

Annual Report 2016-2017

বার্ষিক প্রতিবেদন ২০১৬-২০১৭





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
Director

Desh Garments Limited



39th Annual General Meeting

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2017/152



Date of issue : 21st March 2017

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 2017.




Secretary-General
(Acting)

ANNUAL REPORT

2016-2017



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 on 30th June, 2017.

Dear Sir(s),

We are pleased to enclose a copy of the Annual Report together with the Audited Accounts including Statement of Financial Position as at June 30, 2017, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year ended on 30 June, 2017, along with notes thereon and all related consolidated Financial Statements for your kind information, records and necessary advise.

Yours faithfully,

Sd/-
Dr. K. Moulic
Company Secretary

Dated : 30th November, 2017

Notice of the 40th Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Thursday the 21st December, 2017 at 11.30 a.m. in the Auditorium of Muktijuddha Shmritee Milonayaton, Institution of Diploma Engineers Bangladesh, 160/A, Kakrail, V.I.P. Road, Dhaka-1000 to transact the following business :

01. To receive, consider and adopt the Audited Accounts of the Company for the year ended on 30th June, 2017 together with Report of the Directors and Auditors thereon.
02. To declare dividend.
03. To elect Directors.
04. To Appoint Mr. Beg Md. Nurul Azim, FCA as Independent Director for another term.
05. To appoint auditors for the year 2017-2018 and to fix their remuneration.

By order of the Board

Dated : Dhaka
28 October 2017

Sd/-
Dr. K. Moulic
Company Secretary

Notes:

The **Record Date** is 16 November, 2017.

Members of the company whose names appear in the register of members upto record date to be entitled to dividend for the year 2016-2017 to be approved by the Shareholders in the Annual General Meeting.

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

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

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

Written queries, if any, expected to be replied at the Annual General Meeting on the Audited Accounts for the year ended 30th June 2017 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 issued by the Bangladesh Securities and Exchange Commission (BSEC). The company's internal control and reporting procedures are adequate and effective. Corporate Governance involves decision making process for any corporate body as a going concern for the benefit of all concerned, present and future. The involvement of the entrepreneur in all these areas invokes decision making governance on a continuous basis. These aspects of governance are shared by the Board of Directors, Executive Management, operational participants, workers and others in fulfillment of the common goals that converge in increasing the benefits of all stakeholders.

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

a) **Constitution:**

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

b) **Role & Responsibilities:**

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

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

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

d) **Audit Committee of Board:**

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

e) **Executive Management:**

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

f) **Independent Directors:**

We are pleased to inform you that Mr. Beg Md. Nurul Azim, FCA as eminent Chartered Accountants of the country. He is a knowledgeable person with integrity and capable to ensure compliance with financial, regulatory and corporate laws and can make meaningful contributions to the conduct of the business of the company and also safeguard the interest of the shareholders. Mr. Subhash Chandra Bose was appointed as an Independent Director. Mr. Bose had his education in commerce and worked as lecturer in commerce in a college during 1960-1971. In early 1973 he gave up teaching job and joined business and worked in different business houses in Dhaka and Chittagong in different decision making levels. He has in his possession excellent practical business knowledge and deep understanding of business transactions and profit and loss calculations etc. The number of Directors of Desh garments Limited is now 5 Directors which is the requirement of Board's Size as per Bangladesh Securities & Exchange Commission Notification No. SEC/CMRRCD/2006-158/134/ Admin/44 dated 7th August, 2012 as amended by notification dated July 21, 2013 stand fully complied with.

Desh Garments Limited

MANAGEMENT APPARATUS:

A. Board of Directors:

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

Auditors:

MABS & J Partners
Chartered Accountants
SMC Tower (7th Floor),
33, Banani, C/A., Road 17
Dhaka-1213

Banker:

Jamuna Bank Limited
Dhaka.

B. Audit Committee:

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

Legal Advisors:

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

C. Management Committee:

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

Insurance:

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

D. Senior Corporate Officials:

Dr. K. Moulic	Company Secretary (CS)
Mr. Nazmul Huda Mullick	Chief Financial Officer (CFO)
Mr. A.Z.M. Ahsanullah	Head of Internal Audit (HIA)

Listing:

Dhaka Stock Exchange Ltd.
Dhaka.

REGISTERED OFFICE

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

FACTORY

53/A, Kalurghat Industrial Area
Chittagong.

