of Financial Position as at 30 June, 2018 and the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA) applicable in Bangladesh ensuring the provisions of the (কোম্পানী আইন, ১৯৯৪) (১৯৯৪ সনে ১৮নং আইন) (Companies Act, 1994), the Financial Reporting Act, 2015, Securities laws and other relevant laws. Those standards require that we comply with the provisions or professionalisms or practices or ethical requirements of the International Standards on Auditing (ISA), system of quality control requirement under the International Standard on Quality Control (ISQC), the code of Ethics for Professional Accountants and other relevant standards and pronouncements as applicable in Bangladesh. We also plan and perform the audit to obtain reasonable assurance 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

In our opinion, the financial statements prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable laws and regulations give a true and fair view of the state of the company's affairs as at 30 June 2018 and of the results of its operations and its cash flows for the year then ended and comply with the Bangladesh Securities and Exchange Rules 1987, the Companies Act 1994 and other applicable laws and regulations.

Emphasis of Matter:

- (1) Deferred Tax effect need be implemented fully taking necessary measure with Tax Authority by way of finalization of assessment for past four years.
- (2) Compliance regarding section no. 108 of the I.T. Ordinance 1984 need be duly maintained.

We also report that:

- (i) 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;
- (ii) 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 those books and proper returns adequate for the purpose of our audit have been received;
- (iii) The Company's Statement of Financial Position and Statement of Profit or Loss and other comprehensive Income and its statements of Cash Flows dealt with by the report are in agreement with the books of account and returns; and
- (iv) The expenditure incurred was for the purpose of the company's business;

Dhaka
Dated: 18.10.2018


Pinaki & Company
Chartered Accountants

Desh Garments Limited

Statement of Financial Position

As at 30 June 2018

Assets:	Notes	Amount in Taka	
		30-06-2018	30-06-2017
Non-Current Assets		128,435,669	103,641,534
Property Plant & Equipment	20	128,435,669	103,641,534
Current Assets		247,300,276	135,343,366
Inventories	21	124,674,746	39,918,000
Investment in Shares	22	7,201,350	7,311,828
Investment in FDR	23	1,576,894	1,772,919
Accounts Receivable	24	27,069,617	-
Loans, Advances and Deposits	25	1,006,343	1,006,343
Income Tax Deduction at Source	26	18,615,315	12,281,289
Cash and Bank Balances	27	67,156,011	73,052,987
Total Assets		375,735,945	238,984,900
Equity and Liabilities			
Shareholders' equity		125,551,803	92,568,184
Share capital	28.01	60,457,800	52,572,000
Tax Holiday Reserve	29	7,272,808	7,272,808
General Reserve	30	1,477,579	1,477,579
Capital Reserve	31	50,243,455	43,877,188
Gain/ (loss) on Marketable Securities (unrealised)	50	(141,693)	-
Retained Earnings	32	6,241,854	(12,631,391)
Non-Current Liabilities		28,512,322	7,743,033
Deferred Tax	48	1,220,141	7,743,033
Long Term Loan		27,292,181	-
Current Liabilities		221,671,820	138,673,683
Loans and Overdraft	33	52,367,907	21,811,784
Liabilities for Goods	34	113,365,494	69,230,431
Accrued Expenses	35	19,057,717	17,980,858
Creditors	36	8,127,408	6,517,585
Unclaimed Dividend	37	237,960	237,960
Dividend Payable	38	9,787,740	8,261,765
Employees' Provident Fund	39	208,367	208,367
Provision for Income Tax	40	18,519,224	14,424,934
Total Equity and Liabilities		375,735,945	238,984,900
Net Assets Value Per Share		20.77	15.31

The accounting policies and other notes form an integral part of the Financial Statements.

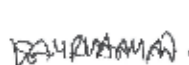
The Financial Statements were authorised for issue by the Board of Directors on 28.10.2018 and signed it



Chairman



Managing Director



Chief Financial Officer



Company Secretary

AUDITOR'S REPORT TO THE SHAREHOLDERS

This is the Statement of Financial Position referred to in our report of even date :

Dated : 28.10.2018



Pinaki & Company

Chartered Accountants

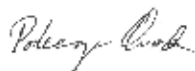
Desh Garments Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2018

Particulars	Notes	Amount in Taka	
		30-06-2018	30-06-2017
Turnover	42	535,823,009	375,722,677
Cost of Goods Sold	43	(456,622,593)	(313,823,177)
Gross Profit		79,200,416	61,899,500
Operating Expenses:			
Administrative & Selling Expenses	44	(33,519,138)	(19,700,784)
Operating Profit		45,681,278	42,198,716
Financial Expenses	45	(11,417,385)	(3,455,465)
Contribution to W. P. & Welfare Fund		(1,705,531)	(1,844,917)
		32,558,362	36,898,334
Other Income	46	1,504,847	2,561,813
Net Profit Before Tax		34,063,209	39,460,147
Income Tax	47	(4,832,190)	(4,996,856)
Deferred Tax	48	(1,220,141)	-
Net Profit After Tax		28,010,878	34,463,291
Net Profit After Tax		28,010,878	34,463,291
Other Comprehensive Income			
Gain/ (loss) on Marketable Securities (Unrealized)	49	(141,693)	-
Total Comprehensive Income		27,869,185	34,463,291
Earnings Per Share (EPS) – Basic	50	4.63	5.70

The accounting policies and other notes form an integral part of the Financial Statements.

The Financial Statements were authorised for issue by the Board of Directors on 28.10.2018 and signed o



Chairman



Managing Director



Chief Financial Officer

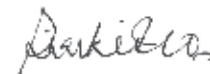


Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS

This is the Statement of Comprehensive Income referred to in our report of even date :

Dated : 28.10.2018



Pinaki & Company
Chartered Accountants

Desh Garments Limited


Statement of Changes in Equity For the year ended 30 June 2018

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Gain/ (loss) on Marketable Securities (Unrealized)	Retained Earnings	Total Amount (TK.)
Balance as on July 1 2017	52,572,000	7,272,808	1,477,579	43,877,188	-	(12,631,391)	92,568,184
Prior Year Deferred Tax	-	-	-	7,743,033	-	-	7,743,033
Opening balance restated	52,572,000	7,272,808	1,477,579	51,620,221	-	(12,631,391)	100,311,217
Depreciation on Revaluation surplus	-	-	-	(1,376,766)	-	1,376,766	-
Total comprehensive income	-	-	-	-	(141,693)	28,010,878	27,869,185
Stock Dividend 2016-2017	7,885,800	-	-	-	-	(7,885,800)	-
Cash Dividend 2016-2017	-	-	-	-	-	(2,628,600)	(2,628,600)
Balance as on June 30 2018	60,457,800	7,272,808	1,477,579	50,243,455	(141,693)	6,241,854	125,551,803

