

ANNUAL REPORT 2019-20

বার্ষিক প্রতিবেদন ২০১৯-২০



dosh
garments
limited



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



Desh Garments Limited



In Loving Memory



Late Ranjit Chakraborty
5th February, 1948 ~ 21st August, 2020

It is with great sorrow that we announce the sad demise of Ranjit Kumar Chakraborty, who died on 21st August, 2020, at a hospital in the capital city, Dhaka. He was 71 years old.

Mr. Chakraborty passed his I.Sc. and B.Sc. examinations from Jagannath Collage in Dhaka in 1964 and 1966 respectively. He later completed his Masters of Business Administration from the Institute of Business Administration, more popularly known as 'IBA', in 1969. He joined the Bangladesh Shilpa Rin Sangstha in 1973 and later worked as General Manager in several industries such as dyeing and finishing, pharma, steels and the textile industry.

From 2005 till 2015 he served the Board of Desh Garments Ltd. as an Independent Director, sharing his vast knowledge and experience of the ready made garment and textile industry. He was popularly known as 'Ranjit Uncle', 'Ranjit Babu' and 'Sir' in our esteemed company and maintained a very good relationship with everyone. He was very much respected by all.

Ranjit Chakraborty will be greatly missed. He is survived by his wife, his daughter, two grandchildren and his extended Desh family.

May his soul rest in eternal peace, Ameen.

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES



Ref. No: CM-2020/222

Date of issue: August 10, 2020

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 2020.




Secretary-General

ANNUAL REPORT

2019-2020



Desh Garments Limited

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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 30th June, 2020.

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 30th June, 2020, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year ended 30th June, 2020, along with notes thereon and all related consolidated Financial Statements for your kind information, records and necessary advice.

Yours faithfully,



Dr. K. Moulic
Company Secretary

Dated : 2nd December, 2020

Notice of the 43rd Annual General Meeting

Notice is hereby given that the 43rd Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Sunday the 27th December, 2020 at 12:15 p.m. at Virtual AGM Platform.

01. To receive, consider and adopt the Audited Accounts of the Company for the year ended 30th June, 2020 together with Reports of the Directors and Auditors thereon.
02. To declare dividend.
03. To approve appointment of Independent Director
04. To elect/re-elect Directors.
05. To appoint auditors for the year 2020-2021 and to fix their remuneration.
06. To appoint professional for certificate on compliance for the year 2020-2021 and fix their remuneration.
07. To transact any of this business with the permission of the chair.

Dated : Dhaka
28th October, 2020

By order of the Board



Dr. K. Moulic
Company Secretary

Notes:

The **Record Date** is 18th November, 2020.

Members of the company whose names appear in the register of members upto record date to be entitled to dividend for the year 2019-2020 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.

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, 2020 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 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 consists 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, 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.

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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) **Nomination and Remuneration Committee of Board:**

To cultivate a good governance practice in the Company, the Nomination and Remuneration Committee (NRC) was formed as a sub-committee of the Board in view of the corporate governance code of Bangladesh Securities and Exchange Commission (BSEC). The Committee comprises with the three Directors including one independent Director. The NRC assists the Board in formulation the nomination criteria of policy for determining qualifications, positive attributes, experience and independence of Directors Board to formulate policy for formal and continued process of considering remuneration/honorarium of Directors and top-level executives.

f) **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.

g) **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.

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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

Auditors:

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

B. Audit Committee:

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

Banker:

Jamuna Bank Limited
Dhaka.

C. NRC Committee:

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

Insurance:

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

D. Management Committee:

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

Listing:

Dhaka Stock Exchange Ltd.
Dhaka.

E. Senior Corporate Officials:

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

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. 73,153,940.00
7. Number of Shareholders : 3,277
8. Number of total Employees : 1,098
9. Main product : Woven Shirts
10. Main Export Market (countries) : USA, Canada, EU

CORPORATE OPERATIONAL RESULTS

Figure in Taka

PARTICULARS	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
Total Turnover	434,005,332	671,209,539	535,823,009	375,722,677	410,453,025
Gross Profit	46,028,448	67,119,610	79,200,416	61,899,500	58,944,812
Net Profit (AT)	3,140,508	16,985,225	28,010,878	34,463,291	26,112,654
Earning Per Share (Restated)	0.43	2.32	4.40	5.70	4.97
Dividend Rate (%)	3% Stock	10% Stock	10% Stock	5% Cash & 15% Stock	30% Stock
Total Assets	294,593,478	428,026,088	375,735,945	238,984,900	247,124,173
Total Liabilities	(148,218,525)	(284,608,837)	(223,247,089)	(138,673,683)	(174,719,905)
Net Asset Value	146,374,953	143,417,251	152,488,856	100,311,217	72,404,268
N.A.V. Per share (Restated)	20.01	19.60	19.70	15.31	13.77

Bismillahir Rahmanir Rahim

Directors' Report to Shareholders for the year ended 30th June, 2020

Dear Esteemed Shareholders,
Assalamu Alaikum,

I am pleased to welcome you to the 43rd Annual General Meeting of the company. First, I wish good health and safety for you and your family in the COVID-19 pandemic. This pandemic has changed our daily activities and given us a New Normal Life. Consequently this year we are holding our AGM through virtual platform. 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 30th June, 2020 for your kind consideration and approval.

INDUSTRY OUTLOOK:

COVID-19 has originated from Wuhan, China from February, 2020 and has hit Bangladesh end of March, 2020. Supplies of RMG mostly depended on China factories which were shutdown gradually since February, 2020 and has an impact the supply chain in the world as well as Bangladesh RMG sector. The coronavirus pandemic has had a devastating effect on the Bangladeshi ready-made garment (RMG) industry. In recent years, it has been the driving force of the country's economy, accounting for 80 per cent of its export earnings. Revenue generated by RMG factories was a key factor in predictions that Bangladesh would reach middle-income status by 2021. However, with the arrival of COVID-19, it is no exaggeration to say that the industry has 'fallen off a cliff' as many factories have closed and cannot pay wages. Orders worth USD 3.17 billion have been cancelled or suspended, threatening the employment and financial security of millions of workers – the majority of whom are women. As per Media reports, by June 2020, 70,000 workers had lost their jobs and up to one million jobs were likely to remain at risk until the end of the year. Desh Garments Ltd. has also severely affected by the COVID-19. 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 signed contract with Daewoo Corporation of South Korea for providing technical and marketing collaboration for setting up garments factory in Bangladesh. This was the first contract in the private sector of Bangladesh with any foreign company. Mr. Quader, under that contract got 128 young Bangladeshis including eleven young ladies adequately trained for 6 months in all aspects 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 up to 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 had been able to introduce Back to Back L/C System for non-funded import of raw materials, and Customs Bonded Warehousing system for storing and using of imported raw materials without payment of customs duty for two years. His these three contribution namely (1) making technical knowhow available, (2) allowing non-funded financing for 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\$ 34.11 billion** in the year 2018-19 which was 84.21% of total foreign earnings, but in the year 2019-20, the country's readymade garment (RMG) exports declined by 18.79 percent

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to **US\$ 27.70 billion**. The RMG industry is 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., has been reduced in this financial year by 35.34% from BDT 671.21 million to BDT 434.00 million mainly affected by COVID-19. Despite such a devastating situation, we have been able to make a slight margin in the business of BDT 3.14 million in the year 2019-20.

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.

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, along with the whole world we are affected by COVID-19 pandemic. Total revenue of the company decreased by 35.34% from BDT 671.21 million to BDT 434.00 million mainly affected by COVID-19 as said above.

Gross profit in percentage has been 11% (BDT 46.03 million) in the year 2019-2020 which is an improvement in operation as compared to last year's gross profit of 10% (BDT 67.12 million). Despite having a good performance in operation i.e. 11% of gross profit, there has been a reduction in gross profit by BDT 21.09 million due to lower sales. Administrative & Selling Expenses has been incurred BDT 24.70 million this year against BDT 31.94 million of last year which is a substantial reduction in cost and contributed BDT 7.24 million to net profit.