CORPORATE HISTORY

1. Date of Incorporation : 27th December, 1977
2. Year of Commencement of Business : 1977
3. Date of IPO : 19th June, 1989
4. Date of listing with DSE : 24th September, 1989
5. Authorised Capital : TK.100,000,000.00
6. Paid up Capital : TK. 52,572,000.00
7. Number of Shareholders : 2,086
8. Number of total Employees : 1,121
9. Main product : Woven Shirts
10. Main Export Market (countries) : USA, Canada, EU

CORPORATE OPERATIONAL RESULTS

Figure in Taka

PARTICULARS	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Total Turnover	375,722,677	410,453,025	437,540,598	261,137,471	258,210,120
Gross Profit	61,899,500	58,944,812	34,631,338	20,843,845	18,162,373
Net Profit (AT)	34,463,291	26,112,654	8,370,786	3,553,128	2,962,873
Earning Per Share (Restated)	6.56	4.97	1.59	0.68	0.57
Dividend Rate (%)	5% Cash & 15% Stock	30% Stock	20% Stock	10% Cash	7% Cash
Total Assets	238,984,900	247,124,173	260,106,253	214,121,533	177,322,104
Total Liabilities	(138,673,683)	(174,719,905)	(210,477,368)	(172,863,434)	(136,247,133)
Net Asset Value	100,311,217	72,404,268	49,628,885	41,258,099	41,074,971
N.A.V. Per share (Restated)	19.08	13.77	9.44	7.85	7.81

Desh Garments Limited

Bismillahir Rahmanir Rahim Directors' Report to Shareholders for the year ended on 30th June, 2017

Dear Shareholders,
Assalamu Alaikum,

I am pleased to welcome you to the 40th Annual General Meeting of the company being held at this pleasant morning, at the Auditorium of Muktiyuddha Shmritee Milonayaton, Institution of Diploma Engineers Bangladesh, Kakrail, Dhaka. In terms of section 184 of the Companies, Act, 1994 and the Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 1987, I am pleased to present, on behalf of the Board of Directors, the Report of the Directors on the activities of the company together with the Auditors' Report thereon for the year ended on 30th June, 2017 for your kind consideration and approval.

INDUSTRY OUTLOOK:

Ready Made Garments Industry (RMGI) is the main stay of Bangladesh economy at present. This industry was born in Bangladesh during 1976-78 when late M. Noorul Quader, the founder Chairman and Managing Director of Desh Garments Limited signed a contract with Daewoo Corporation of South Korea for providing technical and marketing collaboration for setting up of 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 130 young Bangladeshis, adequately trained for 6 months in all aspect of garments making and its business at Daewoo's factory at Busan, South Korea. This was the very first time women were sent abroad for any sort of industrial training. 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 was able to introduce Back to Back L/C System for non-funded import of raw materials, and Custom Bonded Warehousing system for storing and using of imported raw materials without payment of custom duty for two years. Thus, in short, the four factors mentioned below were introduced, negotiated and were a major contribution by Noorul Quader as far as the methods to do business in Bangladesh were concerned. They were – (1) The first ever training of 130 people on the technical and marketing

know-how of the export oriented RMG industry, (2) Back-to-Back Letter of Credit banking system, (3) Custom Bonded Warehousing facility at the factory level and, finally, (4) Allowing of Utilization Permits on paper calculations. These factors 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 factories employing 120,000 workers and earning US\$ 31.57 million during 1982-83. The industry has grown into the highest export earner accounting for US\$ 28.14 billion, being 81.23 % of national export and becoming the highest employer of Bangladesh employing 4 million workers, out of which 80% are women.

The export of shirts, which is the main export item of Desh Garments Ltd., registered a sharp increase from \$1.24 billion (from country's total shirt exports) in 2009-10 to \$14.393 billion in 2016-17, growth in 7 years was 1161 % registering average annual growth of 166 % only in shirt exports. Further, the government has set annual export target of US\$ 50 billion from total RMG sector by 2020-21, from an earning of US\$ 28 billion of 2016-17 indicating expected growth of 178% in four years that is 44.42% per year. All these figures indicate existence of very good opportunities for investment and expansion in this sector. We have planned to expand our production capacities from ten lines to twenty lines in future on coming.