Statement of Changes in Equity For the year ended 30 June 2017

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Gain/ (loss) on Marketable Securities (Unrealized)	Retained Earnings	Total Amount (TK.)
Balance as on July 1 2016	40,440,000	7,272,808	1,477,579	41,296,177	-	(28,406,340)	62,080,224
Adjustment of Advance Tax	-	-	-	-	-	(6,556,343)	(6,556,343)
Adjusted Opening Balance	40,440,000	7,272,808	1,477,579	41,296,177	-	(34,962,683)	55,523,881
Prior Year Deferred Tax	-	-	-	10,324,044	-	-	10,324,044
Total comprehensive income	-	-	-	(7,743,033)	-	34,463,291	26,720,258
Stock Dividend 2015-2016	12,132,000	-	-	-	-	(12,132,000)	-
Balance as on June 30 2017	52,572,000	7,272,808	1,477,579	43,877,188	-	(12,631,391)	92,568,184

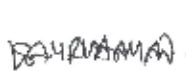
The accounting policies and other notes form an integral part of the Financial Statements.
According to BAS 12, deferred tax only arises on difference between tax base and accounting base temporary difference.
Therefore, Deferred tax on revaluation reserve adjusted according to the BAS 12 guideline.



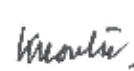
Chairman



Managing Director



Chief Financial Officer



Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

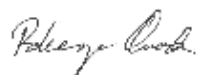
This is the Statement of Changes in Equity referred to in our report of even date :

Statement of Cash Flows For the year ended 30 June 2018

Particulars	Amount in Taka	
	30-06-2018	30-06-2017
Cash Flows from Operating Activities		
Collections from Turnover & Others	508,753,392	378,284,490
Payment for Cost & Expenses	(479,596,412)	(356,404,846)
Financial Expenses	(10,160,729)	(3,455,465)
Income Tax paid	(7,071,926)	(7,340,493)
	11,924,325	11,083,686
Cash Flows from Investing Activities		
Acquisition of Property Plant and Equipment	(30,322,984)	(1,897,049)
Investment in Share	-	(1,500,000)
Investment in FDR	292,662	11,290,738
Net Cash used in Investing Activities	(30,030,322)	7,893,689
Cash Flows from Financing Activities		
Received form Bank Loan and Others	13,311,646	-
Payment of Overdraft and Bank Loan	-	(1,473,673)
Dividend paid	(1,102,625)	-
	12,209,021	(1,473,673)
Effect of Exchange Rate Changes	297,914	-
Increase/(Decrease) in Cash and Cash Equivalents	(5,896,976)	17,503,703
Cash and Cash Equivalents at beginning of the year	73,052,987	55,549,284
Cash and Cash Equivalents at Closing	Taka: 67,156,011	73,052,987
Net Operating Cash Flows Per Share (Restated)	1.97	1.83

The accounting policies and other notes form an integral part of the Financial Statements.

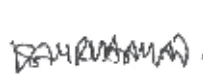
The Financial Statements were authorised for issue by the Board of Directors on 28.10.2018 and signed on its behalf by:



Chairman



Managing Director



Chief Financial Officer



Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

This is the Statement of Cash Flows referred to in our report of even date :

Notes to the Financial Statements For the period 1st July 2017 to 30 June 2018

A. Compliance with the requirements of notification of the Securities and Exchange Commission dated 04.06.2008 under referenced SEC/CMMRPC/2008-181/53/Adm/03/28.

1. Notes to the financial statements marked from C-1 to C-18 outline the policies are unambiguous with respect to the reporting framework on which the accounting policies are based.
2. The accounting policies on all material are as have been stated clearly in the notes marked from C- 1 to C-18.
3. The Financial Statements have been prepared in compliance with requirement of IAS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh. The following IASs are applicable for the financial statements for the period under review:

IAS - 01 Presentation of Financial Statement

IAS - 02 Inventories

IAS - 07 Statements of Cash Flows

IAS - 08 Accounting Policies, Changes in Accounting Estimates and Errors

IAS - 12 Income Taxes

IAS - 16 Property, Plant & Equipment

IAS - 17 Leases

IAS - 19 Employee Benefit

IAS - 23 Borrowing Cost

IAS - 33 Earning Per Share

IAS - 34 Interim Financial Reporting

IAS - 36 Impairment of Assets

IAS - 37 Provision, Contingent Liabilities and Contingent Assets

IAS - 39 Financial Instruments: Recognition and Measurement

IFRS-15 Revenue from Contracts with Customers

4. The financial statements are in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and
 5. The Standards and reporting framework used in the financial statements do not differ from IFRS (IFRSs) issued by IAS.
- B. Legal status and nature of the company-Disclosure under IAS 1 adopted by The Institute of Chartered Accountants of Bangladesh "Presentation of Financial Statements"

Domicile, Legal Form and Country of Incorporation:

Desh Garments Limited (here in after referred to as "The Company") was incorporated in Bangladesh as a public company limited by shares on 27.12.1977. The Company owns two 100% export oriented industrial Units. Unit No. 01 has an installed capacity of 216,000 dozs in single shift. During the year under review the production in Unit No. 01 could not be restored after extensive damage of machinery and equipment in April 1991 by the devastating cyclone, hence no export was made from Unit No. 01 production. Unit No. 02 has a production capacity of 128,000 dozs is double shift against which it has, during the year, utilized in full.

However, from financial year 2017/2018 the board of directors has decided to marge to units to one unit since unit one has no operation and its remaining assets transferred to unit-2. And revised production capacity was 24 lac pcs for the year 2017/2018.

Address of Registered Office and Principal Place of Business:

The principal place of business is the registered office at 34, Kemal Ataturk Avenue, Banani C/A, Dhaka-1213, Bangladesh and the factories are located at Kalurghat, Chittagong.

Notes to the Financial Statements For the period 1st July 2017 to 30 June 2018

Principal Activities And Nature of Operations:

The company owns and operates industrial plants for manufacturing of readymade garments and sales thereof.