Statement of related parties to operating expenses has been disclosed in the Annual Report. Basis of all parties' 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.

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FINANCIAL RESULT:

Summarized comparative results for the years 2019-20 and 2018-19 are given below:

Figure in BDT	Yr- 2019-2020	Yr-2018-2019
Turnover (Exports)	434,005,332	671,209,539
Cost of Goods Sold	(387,976,885)	(604,089,929)
Gross Profit	46,028,448	67,119,610
Operating Profit	21,333,091	35,181,542
Other income	4,885,642	2,166,561
Net Profit before tax	6,410,549	18,043,005
Net Profit after tax	3,140,508	16,985,225
Earnings Per Share (EPS) - (Restated)	0.43	2.32
Net Assets Value (NAV) - (Restated)	20.01	19.60
Face Value of share (Tk.)	10.00	10.00
Net Operating Cash Flows per share - (Restated)	(0.67)	2.50

Board Meeting and Attendance:

Seven (7) board meetings were held during the year 2019-20. The attendance record of the directors is as follows:

Name of Directors	Position	No. of Meetings	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. B.M. Nurul Azim expired on 28th October, 2020, the Board took decision that another Independent Director will be appointed.

Status of Shareholding

The Pattern of shareholding as on 30th June, 2020 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:			
	Directors:			
	Mrs. Rokeya Quader	595,043	8.13	
	Mr. Omar Quader Khan	2,546,060	34.80	
	Ms. Vidiya Amrit Khan	110,0194	15.03	

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Mr. B.M. Nurul Azim, FCA	215	Independent Director
Mr. Subash Chandra Bose	215	Independent Director
Company Secretary (CS)	-	-
Chief Financial Officer (CFO)	-	-
Head of Internal Audit (HIA)	-	-
ii) Executives (Top five salaried persons other than CEO, CS, CFO, HIA)		
Mr. Induka Nilupul Sudirikku	-	-
Mr. Md. Zafrul Enayet Ullah	-	-
Mr. Mohammed Nowsharat Shah	-	-
Mr. Imam Hossain	-	-
Mr. Mohammad Kamal Hossian	-	-

Shareholders holding 10% or more voting right

Sl. No.	Name of shareholders	No. of Shareholding	Percentage %
1.	Mr. Omar Quader Khan	2,546,060	34.80
2.	Ms. Vidiya Amrit Khan	1,100,194	15.03

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.

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.

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WORKERS' PROFIT PARTICIPATION & WELFARE FUND:

Workers' Profit Participation & Welfare Fund is created regularly. But due to COVID-19 pandemic company faced insufficient fund flow. So company has not paid against Worker Profit Participation & Welfare Fund during the financial year.

DIVIDEND PAYABLE

Dividend payable under sponsor's portion appearing since long. Directors decided not to withdraw the dividend due to them till improvement of financial position of the company so that normal business activities remain undisturbed with required cash flow.

WITHHOLDING TAX & VAT

Withholding Tax and VAT payment is being maintained properly in Book of Accounts.

IFRS – 16 (LEASE)

IFRS-16 (Lease) implement to be made in the financial year 2020-21.

DIVIDEND

The Profit after Tax earned during the financial year under the report is BDT 3,140,508 Considering the current years' profit, the directors, recommend 3% stock dividend to all shareholders of the company.

DIRECTOR'S REMUNERATION

The Managing Director didn't draw any remuneration during the year under the report. Independent Directors are given allowance of BDT 5,000 per meeting.

RETIREMENT OF DIRECTOR BY ROTATION

Ms. Vidiya Amrit Khan has retired by rotation as per Article 122 of the Articles of Association of the Company according to her being eligible and seek for re-election as per Article 124.

INDEPENDENT DIRECTOR

As an Independent Director Mr. B.M. Nurul Azim has completed his tenure of 2 (two) terms of services and retired from the Board. The Board has taken decision to appoint another one Independent Director in his place as per BSEC's Notification No.SEC/CMRRCD/2006-207/Admin/80 dated 03rd June, 2018.

APPOINTMENT OF AUDITORS

M/s. Pinaki & Company, Chartered Accountants retire at this Annual General Meeting and M/s. MABS & J Partners, Chartered Accountants have expressed their willingness as per their offer letter No.T-530 MABS & J(B) 2020-21/957 dated 26th October, 2020 to be the Financial Auditors for the year 2020-21. The Auditors are required to be appointed at this Annual General Meeting and their remuneration for the year ended 30th June, 2021 is to be fixed accordingly.

APPOINTMENT OF COMPLIANCE AUDITORS

M/s. Anisur Rahman & Co. Chartered Accountants have expressed their willingness as per their offer letter dated 27th October, 2020 are required to be appointed at this Annual General Meeting and fixed their remuneration.

RELATED PARTY DISCLOSURE

Since the company does not have any compensation/benefit policy other than labor law defined benefit for the key management personnel. Below is the company's key personnel and the disclosure of benefit.

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Sl.	Name	Position	Short term employee benefit	Long term employee benefit	Other Long term benefit	Termination benefit	Share based payment
1	Mr. Md. Mizanur Rashid	Chief Financial Officer	No	No	No	No	No
2	Dr. K. Moulic	Company Secretary	No	No	No	No	No
3	Mr. Nazmul Huda Mullick	Head of Internal Audit	No	No	No	No	No
4	Mr. Induka Nilupul Sudirikku	Head of Garments	No	No	No	No	No
5	Mr. Md. Zafrul Enayet Ullah	DGM, Commercial	No	No	No	No	No
6	Mr. Mohammed Nowsharat Shah	AGM, Merchandising & Marketing	No	No	No	No	No
7	Mr. Imam Hossain	Merchandising & Marketing	No	No	No	No	No

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 07th August, 2012 as latest amended by notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated 03rd June, 2018 of Bangladesh Securities and Exchange Commission is given in Annexure-02 and the audit committee report for the year 2019-20 is also enclosed vide Annexure-03. The company has already form emuneration committee as per latest BSEC Corporate Governance Guidelines the Committee has started working on total activities, policy during the financial year, annual report.

Thanking you,



Rokeya Quader

Chairman

Dated : **28th October, 2020**

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, 2019. 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: 25th November, 2020

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	✓		

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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;	✓		

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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;	✓		

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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.	✓		

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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	✓		

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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

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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	✓		

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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;	✓		

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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.	✓		

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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 42 nd AGM on 19 th Dec, 2019
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 2019-20

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 2019-2020, first one in November 2019, second one in January 2020, third one in June 2020 and last one in September 2020. 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 20th September, 2019, the audited Accounts for the year 2019-2020 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 : 20th September, 2020

Report of the Nomination and Remuneration Committee (NRC) 2019-20

The Board of Directors of Desh Garments Ltd. has duly constituted a Nomination and Remuneration Committee (NRC) as per the requirements of the Corporate Governance Code of Bangladesh Securities and Exchange Commission (BSEC). The NRC assists the Board in formulating the nomination criteria or policy for determining qualifications, positive attributes, experiences and independence of Directors and other top level executives. The NRC also assists the Board to formulate policy far formal and continued process of considering remuneration/honorarium of Directors and top-level executives.

The statement of Nomination and Remuneration Committee is prepared following the Corporate Governance Code issued by the BSEC. This Report covers nomination and remuneration policies, evaluation criteria and activities of the NRC.

The Overview of the Nomination and Remuneration Policies:

The Company inevitably will follow the nomination and remuneration policies and the benchmark of which pursuing the business code of conduct and standards perceptible in the market context and appropriate to meet the present and future needs of the Company.