CURRENCY RISK:

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

Desh Garments Limited

INTEREST RATE RISK:

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

OPERATIONS:

We have successfully completed another year of operation. During this year, we concentrated on increasing the efficiency in the production and financial side, strictly enforcing cost control measures. However, because of not getting higher prices our total export reduced to US\$4.82 million from previous US\$5.26 million, i.e. 8% lower. However, due to various cost control measures and strict disciplines at all levels the gross profit and net profit increased from US\$0.76 million and US\$0.33 million during last year to US\$0.79 million and US\$0.44 million during 2016-17, i.e. increase in gross profit and 33 % increase in net profit.

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

FINANCIAL RESULT:

Summarized comparative results for the years 2016-2017 and 2015-2016 are given below:

	2016-2017 (Taka)	2015-2016(Taka)
Turnover (Exports)	375,722,677	410,453,025
Gross Profit/(Loss)	61,899,500	58,944,812
Operating Profit	42,198,716	37,569,189
Other income	2,561,813	2,673,495
Cost of Goods Sold	313,823,177	351,508,213
Net Profit before tax	39,460,147	32,718,665
Net Profit after tax	34,463,291	26,112,654
Earnings Per Share (EPS) - (Restated)	6.56	4.97
Net Assets Value (NAV) - (Restated)	19.08	13.77
Face Value of share (Tk.)	10.00	10.00
Net Operating Cash Flows per share - (Restated)	2.11	2.23

Board Meeting and Attendance:

Seven (7) board meetings were held during the year under review (2016-2017). The attendance record of the directors is as follows:

Name of Directors	Position	Meetings held	Attended
Mrs. Rokeya Quader	Chairman	07	07
Mr. Omar Quader Khan	Managing Director	07	07
Ms. Vidiya Amrit Khan	Director	07	07
Mr. B.M. Nurul Azim, FCA	Independent Director	07	05
Mr. Subash Chandra Bose	Independent Director	07	07

The tenure as Independent Director of Mr. B. M. Nurul Azim expired on 12.08.2017 as well as Board took decision, extension another one term as Independent Director which will be effect on 28.10.2017.

Desh Garments Limited

Shareholding

The Pattern of shareholding as on 30.06.2017 is as follows:

Sl. No.	Name-wise details	No. of Shareholding	Percentage %	Remarks
	Parent/Subsidiary/Associate Company			
i)	Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:			
	Director:			
	Mrs. Rokeya Quader	427,627	8.13	
	Mr. Omar Quader Khan	1,829,724	34.80	
	Ms. Vidiya Amrit Khan	790,654	15.03	
	Mr. B.M. Nurul Azim, FCA	156		Independent Director
	Mr. Subash Chandra Bose	156		Independent Director
	Company Secretary (CS)	156		
	Chief Financial Officer (CFO)	-	-	
	Head of Internal Audit (HIA)	-	-	
ii)	Executives (Top five salaried persons) other than CEO, CS, CFO, HIA)	-	-	
	Mrs. Jolly Hassan	-	-	
	Mr. Modasser Ahmed	-	-	
	Mr. Md. Zafrul Enayet Ullah	-	-	
	Mr. Alauddin Ahamed	-	-	
	Mr. Mahmudur Rahmman	-	-	

Shareholders holding 10% or more voting right

1.	Mr. Omar Quader Khan	1,829,724	34.80	
2.	Ms. Vidiya Amrit Khan	790,654	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.

ACCUMULATED LOSS

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

Desh Garments Limited

REVALUATION 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. However, depreciation on the incremental value of the factory building and the electrical installation were not charged considering the shareholders interest.

FIXED ASSET REGISTER

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

DIVIDEND

The Profit after Tax earned during the financial year under the report is Tk.34,463,291.00. Considering the current years' profits, the directors, recommend 15 % stock dividend and 5 % cash dividend to all shareholders of the company.

MANAGING DIRECTOR'S REMUNERATION

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

RETIREMENT OF DIRECTOR BY ROTATION

Mrs. Rokeya Quader is due to retire by rotation as per Article 122 of the Articles of Association of the Company and being eligible, she seeks re-election as per Article 124.

INDEPENDENT DIRECTOR

As three years services as Independent Director of Mr. B.M. Nurul Azim has expired and being agreeable, the Board has extended his tenure for another one term with effect from 28.10.2017 as per SEC's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07.08.2012.