Number of Employees:

On the payroll of the Company, there were 67 officers 76 Staff and 1,152 permanent/contractual workers.

	Taka
i) 1,295 Staff/Officers/Employees drew yearly salary & allowances Of Tk. 36,000 or more	97,227,901
ii) - Staff/ Officers/Technicians and many other casual workers drew yearly salary/wages & allowances less than Tk. 36,000	Nil
	<u>97,227,901</u>

C. Significant Accounting Policies- Disclosures.

1.00 Compliance with International Accounting Standards (IASs):

The financial Statements have been prepared in compliance with requirements of IASs as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and applicable in Bangladesh.

2.00 Compliance with Local Laws:

The financial statements have been prepared in compliance with requirements of the Companies Act 1994, the Securities and Exchange Rules 1987 and other relevant local laws and rules.

3.00 Measurement Bases used in preparing the Financial Statements:

The elements of financial statements have been measured on "Historical Cost" basis, which is one of the most commonly adopted base as provided in "the frame-work for the preparation and presentation of financial statements" issued by the International Accounting Standards Committee (IASC).

4.00 Components of the Financial Statements:

According to the International Accounting Standard (IAS) 1 "Presentation of Financial Statements", the complete set of Financial Statements includes the following components.

- (i) Statement of Financial Position as at 30 June 2018.
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018.
- (iii) Statement of Changes in Equity for the year ended 30 June 2018.
- (iv) Statement of Cash Flows for the year ended 30 June 2018.
- (v) Accounting policies and explanatory notes.

Notes to the Financial Statements For the period 1st July 2017 to 30 June 2018

5.00 Specific accounting policies selected and applied for significant transactions and events:

Recognition of Property, Plant and Equipment and Depreciation

Property, Plant and Equipment are stated at their cost less accumulated depreciation in accordance with IAS 16 "Property, Plant and Equipment". Cost represents cost of acquisition or construction and capitalization of pre-production expenditure including interest during construction periods. No depreciation is charged on land and land development. Depreciation has been charged on additions from the date of when the related assets are ready for use. Depreciation on all other fixed assets is computed using the diminishing balance method in amounts sufficient to write off depreciable assets over their estimated useful economic lives. Expenditure of maintenance and repairs are expensed; major replacements, renewals and betterments are capitalized.

The depreciation rates applicable to the principal categories are:

Rates

Factory Building and other Construction.....	5%
Plant and Machinery.....	15%
Office Equipment.....	15%
Furniture and Fixtures.....	10%
Transport and Vehicles.....	20%
Other Assets.....	5% to 20%

6.00 Inventories:

Inventories comprise raw materials; work in process and finished goods. They are stated at the lower of cost and net realizable value on consistent basis in accordance with IAS 2 "Inventories". Net realizable value is based on estimated selling price less any further costs expected to be incurred for completion and disposal.

7.00 Cash and Cash Equivalents:

According to IAS 7 "Statement of Cash Flows", cash comprises cash in hand and demand deposit and, cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. IAS 1 "Presentation of Financial Statements" also provides that cash and cash equivalents are those which have no restriction in use considering the provision of IAS 7 and IAS 1. Cash in hand and bank balances have been considered as cash and cash equivalents.

8.00 Statement of Cash Flows:

Statement of Cash Flows is prepared principally in accordance with IAS 7 "Statement of Cash Flows" and the cash flow from the operating activities have been presented under direct method as prescribed by the Securities and Exchange Rules 1987 and considering the provision of paragraph 19 of IAS 7 which provides that "enterprises are encouraged to report cash flow from operating activities using the direct method"

9.00 Accounting Convention and Basis:

These accounts are prepared under historical cost convention, except for re-valuation of fixed assets taken into account in 1995-96, on an accrual basis as summing that the Company will continue as a going concern for the foreseeable future.

10.00 Taxation:

Taxation is provided in accordance with fiscal regulations applicable. The company is publicly traded company as per the Income Tax Ordinance 1984. The company qualifies for being treated as a "Publicly Traded Company". The company is 100% export oriented garments industry for which the rate of tax at 12% has been applied for profit on Garments business and 20% for Dividend Income while making provision for income tax.

10.01 Discloser under IAS -12:

Deferred Tax Liability has not been considered on carrying amount of cost of property, plant and equipment because the amount of tax deducted/collected at source from export bills is treated as the final discharge of tax liability under the Income Tax Ordinance from the financial year 2005-06, irrespective of the operational results. Deferred tax liability has not been considered on revaluation amount of property, plant & equipment.

Notes to the Financial Statements For the period 1st July 2017 to 30 June 2018

11.00 Revenue Recognition:

The revenue during the year represents revenue arising from sales of readymade garments items which are recognized when deliveries are made, against the sales order received from the respective customer and after satisfying all the conditions for revenue recognition as provided in IFRS15 "Revenue from Contract with Customers".

12.00 Foreign Currency Translation:

Transactions denominated in foreign currencies are translated into Bangladesh Taka and recorded at rates of exchange ruling on the date of transaction in accordance with IAS 21 "The Effects of Changes in Foreign Currency Rates".

13.00 Earnings Per Share (EPS):

The company calculates Earnings Per Share (EPS) in accordance with IAS 33 "Earnings Per Share" which has been shown on the face of Statement of Profit or Loss and Other Comprehensive Income and the computation of EPS is stated in Note-49.

Basic Earnings:

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extraordinary items, the net profit for the year has been considered as fully attributable to the ordinary shareholders.

Basic Earnings Per Share:

This has been calculated by dividing the basic earnings by the weighted average of number of ordinary shares outstanding during the year.

Diluted Earnings Per Share:

No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

14.00 Assets of the Company:

As all assets of the company shown in the financial statement that are within the scope of IAS-36 are in physical existence and valued at no more than their recoverable amount following International Accounting Standards adopted in Bangladesh, disclosures with regard to "Impairment of Assets" as per IAS-36 have not been considered necessary.

15.00 Tax Holiday:

Tax holiday period of "Unit No. 01" and "Unit No. 02" have expired. Consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position have been prepared in conformity with the Securities & Exchange Rule 1987.

16.00 Risk and uncertainties for use of estimates in preparation of financial statements:

The preparation of financial statements in conformity with the International Accounting Standards requires management to make estimates and assumption that affects the report, amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used for accounting of certain terms such as long term contracts, provision for doubtful accounts, depreciation and amortization, employees' benefit plans, taxes reserves and contingencies.