The board criteria in this respect for the Executive Directors and Top-Level Executives of the Company are as follows.

a) The Nomination Criteria

- i. The Company policies as well as guidelines and applicable laws/regulations for the Company.
- ii. A prescribed selection process that is transparent in all respects.
- iii. Following a process which is compatible to the recognized standards and the best practices;
- iv. Distinguishing the core competencies of the respective personnel for the different level of management and employees of the Company.
- v. Following diversity in age, maturity, qualification, expertise and gender disciplines.

b) The Nomination Criteria

The outline of the Company needs for the employees at different levels, as determined by the management. The recruitment and selection of Executive Directors, Top-Level Executives of the Company are made according to the following core guiding principles:

Executive Directors and Top Level Executives: The candidate(s) for Executive Director(s), based on the set criterions of BSEC and Service Rules of the Company. The Board of Directors appoints Executive Director(s) and Top Level Executives, upon nomination and recommendation of the NRC.

Independent Director: The Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial laws, regulatory requirements and corporate laws that can make meaningful contribution to the businesses.

The Independent Director should have competence of the relevant sector in which Company operates, and necessarily should have the qualifications as required by the Code of BSEC. The Board of Directors appoints Independent Directors upon nomination and recommendation of the NRC, which is then approved by shareholders at the Annual General Meeting of the Company.

c) Remuneration Criteria

The key features of the remuneration Criteria recommended by the NRC are as follows:

- i. The structure, scale and composition of remuneration/honorarium are reasonably considered based on the Company's Policies and Guidelines set by the Board of Directors to attract, and motivate the top level executives/executive directors to run the Company efficiently and successfully.
- ii. The context of packages, including remuneration/benefits is categorically laid down which meets the appropriate performance benchmarks as per the Company Policies and Guidelines ratified by the Board as and when required;
- iii. The NRC will recommend the Board meeting attendance fees, honorarium, including incidental expenses, if any; and
- iv. No member of the NRC will be allowed to receive, either directly or indirectly, any remuneration for any advisory or consultancy role or otherwise, other than Board meetings and Board's sub-committee meetings attendance fees from the Company.

d) Evaluation Criteria

Directors/Executive Directors/Top Level Executives: The respective line authority of the Directors/ Executive Directors/Top Level Executives sets the performance measurement criteria based on the respective role profile and responsibilities through the Company's annual appraisal policy/process at a certain time of each calendar year.

Independent Director: The evaluation of performance of the Independent Directors (IDs) is to be carried out according to the criteria of attendance and participation at the Board meetings and committee meetings; participation in the Board meetings and committee meetings and contribution to the improvement of the corporate governance practices of the Company.

Desh Garments Limited

The Summary activities and meetings of NRC during the period:

The Board in its meeting of the Nomination and Remuneration Committee (NRC) as per the requirement of BSEC Corporate Governance Code with the following composition.

Mr. Subash Chandra Bose

Chairman

Independent Director

Mr. Omar Quader Khan

Member

Managing Director

Ms. Vidiya Amrit Khan

Member

Deputy Managing Director

The NRC carried out the following activities in line with committee's terms of Reference during the reporting period.

- i. Reviewed the Terms of Reference (ToR) of NRC, as approved by the Board of Directors;
- ii. Reviewed a policy relating to the remuneration of the Directors and top-level executives of the Company;
- iii. Reviewed the criteria for determining qualifications, positive attributes and independence of the Directors;
- iv. Reviewed the criteria of evaluation of performance of Independent Directors;
- v. Reviewed the Code of Conduct for the Chairman, Director and Top-level Executives of the company.



Mr. Subash Chandra Bose

Chairman

Thursday, 24th September, 2020

Independent Auditor's Report To The Shareholders of Desh Garments Limited Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of **Desh Garments Limited** which comprise the Statement of Financial Position as at 30 June 2020 and the Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended and including a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements of the company give a true and fair view of the financial position of the company as at 30 June 2020 and of its financial performance and Cash Flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the companies Act 1994, and other applicable laws and regulations.

Basis for Qualified Opinion

1. Worker's Profit Participation & Welfare Fund provision being created at an irregular manner & not being distributed until now represents non compliance under Labour Act 2006.
2. Dividend payable under sponsor's portion appearing since long.
3. Withholding tax & VAT payment need be brought under strict compliance.
4. IFRS-16 (Lease) need be implemented.

However their do not appear any going concern crisis.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters are discussed below together with an explanation of how the risk and our audit response were tailored to address these specific areas.

Please refer to Annexure: 1 Key Audit Matters (KAM) for illustrative purposes.

Responsibilities of Management and Those Charged with Governance 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, and other applicable laws and regulations and for such internal control as management determines is necessary to enable 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.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

Desh Garments Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that may a material uncertainty exists. We are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. However, documentation process need be strengthened further.

Report on other Legal and Regulatory Requirements

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 accounts as required by law have been kept by the company and so far as it appeared from our examination of those books;
- iii. The Company's Financial Position as at 30 June 2020 and Statement of Profit or Loss and Other Comprehensive Income and its Cash Flows dealt with by the report are in agreement with the books of account and returns;
- iv. The Expenditure incurred was for the purposes of the company's business.



Mohan Adhikari, ACA
Partner

Dhaka
Dated: 28th October, 2020

Key Audit Matters (KAM)

Particulars	Risks	Auditor's responses
<p>Revenue recognition: The Company reported total revenue of BDT 434,005,332 for the year ended on 30 June 2020.</p> <p>Revenue is measured net of discounts and rebates earned by customers on the Company's sales. Within a number of the Company's markets, the estimation of discounts and rebates recognized based on sales made during the year is material and considered to be complex and judgmental.</p> <p>Refer to note no. 41 to the financial statements.</p>	<p>There is a risk of revenue being misstated as a result of faulty estimations over discounts and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts and rebates recognized resulting from the pressure local management may feel to achieve performance targets.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> ➤ Reconciliation of sales Proceeds with Bank Statements. ➤ Confirmation of Export Sales with books of accounts. ➤ Review applicable TDS against sales proceeds under Export Sales. ➤ Calculation of AIT and commission; ➤ Segregation of duties in invoice creation in the systems and modification; and ➤ Timing of revenue recognition. <p>Our substantive procedures in relation to the revenue recognition comprises the following:</p> <ul style="list-style-type: none"> ➤ Obtaining supporting documentation for sales transactions recorded either side of year end as well as credit notes issued after the year end date to determine whether revenue was recognized in the correct period; ➤ Within a number of the Company's markets, comparing current year rebate accruals to the prior year and, where relevant, completing further inquiries and testing. ➤ Agreeing a sample of claims and rebate accruals to supporting documentation; ➤ Critically assessing manual journals posted to revenue to identify unusual or irregular items; and ➤ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. <p>Optimum results: We considered the revenue items shown in financial statements acceptable.</p>

Key Audit Matters (KAM)

Particulars	Risks	Auditor's responses
<p>Measurement of deferred tax assets:</p> <p>The deferred tax assets amounting to BDT 9,936 were shown in the financial statements as at 30 June 2020.</p> <p>For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax assets.</p> <p>We refer to note number 47 of the financial statements.</p>	<p>Recognition and measurement of deferred tax liabilities contain judgment and objective estimates regarding future taxable profit and the usability of unused tax losses and tax credits.</p> <p>The significant risk arises from estimation of future usability of the benefits. Such estimation required in relation to deferred tax liabilities as their recoverability is dependent on forecasts of profitability available in near future.</p>	<p>We have conducted a risk assessment to obtain an understanding of the relevant tax laws and regulations considering the following:</p> <ul style="list-style-type: none"> ➤ Evaluation of the policies used for recognition and measurement of deferred tax assets in accordance with IAS 12, ➤ Test of design, implementation and operating effectiveness of internal controls with respect to recognition of deferred tax assets, ➤ The computation of deferred tax assets by applying appropriate provisions of tax law to scheduled reversals particularly the potential tax rates applicable at the time of expected reversals, ➤ The strategy's compliance with the tax laws. <p>Optimum results: We considered recognition and measurement of deferred tax assets in particular regarding the assumptions and parameters to develop the taxable profit and usability of tax losses and credits to be reasonable.</p>

Key Audit Matters (KAM)