APPOINTMENT OF AUDITORS

M/s. MABS & J Partners, Chartered Accountants, retire at this Annual General Meeting and M/s. Pinaki & Company, Chartered Accountants have expressed their willingness as per their offer letter No.Pinaki/MHN/DESH/2017-01 dated 30.10.2017 Auditors are required to be appointed at this Annual General Meeting and fixed their remuneration.

MANAGEMENT APPRECIATION

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

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

The status of compliance as required in pursuance of notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 as amended by notification No.SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 of Bangladesh Securities and Exchange Commission is given in Annex-02 and the audit committee report for the year 2016-2017 is also enclosed vide Annex-03.

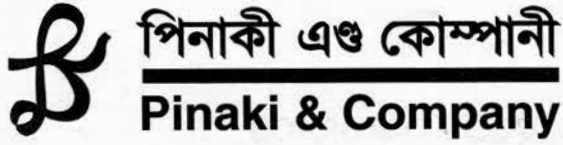
Thanking you,

sd/-

Rokeya Quader

Chairman

Dated : **28/10/2017**



Chartered Accountants



**Certificate on compliance of conditions of corporate governance guidelines to
the shareholders of**

Desh Garments Limited

We have examined the compliance of conditions of corporate governance guidelines of Bangladesh Securities And Exchange Commission (BSEC) by Desh Garments Limited as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRCD/2006 – 158/134/admin/44 dated August 07, 2012 and SEC/CMRRCD/2006-158/147/Admin/48 dated 21 July, 2013 (the “conditions of corporate governance guidelines”) for the year ended 30th June 2017.

The compliance of conditions of corporate governance guidelines as stated in the aforesaid notification and reporting of the status of compliance is the responsibility of the company’s management. Our examination for the purpose of issuing this certification was limited to the checking of procedures and implementations thereof, adopted by the company for ensuring the compliance of conditions of corporate governance and correct reporting of compliance status on the attached statement on the basis of evidence gathered and representation received.

According to the information and explanations provided by the company, we hereby certify that in our opinion, the company has complied with all the conditions of Corporate Governance Guidelines issued by BSEC.

Dated: Dhaka
October 28, 2017

Pinaki Das

Pinaki Das, FCA
Senior Partner
ICAB Enrolment No. 151
For Pinaki & Company
Chartered Accountants

CORPORATE GOVERNANCE COMPLIANCE REPORT

CORPORATE GOVERNANCE COMPLIANCE REPORT

Status of compliance with the conditions imposed by the Bangladesh Securities and Exchange Commission's Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 07 august, 2012 as amended by notification no. SEC/CMRRCD/2006-158/147/Admin/48 dated July 21, 2013 issued under section 2CC of the Bangladesh Securities and Exchange Ordinance, 1969 is presented below:

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	Board of Directors (BoD)			
1.1	Board's Size: Board's Size (number of board members-minimum 5 and maximum 20)	√		
1.2	Independent Directors			
1.2(i)	At least one fifth (1/5) of the total number of directors shall be Independent directors	√		
1.2(ii)	Independent Director means a director			
1.2(ii) (a)	Who either does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		
1.2(ii) (b)	Who is not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship. His/her family members also should not hold above mentioned shares in the company	√		
1.2(ii) (c)	Who does not have any other relationship whether pecuniary or otherwise with the company or its subsidiary/ associated companies	√		
1.2(ii) (d)	Who is not a member, director or officer of any stock exchange	√		
1.2(ii) (e)	Who is not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2(ii) (f)	Who is not a partner or executive or was not a partner or an executive during the preceding 3 (three) years of the companies' statutory audit firm	√		
1.2(ii) (g)	Who shall not been an independent director in more than 3 (three) listed companies	√		
1.2(ii) (h)	Who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution(NBFI)	√		
1.2(ii) (i)	Who has not been convicted for a criminal offence involving moral turpitude	√		
1.2(iii)	Independent Director(s) shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting(AGM)	√		