17.00 Sundry Debtors:

In the financial year 2017/2018, the receivables was 2,70,69,617.

18.00 Additional information:

18.01 Responsibility for preparation and presentation of Financial Statements:

The Board of Directors is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act 1994 and as per the provision of "the frame work for the preparation and presentation of financial statements" issued by the International Accounting Standards Committee (IASC).

Desh Garments Limited

Notes to the Financial Statements For the period 1st July 2017 to 30 June 2018

18.02 Reporting Period:

Financial Statements of the company cover one financial year from 01 July 2017 to 30 June 2018.

18.03 Comparative Information:

Comparative information have been disclosed in respect of the financial year 2016-2017 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the financial year 2016-2017 have been rearranged when ever considered necessary to ensure comparability with the current year.

18.04 Turnover:

Turnover comprises export sales of the company.

18.05 Commission:

No commission has been paid to sales agents during the year under audit.

18.06 Brokerage or Discount:

The company did not pay any brokerage or discount other than the conventional trade discount against sales.

18.07 Due by the Directors:

Nothing was due by Directors (including Managing Director), Managers, and other officers of the Company or by associated undertakings and any of them severally or jointly with any other persons rather, interest free loan of Tk. 9,109,136 has been taken from Managing Director to meet up day today expenses of the company.

18.08 Miscellaneous Expenses:

Miscellaneous Expenses does not exceeding 1 % of total revenue.

18.09 Audit Fee:

As per decision taken in the 40th Annual General Meeting of the company held on 21-12-2017 the auditors' remuneration of Tk. 100,000 has been provided in the accounts which is the sum to be paid to auditors as their fixed remuneration for 2017-2018. During the year nothing has been paid to the auditors for any other services rendered.

18.10 Board Meeting & Members:

There were 5 members in the Board of Directors of the Company and 7 Board Meetings were held in the year under review.

18.11 Acknowledgement of Claims:

There was no claim against the company not acknowledged as debt as on 30 June 2018.

18.12 Credit Facility not availed of:

There was no general credit facilities other than those are stated in "Note-34" were available to the company under any contract to be availed of at the Statement of Financial Position date.

18.13 Transactions with Related Parties / Associated Undertakings:

There were no transactions with related parties during the year ended 30 June 2018.

18.14 Going Concern:

There is no significant doubt upon the company's ability to continue as going concern.

18.15 Trade Creditors and other Current Liabilities:

Liabilities are recognized for amounts to be paid in the future for goods and services received, whether or not billed by the supplier.

18.16 Reporting Currency and level of precision:

The figures in the financial statements represent Bangladesh currency (Taka), which have been rounded off to the nearest Taka.

18.17 Calculation of Net Asset Value (NAV):

Deferred tax Liability has been calculated on the revalued amount of Property Plant and equipment and when calculating the NAV it has not been considered as outside liability.

19.00 Gross Profit:

The gross profit earned during the year is 14.78% as against the gross profit earning of 16.47%, with Export Proceeds during the preceding year.

Notes to the Financial Statements For the period 1st July 2017 to 30 June 2018

		Amount in Taka	
		30-06-2018	30-06-2017
20.00	Property Plant & Equipment : Tk. 128,435,667		
	The figures have been arrived at as under:		
	At Cost 01 July 2017		
	Unit No. 01	171,592,784	80,846,002
	Unit No. 02	-	88,849,733
		171,592,784	169,695,735
	Add: Addition during the year		
	Unit No. 01	36,019,960	-
	Unit No. 02	-	1,897,049
		36,019,960	1,897,049
	Less : Adjustment		
	Unit No. 01 (Written Off of Electrical Appliances and Crockeries & Culteries)	140,433	-
	Unit No. 02 (Written Off of Crockeries & Culteries)	1,666	-
		142,099	-
	Less : Accumulated depreciation		
	Opening balance	67,951,250	62,325,641
	Add: Charged during the year	11,224,961	5,625,608
	Less : Adjustment (Electrical Appliances and Crockeries & Culteries)	141,234	-
		79,034,977	67,951,250
	Written down value	128,435,669	103,641,534

Details have been shown in Annexure "A "

Board of Directors have taken decision not to show the assets in two units since the operation of company runs in single Unit. So, figure of Unit 2 has been merged with Unit 01 and Unit 01 represents total value of Assets accordingly.

Changes of depreciation rate and accounting for depreciation on revalued amount included in the accumulated depreciation for the financial year 2017-18. Assets like crockeries & cutleries and Electric appliance have been removed from Fixed assets schedule since they were considered scrap. BAS-8 guideline has been followed to do the changes.

21.00 Inventories : Tk. 124,674,746

The detailed break up of the amount is as follows :

a) FABRICS

Sl. No.	Name	Unit	Quantity	Value in Taka	Value in Taka
1	M/s. Kohl's Tony Hawk	Yards	512,620	44,869,609	6,321,855
2	KC	Yards	12,882	1,867,986	3,649,356
3	Li & Fung	Yards	71,196	10,829,494	9,398,646
	TOTAL:		596,698	57,567,089	19,369,857

b) Accessories Assorted

7,579,537 **5,287,019**

c) Finished Goods

39,857,657 **15,261,124**

d) Work in Progress

19,670,463 **-**

Total

124,674,746 **39,918,000**

In advance sales order from buyer, order of raw materials and start production accordingly built up the closing stock at the year end 2017/18.

22.00 Investment In shares Tk. 7,201,350

Balance As Per Last Account	7,311,828	5,811,828
Add: Investment during this year	-	1,500,000
Add: Prior year Adjustment	31,215	
Less: Unrealized Loss during this year	(141,693)	
	7,201,350	7,311,828

23.00 Investment In FDR Tk. 1,576,894

The break up of the amount is as follows:

Balance As Per Last Account	1,772,919	13,063,657
Add: Addition during the period	76,894	8,263,000
Less: Adjustment/Sale during the period	272,919	19,553,738
	1,576,894	1,772,919

Notes to the Financial Statements As at 30 June 2018

Amount in Taka

30-06-2018	30-06-2017
------------	------------

24.00 Accounts Receivable: Tk. 27,069,617

The amount of receivable is comprised of the following :

KHQ		10,282,775	-
LF Credit		14,902,973	-
Ultomo		1,883,869	-
		<u>27,069,617</u>	<u>-</u>

Due to change of payment term from Buyer end, the accounts receivables have creted from the financial year 2017/2018

25.00 Loans, Advances and Deposit (considered good): Tk.1,006,343

These represent as follows :

Advance Against Purchase		706,586	706,586
Security Deposits	25.01	299,757	299,757
		<u>1,006,343</u>	<u>1,006,343</u>

These do not include any advance paid either to subsidiary companies or to associated companies /sister concern.