Particulars	Risks	Auditor's responses
<p><u>Investment in Share:</u> The Company reported total investment in share of BDT 7,679,195 at the year ended on 30 June 2020. The Company investment in quoted and unquoted share of the three different types of organization.</p> <p>We refer to note number 22 and 48 of the financial statements.</p>	<p>The valuations of the share price and presentation in the financial statement and consideration of gain/loss on marketable securities (Unrealized).</p>	<p>We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls over the impairment testing; including controls over market data inputs into valuation models, model governance and valuation adjustments.</p> <p>We evaluated the appropriateness of future cash flows used in measurement of value in use reconciling with general and industry specific market expectation.</p> <p>As relatively small changes in the cost price of the each share under quoted and constant in the unquoted share. We have tested the parameters used to determine the current market price and evaluate the measurement model.</p> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p> <p>Optimum results: We consider the measurement inputs by management to be in line with our expectations and to lie also within a range that we consider reasonable.</p>

Desh Garments Limited

Statement of Financial Position

As at 30 June, 2020

Particulars	Notes	Amount in Taka	
		30-06-2020	30-06-2019
Assets			
Non-Current Assets		127,991,395	128,827,831
Property Plant & Equipment	20.00	127,991,395	128,827,831
Current Assets		166,602,083	299,198,257
Inventories	21.00	114,136,123	100,378,686
Investment in Shares	22.00	7,679,195	7,194,751
Investment in FDR	23.00	-	-
Accounts Receivable	24.00	25,937,168	62,745,014
Other Receivable	25.00	2,805,187	-
Deferred Tax	47.00	9,936	23,633
Loans, Advances and Prepayment	26.00	1,035,021	1,225,325
Income Tax Deduction at Source	27.00	3,260,105	3,307,129
Cash and Bank Balances	28.00	11,739,347	124,323,719
Total Assets		294,593,478	428,026,088
Equity and Liabilities			
Shareholders' equity		146,374,953	143,417,251
Share capital	29.02	73,153,940	66,503,580
Tax Holiday Reserve	30.00	7,272,808	7,272,808
General Reserve	31.00	1,477,579	1,477,579
Capital Reserve	32.00	50,243,455	50,243,455
Gain/ (loss) on Marketable Securities (Unrealized)	48.00	(182,805)	-
Retained Earnings	33.00	14,409,977	17,919,829
Non-Current Liabilities		37,789,399	31,593,103
Long Term Loan	34.00	37,789,399	31,593,103
Current Liabilities		110,429,126	253,015,734
Loans and Overdraft	34.00	61,435,861	164,232,886
Current Portion of Long Term Loan	34.00	7,029,216	6,985,483
Liabilities for Goods	35.00	11,783,793	43,005,263
Accrued Expenses	36.00	8,097,777	18,005,570
Worker's Profit Participation & Welfare Fund	37.00	8,796,674	8,459,277
Dividend Payable	38.00	10,025,700	10,025,700
Provision for Income Tax	39.00	3,260,105	2,301,554
Total Equity and Liabilities		294,593,478	428,026,088
Net Assets Value Per Share		20	19.60

The annexed notes form an integral part of these financial statements


Chairman


Managing Director


Deputy Managing Director


Chief Financial Officer


Company Secretary

Dated : 28.10.2020


Pinaki & Company
Chartered Accountants

Desh Garments Limited

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

Particulars	Notes	Amount in Taka	
		30-06-2020	30-06-2019
Turnover	41.00	434,005,332	671,209,539
Cost of Goods Sold	42.00	(387,976,885)	(604,089,929)
Gross Profit		46,028,448	67,119,610
Operating Expenses:			
Administrative & Selling Expenses	43.00	(24,695,357)	(31,938,068)
Operating Profit		21,333,091	35,181,542
Financial Expenses	44.00	(19,470,787)	(18,389,254)
Contribution to W. P. & Welfare Fund	37.00	(337,397)	(915,844)
		1,524,907	15,876,444
Other Income	45.00	4,885,642	2,166,561
Net Profit Before Tax		6,410,549	18,043,005
Income Tax	46.00	(3,260,105)	(2,301,554)
Deferred Tax	47.00	(9,936)	1,243,774
Net Profit After Tax		3,140,508	16,985,225
Net Profit After Tax		3,140,508	16,985,225
Other Comprehensive Income/(Loss)			
Gain/ (loss) on Marketable Securities (Unrealized)	48.00	(182,805)	(128,304)
Total Comprehensive Income		2,957,702	16,856,921
Earnings Per Share (EPS) – Basic	49.00	0.43	2.32

The annexed notes form an integral part of these financial statements


Chairman


Managing Director


Deputy Managing Director


Chief Financial Officer


Company Secretary

Dated : 28.10.2020


Pinaki & Company
Chartered Accountants

Desh Garments Limited

Statement of Changes in Equity

For the year ended 30 June 2020

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 2019	66,503,580	7,272,808	1,477,579	50,243,455	(128,304)	17,919,829	143,288,947
Adjustment of Advance Tax						-	-
Adjustment of Income Tax						-	-
Prior Year Deferred Tax	-	-	-	-	-	-	-
Gain / (Loss) Marketable Securities					128,304		128,304
Opening balance restated	66,503,580	7,272,808	1,477,579	50,243,455	-	17,919,829	143,417,251
Depreciation on Revaluation surplus	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(182,805)	3,140,508	2,957,702
Stock Dividend 2018-2019	6,650,360	-	-	-	-	(6,650,360)	-
Cash Dividend 2018-2019	-	-	-	-	-	-	-
Balance as on June 30 2020	73,153,940	7,272,808	1,477,579	50,243,455	(182,805)	14,409,977	146,374,953

Statement of Changes in Equity

For the year ended 30 June 2019

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 2018	60,457,800	7,272,808	1,477,579	50,243,455	(141,693)	6,241,854	125,551,803
Adjustment of Advance Tax						96,901	96,901
Adjustment of Income Tax						769,933	769,933
Prior Year Deferred Tax	-	-	-	-	-	-	-
Gain / (Loss) Marketable Securities					141,693		141,693
Opening balance restated	60,457,800	7,272,808	1,477,579	50,243,455	-	7,108,688	126,418,637
Depreciation on Revaluation surplus	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(128,304)	16,856,921	16,728,617
Stock Dividend 2017-2018	6,045,780	-	-	-	-	(6,045,780)	-
Cash Dividend 2017-2018	-	-	-	-	-	-	-
Balance as on June 30 2019	66,503,580	7,272,808	1,477,579	50,243,455	(128,304)	17,919,829	143,147,254



Chairman



Managing Director



Deputy Managing Director



Chief Financial Officer



Company Secretary

Desh Garments Limited

Statement of Cash Flows For the year ended 30 June 2020

Particulars	Amount in Taka	
	30-06-2020	30-06-2019
Cash Flows from Operating Activities		
Collections from Turnover & Others	472,893,633	634,797,203
Payment for Cost & Expenses	(455,081,521)	(594,920,213)
Financial Expenses	(19,470,787)	(18,389,254)
Income Tax paid	(3,260,105)	(3,219,583)
	(4,918,780)	18,268,153
Cash Flows from Investing Activities		
Acquisition of Property Plant and Equipment	(10,624,153)	(11,830,847)
Investment in Share	(484,444)	-
Net Cash used in Investing Activities	(11,108,597)	(11,830,847)
Cash Flows from Financing Activities		
Received form Bank Loan and Others	6,196,296	50,730,402
Payment of Overdraft and Bank Loan	(102,753,292)	-
	(96,556,996)	50,730,402
Increase/(Decrease) in Cash and Cash Equivalents	(112,584,372)	57,167,708
Cash and Cash Equivalents at beginning of the year	124,323,719	67,156,011
Cash and Cash Equivalents at Closing of the year	11,739,347	124,323,719
Net Operating Cash Flows Per Share (Restated)	(0.67)	2.50



Chairman



Managing Director



Deputy Managing Director



Chief Financial Officer



Company Secretary

Notes to the Financial Statement For the period year ended 30 June 2020

- 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 materials 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 – 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) which are adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), 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 issued by IAS.
- B. Legal status and nature of the company-Disclosure under IAS-1 as adopted by The Institute of Chartered Accountants of Bangladesh as IAS-1 "Presentation of Financial Statements"**

Domicile. Legal Form and Country of Incorporation:

Desh Garments Limited (hereinafter referred to as "The Company") was incorporated in Bangladesh as a public company limited by shares on 27th December 1977. The Company used to run as to 100% export oriented industrial Units. 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 and only Unit -02 was in production. The company had done some BMRE in the year 2017-18 and 2018-19, and from financial year 2017-18 the board of directors has decided to merge two units to one unit. Since unit one has no operation and its remaining assets transferred to unit-2, and revised annual production capacity stands 41.28 lacs pcs at 100% efficiency. But the practical and considering standard efficiency of Bangladesh Garments Industry, the company's standard production capacity is 24 lac pcs oven shirts annually with daily 10 hours work shift.