Desh Garments Limited

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.2(iv)	The post of independent director(s) cannot remain vacant for more than 90(ninety)days	√		
1.2(v)12	The Board shall lay down a code of conduct of all board members and annual compliance of the code to be recorded	√		
1.2(vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		
1.3	Qualification of Independent director(ID)			
1.3(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial regulatory and corporate laws and can make meaningful contribution to business	√		
1.3(ii)	Independent Director should be Business Leader/ Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or law background/ Professional like Chartered Accountants, Cost & Management Accountants, and Chartered Secretaries. The independent director must have at least 12(twelve) years of corporate management/ professional experiences	√		
1.3(iii)	In special cases the above qualifications may be relaxed subject to prior approval of commission	-	-	Not applicable
1.4	The Chairman of the board and the Chief executive officer: The Chairman of the board and the Chief executive officer (CEO) shall be different individuals. The chairman shall be elected from the directors. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the CEO	√		
1.5	The directors' report shall include the following additional statements under section 184 of the companies Act, 1994 (Act No. XVIII of 1994)			
1.5(i)	Industry outlook and possible future developments in the industry	√		
1.5(ii)	Segment-wise or product –wise performance			Not applicable
1.5(iii)	Risk and concerns	√		
1.5(iv)	A discussion on Cost of goods sold, Gross profit Margin and Net Profit Margin	√		
1.5(v)	Discussion on continuity of any Extra-Ordinary gain or loss	--	--	Not applicable
1.5(vi)	Basis for related party transactions-a statement of all related party transactions should be disclosed in the annual report	√		
1.5(vii)	Utilization of proceeds from public issues, right issues and/or through any other instruments			Not applicable

Desh Garments Limited

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5(viii)	An explanations if the financial results deteriorate after the company goes for Initial Public Offering(IPO)			Not applicable
1.5(ix)	If significant variance occurs between quarterly financial performance and annual financial statements, the management shall explain about the variance			Not applicable
1.5(x)	Remuneration to directors including independent directors	√		
1.5(xi)	The financial statements present fairly its state of affairs , the result of its operations, cash flows and changes in equity	√		
1.5(xii)	Proper books of account have been maintained	√		
1.5(xiii)	Adaption of appropriate accounting policies & estimates	√		
1.5(xiv)	IAS/BAS/IFRS/BFRS as applicable in Bangladesh have been followed and adequate disclosure for any departure	√		
1.5(xv)	The system of internal control is sound in design and has been effective implemented and monitored	√		
1.5(xvi)	Going Concern (ability to continue as a going concern)	√		
1.5(xvii)	Highlight and explain significant deviations from the last years operating results	√		
1.5(xviii)	Key operating and financial data of at least preceding 5(five) years shall be summarized	√		
1.5(xix)	Reason for non-declaration of dividend	-	-	Not applicable
1.5(xx)	The number of board meeting held during the year and attendance by each director	√		
1.5(xxi)	Pattern of shareholding and name wise details (disclosing aggregate number of shares)			
1.5(xxi)(a)	Parent/Subsidiary/Associate Companies and other related parties	√		
1.5(xxi)(b)	Directors, Chief Executive Officer(CEO), Company Secretary(CS), Chief Financial Officer(CFO), Head of Internal Audit(HIA) and their spouses and minor children	√		
1.5(xxi)(c)	Top five executives other than mentioned above			Not applicable
1.5(xxi)(d)	Shareholders holding ten percent (10%) or more voting interest in the company	√		
1.5(xxii)	In case of the appointment/re-appointment of a director, disclose			
1.5(xxii)(a)	A brief resume of the director			
1.5(xxii)(b)	Nature of his/her expertise in specific functional areas	√		

Desh Garments Limited

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.5(xxii)(c)	Names of companies in which the person also holds the directorship and the membership of committees of the board	√		
2.	Chief Financial Officer(CFO) Head of Internal Audit and Company Secretary(CS):			
2.1	Appointment: Appointment of CFO, HIA and CS and defining their respective roles, responsibilities & duties	√		
2.2	Requirement to attend the Board Meetings: The CFO and the CS shall attend the meeting of the board of directors	√		
3	Audit Committee			
3(i)	The company shall have an Audit Committee as a sub-committee of the BoD	√		
3(ii)	The Audit Committee shall assist the BoD 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	√		
3(iii)	The Audit Committee shall be responsible to the Bod. The duties of the audit committee shall be clearly set forth in writing	√		
3.1	Constitution of the Audit Committee	√		
3.1(i)	The Audit Committee shall be composed of at least(3) three members	√		
3.1(ii)	The BoD shall appoint members of the audit committee who shall be directors of the company and shall include at least 1(one) Independent Director	√		
3.1(iii)	All members of the audit committee should be “financially literate” and at least 1(one) member shall have accounting or related financial management experience	√		
3.1(iv)	Expiration of the term of service of Audit Committee members making the number lower than 3 (three) and fill up the vacancy(ies) by the board not later than 1(one) month from the date of vacancy(ies)	-	-	No vacancy occurred
3.1(v)	The company secretary shall act as the secretary of the committee	√		
3.1(vi)	The quorum of the audit committee meeting shall not constitute without at least 1(one) independent director	√		
3.2	Chairman of the Audit committee			
3.2(i)	The BoD shall select the chairman of the Audit Committee who shall be an independent director	√		
3.2(ii)	Chairman of the audit committee shall remain present in the AGM	√		