25.01 Security Deposits: Tk. 299,757

The amount of security deposits is comprised of the following :

Deposit with T & T Board		51,152	51,152
Deposit with GPO Franking Machine		1,755	1,755
Deposit with BGSL (For gas)		126,850	126,850
Deposit with PDB (For electricity)		120,000	120,000
		<u>299,757</u>	<u>299,757</u>

26.00 Income Tax Deducted at Source : Tk. 18,615,315

The break up of the amount is as under :

Balance as per last account		12,281,289	12,963,487
Additional during the year:			
Advance Income TAX		2,379,566	4,595,296
Tax deducted/Collected at Source		3,954,460	2,745,197
Adjustment during the year		-	(8,022,691)
		<u>18,615,315</u>	<u>12,281,289</u>

This balance represents income tax deducted at source by bank as per section - 53(BB) of the Income Tax Ordinance 1984. Income Tax liability might to be adjusted against that advance but no adjustment has not yet been made.

27.00 Cash and Bank Balances : Tk. 67,156,011

The break up of the amount is as under :

Cash in hand	27.01	815,202	1,295,623
Cash at Bank	27.02	66,340,809	71,757,364
		<u>67,156,011</u>	<u>73,052,987</u>

27.01 Cash in Hand : Tk. 815,202

The amount comprises of the following :

At Head Office		797,012	1,260,373
At Factory		18,190	35,250
		<u>815,202</u>	<u>1,295,623</u>

Notes to the Financial Statements As at 30 June 2018

Amount in Taka

	30-06-2018	30-06-2017
27.02 Cash at Bank : Tk. 66,340,809		
The break up of the amount is as under :		
Agrani Bank, Dhaka	40,095	40,095
Eastern Bank Ltd., Dhaka	8,180	8,180
National Bank Ltd., Dhaka	1,026	3,329,598
National Bank Ltd., Chittagong	102,787	507,619
Jamuna Bank, Kawranbazar, Dhaka	48,508	57,928
National Bank Ltd., MOB A/C	-	843,530
Mercantile Bank Ltd., Dhaka	391,411	414,330
Bank Asia Ltd	7,527	7,527
United Commercial Bank Ltd	21,249	21,249
National Bank Ltd. (Sundry Deposit)	-	284,995
NBL FC Account	-	664,868
Dutch Bangla Bank Ltd, Banani, Dhaka	759,775	-
Jamuna Bank Ltd. (Sundry Deposit)	47,526,386	64,729,018
JBL FC Account	787,140	848,427
JBL FCBPAR A/C-EDF Received from BB	16,646,725	-
	66,340,809	71,757,364

28.00 Authorised Capital: TK. 100,000,000

The company has an Authorized Capital of Tk. 100,000,000 divided into 10,000,000 ordinary shares of Tk. 10 each.

28.01 Shareholders' Equity TK. 60,457,800

It represents the share capital, tax holiday reserve, general reserve, capital reserve and retains earnings.

28.02 Issed, Subscribed and Paid up Capital: Tk.60,457,800

a) It represents the paid up capital of the company consisting of 6,045,780 ordinary shares of Tk. 10 each issued for cash and fully paid up.

b) Composition of Shareholders

Sl. No.	Particulars	2018			2017		
		No. of Shares	Value of Shares	%	No. of Shares	Value of Shares	%
1	Directors & Sponsors	3,510,099	35,100,990	58.06%	3,052,262	30,522,620	58.06%
2	Other companies/institutions	585,759	5,857,590	9.69%	332,780	3,327,800	6.33%
3	General Shareholders	1,949,922	19,499,220	32.25%	1,872,158	18,721,580	35.61%
	TOTAL	6,045,780	60,457,800	100.00%	5,257,200	52,572,000	100.00%

28.03 The Percentage of Shareholding by Different Categories of Shareholders are as Follows:

No. of Holders	Holdings	Total Holding %
2874	Less than 500 shares	7.14%
681	501-5,000	16.16%
25	5,001-10,000	2.83%
13	10,001-20,000	3.02%
17	20,001-30,000	7.40%
2	30,001-40,000	1.15%
0	40,001-50,000	0.00%
1	50,001-1,00,000	1.65%
4	Over-1,00,000	60.65%
3617		100.00%

Notes to the Financial Statements As at 30 June 2018

		Amount in Taka	
		30-06-2018	30-06-2017
29.00	Tax Holiday Reserve: Tk. 7,272,808		
	The break up of the amount is as follows:		
	Unit No. 01	2,248,331	2,248,331
	Unit No. 02	5,024,477	5,024,477
		<u>7,272,808</u>	<u>7,272,808</u>
	It represents accumulated Special Reserve U/S 45 of Income Tax Ordinance 1984		
30.00	General Reserve : Tk. 1,477,579		
	This is as per last account.	1,477,579	1,477,579
		<u>1,477,579</u>	<u>1,477,579</u>
31.00	Capital Reserve : Tk. 50,243,455		
	The break up of the amount is as follows:		
	Balance as per last account	43,877,188	41,296,177
	Prior year Deferred Tax	7,743,033	
	Opening balance restated	51,620,221	41,296,177
	Opening deferred tax		10,324,044
	Provision for deferred tax		(7,743,033)
	Depreciation on Revaluation	(1,376,766)	
		<u>50,243,455</u>	<u>43,877,188</u>
	N.B: Deferred Tax Liability wrongly calculated on Revaluation Surplus (Capital Reserve) based on permanent difference has been duly adjusted with Capital Reserve and Deferred Tax on Revaluation according to IAS 8.		
32.00	Retained Earnings : Tk. 6,241,854		
	The break up of the amount is as under:		
	Accumulated loss up to 30 June 1991 due to cyclone	(65,559,371)	(65,559,371)
	Accumulated profit for the period from 1992 to 30 June 2018	71,801,225	52,927,980
		<u>6,241,854</u>	<u>(12,631,391)</u>
33.00	Loans and Overdraft: Tk.52,367,907		
	This is the carry forward balance emanating through revaluation of fixed assets taken into account in		
	The break up of the amount is as under :		
	Bank Loans and Overdraft	33.01 43,258,771	12,702,648
	Directors Loan (Unsecured)	33.02 9,109,136	9,109,136
		<u>52,367,907</u>	<u>21,811,784</u>
33.01	Bank Loans and Overdraft: Tk.43,258,771		
	The Figure consists of as follows:		
	Packing Credit (JBL PC #)	13,476,426	5,623,551
	SOD Loan General (JBL #)	5,494,353	7,079,097
	EDF Loan (JBL)	16,646,722	-
	Short Term Loan (JBL)	6,066,000	-
	Current Portion of Long Term Loan	1,575,270	-
		<u>43,258,771</u>	<u>12,702,648</u>
	Packing Credit from Jamuna Bank Limited (JBL) is secured by hypothecation of stocks and export bill. EDF loan has been crated due to change of buyer payment term sight L/C to 90 days deferred L/C		
	There were no general nature or credit facilities available to the company under any contract which was not availed of at the date of Statement of Financial Position.		
33.02	Directors Loan (Unsecured): Tk.9,109,136		
	The Figure consists of as follows:		
	Director's Loan Unsecured	9,109,136	9,109,136
		<u>9,109,136</u>	<u>9,109,136</u>
	This loan has been taken from Managing Director of the company, which is non-interest bearing. For meet up day to day expenses.		