Desh Garments Limited

Notes to the Financial Statement For the period year ended 30 June 2020

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 53/A, Kalurghat I/A, Chittagong.

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 50 officers, 68 Staff and 980 permanent/bodily/ contractual workers.

	Taka
i) 1,098 Staff/Officers/Employees drew yearly salary & allowances Of Tk. 45,000 or more	10,91,44,871
ii) - Staff/ Officers/Technicians and many other casual workers drew yearly salary/wages & allowances less than Tk. 45,000	—
<u>1,098</u>	<u>10,91,44,871</u>

C. Significant Accounting Policies- Disclosures.

1.0 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) as adopted by ICAB as per 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 2020.
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020.
- (iii) Statement of Changes in Equity for the year ended 30 June 2020.
- (iv) Statement of Cash Flows for the year ended 30 June 2020.
- (v) Accounting policies and explanatory notes.

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 as adopted by ICAB, "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%
Electrical Installation	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 as adopted by ICAB, "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 as adopted by ICAB, "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 as adopted by ICAB, "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, sale of shares 15%, Cash incentive 10% 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 tax liability under the Income Tax Ordinance from the financial year 2005-06, irrespective of the operational results. During the financial year 2019-20 the total amount of tax deducted/collected at source is Tk. 3,260,105 Deferred tax liability has not been considered on revaluation amount of property, plant & equipment.

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 IFRS-15 "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 as adopted by ICAB, "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 as adopted by ICAB;"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 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 2019-20 the receivables were 25,937,168.

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 (Amended in 2018) 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).

18.02 Reporting Period:

Financial Statements of the company cover one financial year from 01st July, 2019 to 30th June, 2020.

18.03 Comparative Information:

Comparative information have been disclosed in respect of the financial year 2019-20 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 2018-19 have been rearranged when ever considered necessary to ensure comparability with the current year.

18.04 Turnover:

Turnover comprises export of 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 to 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.9,880,350 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 42st Annual General Meeting of the company held on 19th December, 2019 the auditors' remuneration of Tk. 150,000 has been provided in the accounts which is the sum to be paid to auditors as their fixed remuneration for 2019-20. 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 30th June, 2020.

18.12 Credit Facility not availed of:

There were no general credit facilities other than those are stated in "Note-32" 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 some transactions with related parties during the year ended 30th June, 2020.

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 11% as against the gross profit earning of 10%, with Export Proceeds during the preceding year.

19.01 Post Balance Sheet Event

There were no significant events that has occurred between the balance sheet date and the date when the financial statements are authorized for issue by the board of director except that the board of directors of Desh Garments Limited Dhaka in meeting held on 28th October, 2020 has recommended 3% stock dividend declaration during the year subject to approval of shareholder in the ensuing Annual General Meeting.

Notes to the Financial Statement For the year ended 30 June 2020

20.00 Property Plant & Equipment : Tk. 127,991,395

At Cost 01 July 2019
Addition during the year
Less : Adjustment (Electrical Appliances and Crockeries & Cutleries)
Total Assets Value
Depreciation:
Opening balance
Charged during the year
Less : Adjustment (Electrical Appliances and Crockeries & Cutleries)

Amount in Taka	
30-06-2020	30-06-2019
219,194,980	207,470,645
10,624,153	13,174,335
-	(1,450,000)
229,819,133	219,194,980
90,367,150	79,034,977
11,460,588	11,332,173
-	-
101,827,738	90,367,150
127,991,395	128,827,831

Written down value

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

Changes of depreciation rate and accounting for depreciation on revalued amount included in the accumulated depreciation for the financial year 2019-20. Assets like crockeries & cutleries and Electric appliance have been removed from Fixed assets schedule since they were considered scrap. IAS-8 guideline has been followed to do the changes.

21.00 Inventories : Tk. 114,136,123

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				31,322,085
2	KC	Yds	56,328	10,645,992	12,045,028
3	Li & Fung	Yds	63,525	10,778,922	11,098,257
4	Shirt Maker	Yds	48,638	12,338,488	-
5	Crew	Yds	33,633	5,706,847	-
	TOTAL:		202,124	39,470,249	54,465,370

b) Accessories Assorted	2,352,125	3,917,209
c) Finished Goods	51,638,960	21,732,655
d) Work in Progress	20,674,789	20,263,452
Total	114,136,123	100,378,686

In advance sales order from buyer, order of raw materials and start production accordingly built up the closing stock at the year end 2019- 20.

22.00 Investment in shares Tk. 7,679,195

Particulars	No of Share	Market Rate	Market Value	Market Value
ANWARGALV	13,413	67.50	905,378	-
BSC	9,894		-	509,541
FUWANGFOOD	40,000	11.60	464,000	-
GQBALLPEN	500	66.10	33,050	-
KAY & QUE	2,724	207.40	564,958	-
WATACHEM	2,000		-	973,400
CDBL	571,181	10	5,711,810	5,711,810
	639,712		7,679,195	7,194,751

23.00 Investment in FDR Tk. Nil

The break up of the amount is as follows:

Balance as Per Last Account	-	1,576,894
Add: Addition during the period	-	-
Less: Adjustment/Sale during the period	-	(1,576,894)
	-	-

Desh Garments Limited

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka	
30-06-2020	30-06-2019

24.00 Accounts Receivable: Tk. 25,937,168

The amount of receivable is comprised of the following :

KHQ	2,849,999	33,538,225
LF Credit	8,042,249	25,825,039
Shirt Makers B. V.	11,345,541	
Crew Clothing Company	1,755,268	
Innovation Trading Com. Ltd	1,932,771	-
J. K. Shirt	11,340	3,381,750
	25,937,168	62,745,014

Due to change of payment term from Buyer end, the accounts receivables have creted from the financial year 2019-20

25.00 Other Receivable: Tk. 2,805,187

Cash Incentive against Export Sales

2,805,187

2,805,187

26.00 Loans, Advances and Prepayment (Considered good): Tk.1,035,021

These represent as follows :

Advance against Purchase	735,264	925,568
Security Deposits	26.01 299,757	299,757
	1,035,021	1,225,325

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

26.01 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
	299,757	299,757

27.00 Advance Income Tax Deducted at Source : Tk. 3,260,105

The break up of the amount is as under :

Balance as per last account	3,307,129	18,615,315
Additional during the year:		
Advance Income TAX	-	-
Tax deducted/Collected at Source	3,260,105	3,211,038
Adjustment during the year	(3,307,129)	(18,519,224)
	3,260,105	3,307,129

28.00 Cash and Bank Balances : Tk. 11,739,347

The break up of the amount is as under :

Cash in hand	28.01 521,152	1,451,159
Cash at Bank	28.02 11,218,195	122,872,560
	11,739,347	124,323,719

28.01 Cash in Hand : Tk. 521,152

The amount comprises of the following :

At Head Office	467,793	811,974
At Factory	53,359	639,185
	521,152	1,451,159

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka	
30-06-2020	30-06-2019

28.02 Cash at Bank : Tk. 11,218,195

The break up of the amount is as under :

Agrani Bank, Dhaka	38,812	39,457
Eastern Bank Ltd., Dhaka	7,526	7,853
National Bank Ltd., Dhaka	760	893
National Bank Ltd., Chittagong	158,628	25,046
Jamuna Bank, Kawranbazar, Dhaka	34,830	9,956
National Bank Ltd., MOB A/C	-	-
Mercantile Bank Ltd., Dhaka	187,308	158,293
Bank Asia Ltd	7,151	8,107
United Commercial Bank Ltd	20,477	20,863
National Bank Ltd. (Sundry Deposit)	-	-
NBL FC Account	-	-
Dutch Bangla Bank Ltd, Banani, Dhaka	40,597	157,243
Jamuna Bank Ltd. (Sundry Deposit)	9,721,117	44,497,047
JBL FC Account	1,000,990	919,391
JBL FCBPAR A/C-EDF Received from BB	-	77,028,411
	11,218,195	122,872,560

29.00 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.