Desh Garments Limited

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.3	Role of Audit Committee			
3.3(i)	Oversee the financial reporting process	√		
3.3(ii)	Monitor choice accounting policies and principles	√		
3.3(iii)	Monitor Internal Control Risk management process	√		
3.3(iv)	Oversee hiring and performance of external auditors	√		
3.3(v)	Review the annual financial statements before submission to the board for approval	√		
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board approval	√		
3.3(vii)	Review the adequacy of internal audit function	√		
3.3(viii)	Review statements of significant related party transactions submitted by the management	√		
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors	√		
3.3(x)	Disclosure to the audit committee about the uses /applications of IPO funds by major category (capital expenditure, sales and marketing expenses, working capital etc) on a quarterly basis, as a part of their quarterly declaration of financial results. Further on an annual basis shall prepare a statement of funds utilized for the purposes other than those stated in the prospectus	--	--	Not applicable
3.4	Reporting the Audit Committee			
3.4.1	Reporting to the Board of Directors			
3.4.1(i)	The Audit Committee shall report on its activities to the Board of Directors	√		
3.4.1(ii)	The Audit Committee shall immediately report to the Board of Directors on the following findings if any: -	√		
3.4.1(ii)(a)	Reporting on conflicts of interest			Not applicable
3.4.1(ii)(b)	Suspected or presumed fraud or irregularity or material defect in the internal control system			Not applicable
3.4.1(ii)(c)	Suspected infringement of laws, including securities related laws, rules and regulations			Not applicable
3.4.1(ii)(d)	Any other matter which shall be disclosed to the Board of Directors immediately			Not applicable
3.4.2	Reporting to the Authorities			
3.4.2	Reporting to BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	√		
3.5	Reporting to the shareholders and General Investor: Reporting to the shareholders of audit committee activities, which shall be signed by the chairman and disclosed in the annual report	√		

Desh Garments Limited

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
4.00	External/Statutory Auditors			
4(i)	Non-engagement in appraisal or valuation services or fairness opinion	√		
4(ii)	Non-engagement in designing and implementation of Financial information systems	√		
4(iii)	Non-engagement in book keeping or other services related to the accounting records or financial statements	√		
4(iv)	Non-engagement in Broker – dealer services	√		
4(v)	Non-engagement in actuarial services	√		
4(vi)	Non-engagement in internal audit services	√		
4(vii)	Non-engagement in any other services that the audit committee determines	√		
4(viii)	No partner or employees of the external audit firms shall possess any share of the company during the tenure of their assignment	√		
5.00	Subsidiary Company			
5(i)	Provision relating to the composition of the BoD of the holding company shall be made applicable to the composition of the BoD of the subsidiary company			Not applicable
5(ii)	At least 1(one) independent director on the BoD of the holding company shall be a director on the BoD of the subsidiary company			Not applicable
5(iii)	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
5(iv)	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
5(v)	The audit committee of the holding company shall also review the financial statements, in particular the investment made by the subsidiary company			Not applicable
6	The CEO and CFO shall certify to the board that they have reviewed financial statements for the year and that to the best of their knowledge and belief			
6(i)(a)	These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading	√		
6(i)(b)	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	√		
6(ii)	There are to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent , illegal or violation of the company's code of conduct	√		
7(i)	Obtaining certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Guidelines of the BSEC and include in the Annual Report	√		
7(ii)	Directors statements in the directors report whether the company has complied with these conditions	√		

AUDIT COMMITTEE REPORT

For the year 2016-2017

The Audit Committee consists of the following members:

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

The scope of Audit Committee was defined as under:

- Review and recommend to the Board to approve the financial statements prepared for statutory purpose;
- Report to the Board of Directors on internal audit findings from time to time considering the significance of the issues;
- Carry on a supervision role to safeguard the system of governance and independence of statutory auditors; and
- 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 2016-2017, first one in November 2016, second one in January 2017, third one in April 2017 and last one in September 2017. In the first three meetings, un-audited quarterly statement of financial position and statement of comprehensive income were discussed and examined in details. In the last meeting held on 19 September 2017, the audited Accounts for the year 2016-2017 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.