Notes to the Financial Statements As at 30 June 2018

		Amount in Taka	
		30-06-2018	30-06-2017
34.00	Liabilities for Goods : Tk. 113,365,494		
	This represents import bills payable to foreign / local suppliers against different letter of credits at the close of the business on 30 June 2018.		
	The details are as follows :		
	M/S Samwon Trading	86,451,796	38,571,811
	M/s Howaye Textile Co Ltd.	10,111,779	-
	M/s. Suntex In't	5,274,608	5,268,408
	M/s. R.M. Interlining	729,321	1,545,245
	M/s. Jiangsu Textile Dyeing & Finishing Co.	5,355,321	-
	M/s. Changzhou Jinheda Textile	3,368,465	3,011,654
	M/s. Changzhou King Fabric Co. Ltd	-	8,687,671
	M/s. Liptop Inc Limited	-	12,145,642
	M/s. Men's Fashions Ltd	439,740	-
	M/s. Safe Printing	857,249	-
	M/s. Tiangin Textiles	777,215	-
		113,365,494	69,230,431
	As stated earlier, due to excute advance sales order, placed by buyer, the liability for goods have increased significantly		
35.00	Accrued Expenses : Tk. 19,057,717		
	The break up of the amount is as follows :		
	Audit fee	115,000	115,000
	Salary, wages and others	18,942,717	17,865,858
	Tax payable against Expenses	-	-
		19,057,717	17,980,858
36.00	Creditors Tk. 8,127,408		
	The break up of the amount is as follows :		
	Workers profit participation & W. F. F	36.01	7,875,066
	Sundry Creditors		6,315,135
			252,342
			8,127,408
			6,517,585
36.01	Worker's Profit Participation & Welfare Fund : Tk. 7,875,066		
	The break up of the amount is as follows :		
	Balance as per last year		6,315,135
	Contribution during the year		4,631,418
			1,705,531
			8,020,666
	Payment during the year		6,476,335
			(145,600)
			7,875,066
			6,315,135
37.00	Unclaimed Dividend Tk. 237,960		
	The break up of the amount is as follows :		
	For June 30, 1996		118,660
	For June 30, 1997		119,300
			237,960
			237,960

Notes to the Financial Statements As at 30 June 2018

	Amount in Taka	
	30-06-2018	30-06-2017
38.00 Dividend Payable : Tk. 9,787,740		
This consists of the following :		
Dividend declared long before and payable to directors as per last account	2,837,980	2,837,980
Dividend declared in 1997	1,980,400	1,980,400
Dividend Payable for 2004 & 2005	117,505	117,505
Dividend Payable for 2013	1,369,480	1,369,480
Dividend Payable for 2014	1,956,400	1,956,400
Dividend Payable for 2016-17	1,525,975	-
	9,787,740	8,261,765

Directors decided not to withdraw the dividend due to them till improvement of financial position of the company, so that normal business activities remain un-disturbed with required cash flow.

39.00 Employees Provident Fund : TK. 208,367

This has been brought forward from previous account.

208,367	208,367
208,367	208,367

40.00 Provison For Income Tax: TK. 18,519,224

The break up of the amount is as under :

2003-2004	127,002	127,002
2015-2016	2,695,066	2,695,066
2016-2017	6,606,010	6,606,010
2017-2018	4,996,856	4,996,856
2018-2019	4,094,290	-
	18,519,224	14,424,934

The tax assessment of Desh Garments limited for the assessment year 2003-04, 2015-16, 2016-17 and 2017-18 were submitted under section 82BB of Income Tax Ordinance 1984 which are yet to obtain for tax clearance certificate. Moreover, the assesment for the assessment year 2017-18 is under audit by Deputy Commissioner of Taxes at NBR.

Notes to the Financial Statements For the year ended 30 June 2018

Amount in Taka

30-06-2018	30-06-2017
------------	------------

41.00 Proposed Dividend

The Board of Directors recommended @ 10% stock Dividend to all Shareholders for the financial year 2017-18.

42.00 Turnover/Export Proceeds : Tk. 535,823,009

Turnover comprises of export sales for the year ended 30 June 2017.