29.01 Shareholders' Equity TK. 146, 374, 953

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

29.02 Issed, Subscribed and Paid up Capital: Tk.73,153,940

a) It represents the paid up capital of the company consisting of 7,315,394 ordinary shares of Tk. 10 each issued for cash and fully paid up.

b) Composition of Shareholders

Sl. No.	Particulars	2020			2019	
		No. of Shares	Value of Shares	%	No. of Shares	Value of Shares
1	Directors & Sponsors	4,247,212	42,472,120	58.06%	3,861,109	38,611,090
2	Other companies/institutions	362,062	3,620,620	4.95%	644,335	6,443,350
3	General Shareholders	2,706,120	27,061,200	36.99%	2,144,914	21,449,140
	TOTAL	7,315,394	73,153,940	100.00%	6,650,358	66,503,580

29.03 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%

30.00 Tax Holiday Reserve: Tk. 7,272,808

Balance is as per last account.

7,272,808	7,272,808
7,272,808	7,272,808

It represents accumulated Special Reserve U/S 45 of Income Tax Ordinance 1984

31.00 General Reserve : Tk. 1,477,579

Balance is as per last account.

1,477,579	1,477,579
1,477,579	1,477,579

Notes to the Financial Statement For the year ended 30 June 2020

		Amount in Taka	
		30-06-2020	30-06-2019
32.00	Capital Reserve : Tk. 50,243,455		
	The break up of the amount is as follows:		
	Balance as per last account	50,243,455	50,243,455
	Prior year Deferred Tax	-	-
	Opening balance restated	50,243,455	50,243,455
	Opening deferred tax		
	Adjustment of Income Tax/Advance Income Tax	-	-
	Depreciation on Revaluation	-	-
		50,243,455	50,243,455
33.00	Retained Earnings : Tk. 14,409,977		
	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 2020	79,969,348	83,479,200
		14,409,977	17,919,829
	This is the carry forward balance emanating through revaluation of fixed assets taken into account in		
34.00	Loans and Overdraft: Tk.106,254,476		
	The break up of the amount is as under :		
	Bank Loans and Overdraft	34.01 96,374,126	154,323,750
	Directors Loan (Unsecured)	34.02 9,880,350	9,909,136
		106,254,476	164,232,886
34.01	Bank Loans and Overdraft: Tk.96,374,126		
	Short-term Loan:		
	Packing Credit (JBL PC #)	1,273,473	17,824,325
	SOD Loan General (JBL #)	15,081,474	15,380,495
	EDF Loan (JBL)	14,237,780	101,014,757
	Short Term Loan (JBL)	20,962,785	11,962,211
	FDBP Loan (JBL)	-	8,141,962
	Current Portion of Long Term Loan	-	-
	Term Loan For current year's portion	7,029,216	
		58,584,727	154,323,750
	Long-term Loan:		
	Term Loan (Including Covid-19)	37,789,399	-
		37,789,399	-
		96,374,126	154,323,750

Packing Credit from Jamuna Bank Limited (JBL) is secured by hypothecation of stocks and export bill. EDF loan has been created 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.

Desh Garments Limited

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka	
30-06-2020	30-06-2019

34.02 Directors Loan (Unsecured): Tk.9,880,350

The Figure consists of as follows:

Balance as per last year	9,909,136	9,109,136
Add: Addition during the year	-	800,000
Less: Paid during the year	28,786	-
	9,880,350	9,909,136

This loan has been taken from Managing Director of the company to meet up the workers wages, which is non-interest bearing.

35.00 Liabilities for Goods : Tk. 11,783,793

This represents bills payable to foreign / local suppliers against different letters of credit at the close of the business on 30th June 2020.

The details are as follows:

M/S Samwon Trading	-	19,899,772
M/s Howaye Textile Co Ltd.	-	-
M/s. Suntex In't	-	5,985,319
M/s. R.M. Interlining	-	1,388,230
M/s. Jiangsu Textile Dyeing & Finishing Co.	-	5,239,927
M/s. Changzhou Jinheda Textile	-	-
M/s. Dacko Trading Com. Ltd.	-	3,162,384
M/s. Hameem Denim Ltd	-	5,102,361
M/s. Men's Fashions Ltd	-	983,455
M/s. Safe Printing	-	678,473
M/s. Juki BD Ltd.	9,909,480	-
Sundry Creditors	-	565,342
M/s. Link Target Textile Ltd.	690,651	-
M/s. Northern Int'l	1,183,662	-
	11,783,793	43,005,263

As stated earlier, due to excute advance sales order, placed by buyer, the liability for goods has increased significantly

36.00 Accrued Expenses : TK. 8,097,777

The break up of the amount is as follows :

Audit fee	172,500	115,000
Salary, wages and others	7,025,658	17,120,637
Income Tax Payable	899,619	769,933
	8,097,777	18,005,570

37.00 Worker's Profit Participation & Welfare Fund TK. 8,796,674

The break up of the amount is as follows :

Workers profit participation & W. F.	36.01	8,588,307	8,250,910
Employees Provident Fund		208,367	208,367
		8,796,674	8,459,277

37.01 Worker's Profit Participation & Welfare Fund : TK. 8,588,307

The break up of the amount is as follows :

Balance as per last year	8,250,910	7,875,066
Add: Contribution during the year	337,397	915,844
	8,588,307	8,790,910
Less: Payment during the year	-	(540,000)
	8,588,307	8,250,910

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka		
30-06-2020	30-06-2019	
38.00 Dividend Payable : Tk. 10,025,700		
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	1,525,975
Unclaimed Dividend for June-30, 1996	118,660	118,660
Unclaimed Dividend for June-30, 1997	119,300	119,300
	10,025,700	10,025,700

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 Provison for Income Tax: Tk. 3,260,105

The break up of the amount is as under :

Opening Balance	2,301,554	18,519,224
Adjustment during the year	(2,301,554)	-
Addition the year	3,260,105	(16,217,670)
Closing Balance	3,260,105	2,301,554

40.00 Proposed Dividend

The Board of Directors recommended @ 3% stock Dividend to all Shareholders for the financial year 2019-20.

41.00 Turnover/Export Proceeds : Tk. 434,005,332

Turnover comprises of export sales for the year ended 30 June 2020.

Export Proceeds	434,005,332	671,209,539
Subcon Income	-	-
Total	434,005,332	671,209,539

42.00 Cost of Goods Sold: Tk. 387,976,885

The break up of the amount is as follows :

<u>Particulars</u>	<u>Note</u>		
Materials consumed	42.01	291,870,947	447,173,231
Factory overheads	42.02	114,960,690	130,489,850
Depreciation		11,051,553	8,301,846
		417,883,190	585,964,927
Add : Opening Stock of Finished Goods		21,732,655	39,857,657
		439,615,845	625,822,584
Less : Closing Stock of Finished Goods		(51,638,960)	(21,732,655)
		387,976,885	604,089,929

42.01 Raw Materials Consumed : Tk. 291,870,947

The break up of the amount is as follows :

Opening Stock	77,396,349	84,817,089
Add : Purchases	276,971,761	439,752,491
	354,368,110	524,569,580
Less: Closing Stock	(62,497,163)	(77,396,349)
	291,870,947	447,173,231

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka	
30-06-2020	30-06-2019

42.02 Factory Overheads : Tk.114,960,690

The break up of the amount is as follows :

Sl. Nos	Particulars	30 June 2020	30 June 2019
1	Salary & Allowances	12,569,843	13,440,072
2	Wages	88,246,581	97,305,294
3	Carriage Inward & Outward	412,040	718,900
4	Labor Charge	56,670	71,395
5	Conveyance	40,269	66,723
6	Entertainment	23,127	37,934
7	C & F Expenses	6,183,886	9,075,561
8	Repairs and Maintenance	773,292	1,759,041
9	Electricity, Gas & Generator Fuel	5,710,297	6,886,055
10	Photocopy, Printing & Stationery	135,060	194,592
11	Telephone Bill, Mobile & Internet	100,000	126,000
12	Miscellaneous Expenses	5,000	5,000
13	Postage, Stamp & Courier	52,349	133,348
14	Medical & Workers Welfare	33,252	42,189
15	WASA Bill	286,865	365,065
16	Newspapers & Journals	1,520	1,770
17	Rest House Expenses	25,320	67,501
18	Fees & Forms	228,819	43,410
19	New Year Expenses	76,500	150,000
Total		114,960,690	130,489,850

43.00 Administrative & Selling Expenses : Tk. 24,695,357

The break up of the amount is as follows :

Sl. Nos	Particulars	30 June 2020	30 June 2019
1	Salary of Management & Non-management	8,328,447	12,852,060
2	Electricity & WASA	919,330	958,966
3	Printing, Stationery & Photocopy	65,004	168,650
4	Repairs & Maintenance Vehicles and Others	68,520	216,836
5	Postage, Stamps and Courier	22,140	60,134
6	Audit Fees	172,500	115,000
7	Travelling & Conveyance	65,828	152,170
8	Advertisement	5,365	9,965
9	Office Rent	5,159,280	5,159,280
10	AGM Expenses	84,400	218,436
11	Export Expenses	1,095,482	2,632,201
12	Legal Consultancy & Professional Fee	5,000	5,000
13	Entertainment	28,704	41,833
14	Forwarding Expenses	471,165	1,683,700
15	Fees & Forms	23,410	23,870
16	Insurance Premium	1,642,973	1,762,622
17	Donation & Subscription	15,000	20,000
18	Miscellaneous Expenses	5,000	5,000
19	BGMEA Fee	12,000	12,000
20	Telephone, Telex, Fax, Mobile & Internet	509,606	493,065
21	Rest House Rent	246,000	246,000
22	Land Development Tax	144,150	126,000
23	Depreciation	409,035	3,030,327
24	Trade Discount	5,197,018	1,678,129
25	Training and Development Expenses	-	266,824
Total		24,695,357	31,938,068

Desh Garments Limited

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka	
30-06-2020	30-06-2019

44.00 Financial Expenses : Tk. 19,470,787

The break up of the amount is as follows :

Bank Charge & Commission (BBLC)	1,821,122	5,291,955
Bank Interest	1,264,295	2,775,615
Bank Charge & Commission	2,183,863	3,787,356
Bank Interest on Overdraft and Packing Credit	17,206,886	5,785,344
Exchange Rate Fluctuation	(3,005,379)	748,984
	19,470,787	18,389,254

45.00 Other Income : Tk. 4,885,642

The break up of the amount is as follows :

Cash Dividend	1,427,953	1,427,953
Capital gain from share sale	652,502	-
Sale of Motor Vehicle	-	738,608
Cash Incentive	2,805,187	
	4,885,642	2,166,561

46.00 Income Tax Provision : Tk. 3,260,105

46.01 Income Tax Provision during the year

Sales	434,005,332
Add: Dividend	1,427,953
Add: Capital Gain	652,502
Gross Receipt of the co.	436,085,787
A Minimum Tax @0.6%	2,616,515
B Tax paid during the year (AIT)	
Income from Garments Business	2,944,514
Income from Dividend @ 20%	285,591
Vehicles	30,000
Total	3,260,105
C Tax @ 12% on profit	769,266

The break up of the amount is as follows :

Income from Garments Business	2,596,120	1,905,173
Income from Dividend @ 20%	285,591	285,590
Income from Capital gain @ 15%	97,875	110,791
Income from Cash Incentive @ 10%	280,519	-
	3,260,105	2,301,554

Current Tax whichever is higher

47.00 Deferred Tax : Tk. (9,936)

Carrying value of Assets_ Accounting Base	127,991,396	128,827,831
Carrying value of Assets_ Tax Base	128,074,199	129,024,771
Temporary Difference	(82,803)	(196,940)
Tax Rate	12%	12%
Deferred Tax	(9,936)	(23,633)

As per previous submission of tax return (assessment not completed) in prior year, the company's tax base and accounting base assets WDV was same. However, the changes of accounting estimates (IAS- 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.

Notes to the Financial Statement For the year ended 30 June 2020

Amount in Taka	
30-06-2020	30-06-2019

48.00 Gain/ (loss) on Marketable Securities (Unrealized) : Tk. (182,805)

Particulars	No of Share	Avg Cost	Cost	Market Rate	Market Value	Unrealized Gain / (Loss)
ANWARGALV	13,413	74.26	996,087.68	67.50	905,377.50	(90,710.18)
FUWANGFOOD	40,000	13.69	547,533.33	11.60	464,000.00	(83,533.33)
GQBALLPEN	500	65.96	32,981.40	66.10	33,050.00	68.60
KAY & QUE	2,724	210.57	573,588.11	207.40	564,957.60	(8,630.51)
CDBL	571,181	10	5,711,810	10	5,711,810.00	-
	627,818		7,862,001		7,679,195.10	(182,805)

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

49.00 Basic Earnings Per Share (EPS):

The computation of EPS is given below:

Earnings attributable to the Ordinary Shareholders	3,140,508	16,985,225
Number of Ordinary Shares	7,315,394	7,315,394
During the year EPS Basic (Restated)	0.43	2.32

50.00 Contingent Liability

There was no Contingent Liability as on 30.06.2020

51.00 Net Operating Cash flow per share (NOCFPS)

(0.67) 2.50

Net Cash flow from operating activities	(4,918,780)	18,268,153
Weighted average number of shares outstanding as on 30.06.2020	7,315,394	7,315,394

51.01 Cash received from customers

472,893,633

Export Revenue	434,005,332
Add: Opening Balance of Accounts Receivable	62,745,014
Less: Closing Balance for Accounts Receivable	25,937,168
	470,813,178

Other Income	4,885,642
Add: Opening Balance of others Receivable	-
Less: Closing Balance for Others Receivable	2,805,187
	2,080,455

51.02 Cash payments to suppliers & others

(455,081,521)

Costs Of Goods Sold	(387,976,885)
Increase/ (Decrease) Inventory	13,757,437
Increase/ (Decrease) Others Liabilities	(31,221,470)
Increase/ (Decrease) Loans, Advances & Prepayments	190,304
Increase/ (Decrease) Accrued Expenses	(9,907,793)
Increase/ (Decrease) WPP & WF	337,397
Factory Overhead, Admin. & Others Expenses	(40,260,511)

52 Related Party Transaction

During the year 2019-20 the company concluded business deals with the following organizations in which the directors had interest:

Name of Organization	Relationship	Transaction value for the year ended 30 June 2020
Jenk Industries Ltd.	Common Director	552,000
Desh Venture Ltd.	Common Director	1,100,000
Desh International Ltd.	Common Director	3,000,000