Export Proceeds	535,823,009	354,444,999
Sub Contract	-	21,277,678
Total	535,823,009	375,722,677

43.00 Cost of Goods Sold: Tk. 456,622,593

The break up of the amount is as follows :

Particulars	Note		
Materials consumed	43.01	369,890,845	225,891,526
Factory overheads	43.02	103,103,583	90,809,880
Depreciation		8,224,698	2,967,627
		481,219,126	319,669,033
Add : Opening Stock of Finished Goods		15,261,124	9,415,268
		496,480,250	329,084,301
Less : Closing Stock of Finished Goods		(39,857,657)	(15,261,124)
		456,622,593	313,823,177

43.01 Raw Materials Consumed : Tk. 369,890,845

The break up of the amount is as follows :

Opening Stock	24,656,876	41,694,189
Add : Purchases	430,051,058	208,854,213
	454,707,934	250,548,402
Less: Closing Stock	(84,817,089)	(24,656,876)
	369,890,845	225,891,526

43.02 Factory Overheads : Tk.103,103,583

The break up of the amount is as follows :

Sl. Nos	Particulars	30 June 2018	30 June 2017
1	Salary & Allowances	12,730,800	12,322,541
2	Wages	71,449,033	61,073,326
3	Carriage Inward	599,650	77,410
4	Labor Charge	118,950	97,335
5	Conveyance	121,152	116,812
6	Entertainment	36,848	9,682
7	C & F Expenses	9,340,400	8,216,965
8	Repairs and Maintenance	724,098	1,108,162
9	Electricity, Gas & Generator Fuel	6,641,562	6,495,951
10	Photocopy, Printing & Stationery	499,566	580,147
11	Telephone Bill, Mobile & Internet	121,000	125,100
12	Miscellaneous Expenses	5,150	5,830
13	Postage, Stamp & Courier	72,129	57,712
14	Medical & Workers Welfare	35,764	35,722
15	WASA Bill	398,000	279,719
16	Newspapers & Journals	1,500	1,980
17	Rest House Expenses	24,000	25,450
18	Fees & Forms	35,920	55,000
19	New Year Expenses	148,061	125,036
	Total Tk:	103,103,583	90,809,880

Desh Garments Limited

Notes to the Financial Statements For the year ended 30 June 2018

Amount in Taka

30-06-2018	30-06-2017
------------	------------

44.00 Administrative & Selling Expenses : Tk. 29,095,388

The break up of the amount is as follows :

Sl. Nos	Particulars	30 June 2018	30 June 2017
1	Salary of Management & Non-management	13,048,068	7,055,425
2	Electricity & WASA	940,657	843,820
3	Printing, Stationery & Photocopy	75,230	65,363
4	Repairs & Maintenance Vehicles and Others	285,227	268,520
5	Postage, Stamps and Courier	30,512	24,637
6	Audit Fees	115,000	115,000
7	Travelling & Conveyance	148,155	155,680
8	Advertisement	94,482	13,501
9	Office Rent	5,159,280	3,537,792
10	AGM Expenses	332,686	349,592
11	Export Expenses	2,168,619	1,942,350
12	Legal Consultancy & Professional Fee	5,000	15,000
13	Entertainment	25,870	12,470
14	Forwarding Expenses	1,097,636	934,458
15	Fees & Forms	20,900	43,750
16	Insurance Premium	1,657,521	1,017,395
17	Donation & Subscription	25,000	24,500
18	Miscellaneous Expenses	2,705	2,030
19	BGMEA Fee	12,000	12,000
20	Telephone, Telex, Fax, Mobile & Internet	513,713	255,370
21	Rest House Rent	210,000	210,000
22	Land Development Tax	126,000	144,150
23	Depreciation	3,000,263	2,657,981
24	Trade Discount	4,156,112	-
25	Training and Development	267,638	-
26	Written off of Electrical Appliances and Crockerries and Cutleries	865	-
Total Tk:		33,519,138	19,700,784

45.00 Financial Expenses : Tk. 15,841,134

The break up of the amount is as follows :

Bank Charge & Commission (BBLC)	3,443,821	1,939,878
Bank Interest	1,104,722	11,492
Bank Charge & Commission	2,884,537	1,084,032
Bank Interest on Overdraft and Packing Credit	2,727,650	420,063
Exchange Rate Fluctuation	1,256,655	-
	11,417,385	3,455,465

46.00 Other Income : Tk. 1,504,847

The break up of the amount is as follows :

Cash Dividend	1,427,953	1,427,953
Interest of FDR	76,894	1,133,860
	1,504,847	2,561,813

47.00 Income Tax Provision : Tk. 4,832,190

The break up of the amount is as follows :

Income from Garments Business	3,786,449	4,427,800
Income from Dividend @ 20%	285,591	285,591
Income from FDR @ 25%	22,250	283,465
Prior Year Tax Adjustment	737,900	-
	4,832,190	4,996,856

Notes to the Financial Statements For the year ended 30 June 2018

Amount in Taka
30-06-2018

48.00 Deferred Tax : Tk. 1,220,141

Carrying value of Assets_ Accounting Base	128,435,666
Carrying value of Assets_ Tax Base	120,301,393
Temporary Difference	8,134,273
Tax Rate	15%
Deferred Tax Liability	1,220,141

As per previous submission of tax return (assessment not completed) in prior years, the company's tax base and accounting base assets WDV was same. However, the changes of accounting estimates (BAS- 8) from current financial year creates some temporary difference that caused deferred tax liability for the financial year 2017/18. Any changes of tax base WDV of assets from authority of taxes, the deferred tax liability will be adjusted accordingly. In addition to revaluation surplus appears permanent difference that's why deferred tax on revaluation surplus has not accounted for from current financial year.

49.00 Gain/ (loss) on Marketable Securities (Unrealized) : Tk. (141,693)

Particulars	No of Share	Avg Cost	Cost	Market Rate	Market Value	Loss
BBS CABLES	3,800	94.16	357,801.61	72.20	274,360.00	(83,441.61)
SAMORITA	15,700	81.11	1,273,431.32	77.40	1,215,180.00	(58,251.32)
CDBL	571,181	10	5,711,810	10	5,711,810	-
	590,681		7,343,043		7,201,350	(141,693)

CDBL shares are not listed in stock exchange and market value of the shares remained same

50.00 Basic Earnings Per Share (EPS):

The computation of EPS is given below:

Earnings attributable to the Ordinary Shareholders	28,010,878	34,463,291
Weighted average of number of Ordinary Shares Outstanding	6,045,780	6,045,780
During the year EPS Basic (Restated)	4.63	5.70