Desh Garments Limited

Desh Garments Limited

Schedule Of Property Plant & Equipment

As at 30 June 2020

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 2020
	Balance as on 01 July 2019	Addition during the year	Sales/ Adjustment	Total as on 30 June 2020	Rate	Balance as on 01 July 2019	Charged during the year	Sales / Adjustmen t	Total as on 30 June 2020	
Land and Land Development	30,484,000	-	-	30,484,000		-	-	-	-	30,484,000
Factory Building - A	40,226,400	-	-	40,226,400	5%	4,440,744	1,789,283	-	6,230,027	33,996,373
Factory Building - B	16,181,582	-	-	16,181,582	5%	3,026,024	657,778	-	3,683,802	12,497,780
Plant & Machinery	82,840,749	10,008,780	-	92,849,529	15%	53,838,669	5,851,629	-	59,690,298	33,159,231
Electrical Installation	12,055,842	253,675	-	12,309,517	15%	4,779,793	1,129,459	-	5,909,251	6,400,266
Office Equipment	3,273,579	16,140	-	3,289,719	15%	2,420,970	130,312	-	2,551,282	738,437
Furniture & Fixture	8,262,111	47,358	-	8,309,469	10%	3,246,493	506,298	-	3,752,791	4,556,678
Motor Vehicle	11,782,968	-	-	11,782,968	20%	8,014,854	753,623	-	8,768,477	3,014,491
Boiler and Water Softener	443,297	-	-	443,297	15%	433,102	1,529	-	434,631	8,666
Generator	7,458,928	-	-	7,458,928	15%	5,454,890	300,606	-	5,755,495	1,703,433
Tools and Equipment	42,061	-	-	42,061	10%	33,357	870	-	34,228	7,833
Fire Extinguisher	618,333	22,000	-	640,333	15%	370,734	40,440	-	411,174	229,159
Computer & Computer Software	3,191,430	276,200	-	3,467,630	20%	2,436,070	206,312	-	2,642,382	825,248
Power Substation	1,060,000	-	-	1,060,000	20%	1,001,726	11,655	-	1,013,381	46,619
Road, Bridge and Fencing	1,273,700	-	-	1,273,700	20%	869,723	80,795	-	950,518	323,182
TOTAL TAKA:	219,194,980	10,624,153	-	229,819,133		90,367,150	11,460,588	-	101,827,738	127,991,396

Depreciation has been charged to:

Production	11,051,553
Administration	409,035
Taka	11,460,588



HIGH COMMISSION FOR THE PEOPLE'S REPUBLIC OF BANGLADESH

28 Queen's Gate, London, SW7 5JA

Phone: 0171 584 0081

Telex: 918016

Fax: 0171 225 2130

তারিখ: সেপ্টেম্বর ১৪, ১৯৯৮

শোক বাণী

বীর মুক্তিযোদ্ধা ও সাবেক সচিব জনাব নুরুল কাদের খানের অকাল মৃত্যুতে আমরা গভীরভাবে শোকাহত। আমরা তাঁর শোক সন্তপ্ত পরিবারের প্রতি জানাই গভীর সমবেদনা। বীর মুক্তিযোদ্ধা জনাব খান একান্তরের মুক্তিযুদ্ধের দিনগুলোতে মুজিবনগর সরকারের সচিব হিসাবে অত্যন্ত গুরুত্বপূর্ণ ভূমিকা পালন করেন। স্বাধীন বাংলাদেশের প্রথম সরকারের সচিব হিসাবে যুদ্ধবিধ্বস্ত বাংলাদেশের পুনর্গঠনেও তাঁর ভূমিকা অত্যন্ত প্রশংসনীয়। তিনি আমাদের পরবর্তী প্রজন্মের সামনে সাহস আর প্রজ্ঞার জন্য এক অনুস্মরণীয় ও বরণ্য ব্যক্তিত্ব।

আমরা আল্লাহর কাছে তাঁর রুহের মাগফেরাত কামনা করি এবং দোয়া করি আল্লাহ যেন তাঁর পরিবারকে এই অপূরণীয় ক্ষতি কাটিয়ে উঠার শক্তি ও মনোবল প্রদান করেন।

বাংলাদেশ হাইকমিশনের সকল সদস্যবৃন্দ

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 43rd Annual General Meeting of the Company to be held on the 27th December, 2020 at 12.15 p.m. or at any adjournment thereof. As witness my/our hand this day of December, 2020 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 43rd 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 43rd Annual General Meeting held on the 27th December, 2020 at 12.15 p.m. in Dhaka.

Name of the Member/Proxy

Folio/B.O. No.

Signature
(Shareholder/Proxy)

পরিচালকবৃন্দ
দেশ গার্মেন্টস লিমিটেড

প্রস্তুতি ফর্ম

আমি/আমরা, ঠিকানা.....
..... দেশ গার্মেন্টস লিমিটেড-এর শেয়ারহোল্ডার হিসাবে এতদ্বারা
জনাব/জনাবা ঠিকানা
..... কে
আগামী ২৭ই ডিসেম্বর, ২০২০ইং তারিখে দুপুর ১২.১৫ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৪৩তম বার্ষিক সাধারণ সভায় এবং পরবর্তী
মূলতবী সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০২০ইং সনের ডিসেম্বর 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 ৪৩তম 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

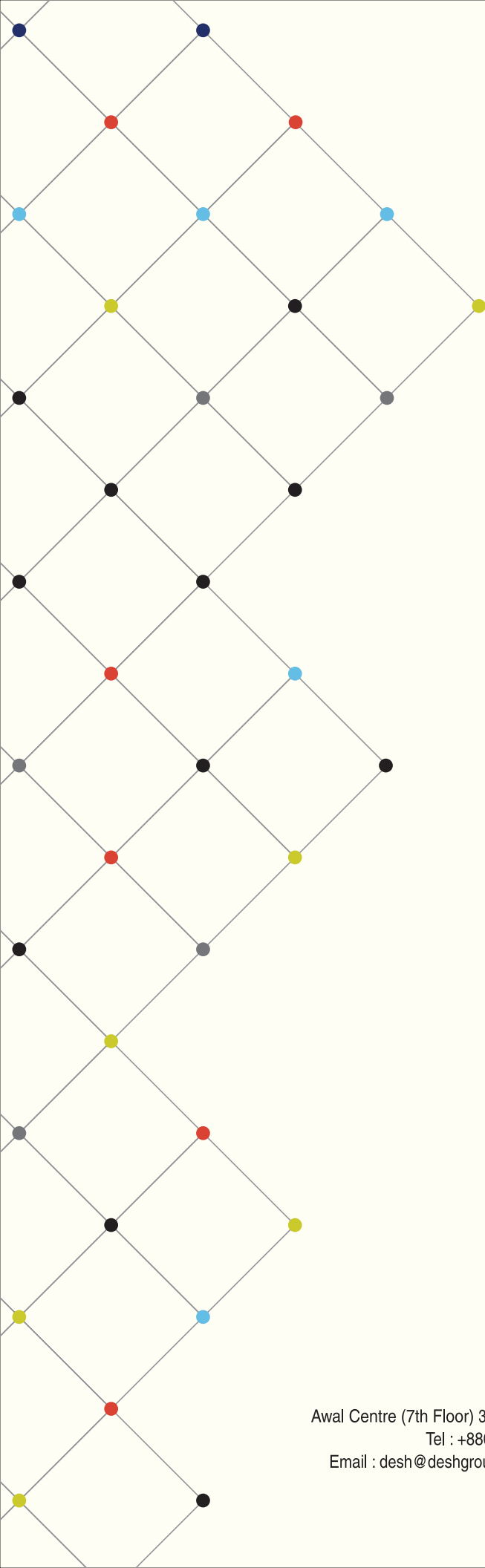
(এ রশিদটি পূরণ করে সভা কক্ষে জমা দিতে হইবে)

২৭ই ডিসেম্বর, ২০২০ ইং তারিখে দুপুর ১২.১৫ মিনিটে ঢাকায় অনুষ্ঠিত কোম্পানীর ৪৩তম 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

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