51.00 Contingent Liability

There was no Contingent Liability as on 30.06.2018

Desh Garments Limited Schedule of Property Plant & Equipment As at 30 June 2018

Annexure-A

PARTICULARS	C O S T				D E P R E C I A T I O N						WRITTEN DOWN VALUE as on 30 June 2018
	Balance as on 01 July 2017	Addition during the year	Sales/ Adjustment	Total as on 30 June 2018	Rate	Balance as on 01 July 2017	Charged during the year	Sales / Adjustment	Total as on 30 June 2018		
Land and Land Development	30,484,000	-	-	30,484,000		-	-	-	-	30,484,000	
Factory Building - A	40,226,400	-	-	40,226,400	5%	574,704	1,982,585	-	2,557,289	37,669,111	
Factory Building - B	3,200,045	12,981,537	-	16,181,582	5%	1,604,787	728,840	-	2,333,626	13,847,956	
Plant & Machinery	55,970,155	19,471,231	-	75,441,386	15%	44,005,232	4,715,423	-	48,720,655	26,720,731	
Electrical Installation	8,222,974	3,808,868	-	12,031,842	15%	1,989,421	1,506,363	-	3,495,784	8,536,058	
Office Equipment	3,269,684	3,895	-	3,273,579	15%	2,093,497	177,012	-	2,270,509	1,003,070	
Furniture & Fixture	4,025,105	359,271	-	4,384,376	10%	2,500,850	188,353	-	2,689,203	1,695,173	
Motor Vehicle	12,299,033	(839,952)	-	11,459,081	20%	5,976,262	1,096,564	-	7,072,826	4,386,255	
Boiler and Water Softener	443,297	-	-	443,297	15%	429,186	2,117	-	431,302	11,995	
Generator	7,458,928	-	-	7,458,928	15%	4,685,173	416,063	-	5,101,236	2,357,692	
Tools and Equipment	42,061	-	-	42,061	10%	31,316	1,075	-	32,390	9,671	
Fire Extinguisher	542,773	28,010	-	570,783	15%	284,027	43,013	-	327,040	243,743	
Electrical Appliances	125,487	-	125,487	-	15%	124,714	-	124,714	-	-	
Crockeries and Cutleries	16,612	-	16,612	-	20%	16,520	-	16,520	-	-	
Computer & Computer Software	2,932,530	207,100	-	3,139,630	20%	2,024,130	223,100	-	2,247,230	892,400	
Power Substation	1,060,000	-	-	1,060,000	20%	968,947	18,211	-	987,158	72,842	
Road, Bridge and Fencing	1,273,700	-	-	1,273,700	20%	642,486	126,243	-	768,729	504,971	
TOTALTAKA:	171,592,784	36,019,960	142,099	207,470,645		67,951,250	11,224,961	141,234	79,034,977	128,435,669	

Depreciation has been charged to:

Production

Administration

8,224,698

3,000,263

Taka

11,224,961

Desh Garments Limited

**The Directors
Desh Garments Limited**

PROXY FORM

I/We,
of
being a member of Desh Garments Limited hereby appoint
Mr./Mrs.
of
as my/our proxy to attend and vote for me/us on my/our behalf at the 41st Annual General Meeting of the Company to be held on the 18th December, 2018 at 11.45 a.m. or at any adjournment thereof. As witness my/our hand this day of December, 2018 signed by the said in presence of Mr./Mrs.
of

(Signature of the Proxy)
Dated

(Signature of the Shareholder)
Folio/B.O. No.
Dated

Revenue Stamp of Tk. 20.00

(Signature of witness & date)

- Note :
1. A member entitled to attend and vote at the 41st Annual General Meeting may appoint a proxy to attend and vote in his/her stead.
 2. The proxy form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.

Signature verified

Desh Garments Limited ATTENDANCE SLIP

(Please complete this slip and hand over at the entrance of the Hall)

I hereby record my attendance at the 41st Annual General Meeting held on the 18th December, 2018 at 11.45 a.m. in Dhaka.

Name of the Member/Proxy

Folio/B.O. No.

Signature
(Shareholder/Proxy)

পরিচালকবৃন্দ
দেশ গার্মেন্টস লিমিটেড

প্রক্সি ফর্ম

আমি/আমরা, ঠিকানা.....
..... দেশ গার্মেন্টস লিমিটেড-এর শেয়ারহোল্ডার হিসাবে এতদ্বারা
জনাব/জনাবা ঠিকানা
..... কে
আগামী ১৮ই ডিসেম্বর, ২০১৮ইং তারিখে সকাল ১১.৪৫ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৪১তম বার্ষিক সাধারণ সভায় এবং পরবর্তী
মূলতবী সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০১৮ইং সনেরডিসেম্বর তারিখে আমার/আমাদের
সম্মুখে স্বাক্ষরী হিসেবে জনাব/জনাবা..... ঠিকানা
..... এর উপস্থিতিতে স্বাক্ষর করিলেন।

প্রতিনিধির স্বাক্ষর
তাং

শেয়ারহোল্ডার স্বাক্ষর
ফলিও/বিও নং--
তাং

২০.০০ টাকার
রেভিনিউ স্ট্যাম্প

(স্বাক্ষরী স্বাক্ষর ও তারিখ)

- বিঃ দ্রঃ ১। একজন সদস্য যিনি ৪১তম বার্ষিক সাধারণ সভায় উপস্থিত হইবার এবং ভোট দিবার যোগ্য, তিনি তাঁহার পক্ষে উপস্থিত
থাকিবার জন্য এবং ভোট দেওয়ার জন্য একজন প্রক্সি নিযুক্ত করিতে পারিবেন।
২। প্রক্সি ফর্ম যথাযথ রেভিনিউ স্ট্যাম্পসহ কোম্পানীর রেজিষ্টার্ড অফিসে সাধারণ সভার নির্ধারিত সময়ের অন্তত পক্ষে ৪৮ ঘন্টা
পূর্বে জমা দিতে হইবে।

স্বাক্ষর পরীক্ষিত

দেশ গার্মেন্টস লিমিটেড উপস্থিতির রশিদ

(এ রশিদটি পূরণ করে সভা কক্ষে জমা দিতে হইবে)

১৮ই ডিসেম্বর, ২০১৮ ইং তারিখে সকাল ১১.৪৫ মিনিটে ঢাকায় অনুষ্ঠিত কোম্পানীর ৪১তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি
এতদ্বারা তালিকাভুক্ত করা হইল।

সদস্যের নাম/প্রতিনিধির নাম.....

ফলিও/বিও নং.....

স্বাক্ষর
(শেয়ার হোল্ডার/প্রতিনিধি)

DESH GARMENTS LIMITED

Awal Centre (7th Floor) 34, Kemal Ataturk Avenue, Banani C/A, Dhaka-1213, Bangladesh

Tel : +880 2 9822314, 9822019, Fax : +880 2 9821350

Email : desh@deshgroup.com, share@deshgroup.com, Web : www.deshgroup.com