Sd/-

Beg Md. Nurul Azim, FCA
Chairman
Audit Committee

Dated : September 19, 2017

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of DESH GARMENTS LIMITED which comprise the Statement of Financial Position as at 30 June 2017, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations. The responsibility includes designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. We report that;

Basis for qualified opinion:

1. No depreciation has been charged on the revalued amount of the property, plant and equipment as per consistent practice since the date of recognizing revalued assets which amounts to non compliance of BAS-16.
2. In absence of updated fixed asset registers with required details therein made available to us, we could not verify the property, plant and equipment with reference to their code & location with the relevant registers

Opinion

In our opinion, except for the possible effects of the matters described in the preceding paragraphs, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 30 June 2017 and the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income dealt with by the report are in agreement with the books of account; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated: Dhaka, 28 October 2017

Sd/
MABS & J PARTNERS
Chartered Accountants

Desh Garments Limited

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

Figure in Taka

PARTICULARS	NOTES	30-JUN-17	30-JUN-16
Assets:			
Non-Current Assets			
Property, Plant & Equipment	20	103,641,534	107,370,094
Current Assets			
Inventories	21	39,918,000	51,109,457
Investment in Shares	22	7,311,828	5,811,828
Investment in FDR	23	1,772,919	13,063,657
Loans, Advances and Deposits	24	1,006,343	1,256,366
Income Tax Deduction at Source	25	12,281,289	12,963,487
Cash and Cash Equivalents	26	73,052,987	55,549,284
Total Assets		238,984,900	247,124,173
Shareholders' Equity			
Share capital	27.02	52,572,000	40,440,000
Tax Holiday Reserve	28	7,272,808	7,272,808
General Reserve	29	1,477,579	1,477,579
Capital Reserve	30	43,877,188	41,296,177
Retained Earnings	31	(12,631,391)	(28,406,340)
Non-Current Liabilities			
Deferred Tax on Revaluation	32	7,743,033	10,324,044
Current Liabilities			
Loans and Overdraft	33	21,811,784	23,285,457
Liabilities for Goods	34	69,230,431	109,847,863
Accrued Expenses	35	17,980,858	17,187,293
Creditors	36	6,517,585	4,796,774
Unclaimed Dividend	37	237,960	237,960
Dividend Payable	38	8,261,765	8,261,765
Employees' Provident Fund	39	208,367	208,367
Provision for Income Tax	40	14,424,934	10,894,426
Total Equity and Liabilities		238,984,900	247,124,173
Net Assets Value Per Share (Restated)		19.08	13.77

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

Sd/-

Rokeya Quader

Chairman

Sd/-

Omar Quader Khan

Managing Director

Sd/-

Nazmul Huda Mullick

Chief Financial Officer

Sd/-

K. Moulic

Company Secretary

AUDITOR'S REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 28 October 2017

Sd/-

MABS & J Partners

Chartered Accountants

Desh Garments Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

PARTICULARS	NOTES	For The Year Ended 30 June 2017	
		2017 TAKA	2016 TAKA
TURNOVER	42	375,722,677	410,453,025
COST OF GOODS SOLD	43	(313,823,177)	(351,508,213)
GROSS PROFIT		61,899,500	58,944,812
OPERATING EXPENSES :			
Administrative and Selling Expenses	46	(19,700,784)	(21,375,623)
OPERATING PROFIT		42,198,716	37,569,189
Financial Expenses	47	(3,455,465)	(6,021,761)
		38,743,251	31,547,428
Contribution to W. P. & Welfare Fund		(1,844,917)	(1,502,258)
		36,898,334	30,045,170
Other Income	48	2,561,813	2,673,495
NET PROFIT BEFORE TAX		39,460,147	32,718,665
Income Tax Provision	49	(4,996,856)	(6,606,010)
NET PROFIT AFTER TAX		34,463,291	26,112,654
Earnings Per Share (EPS) – Basic (Restated)	50	6.56	4.97

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

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Nazmul Huda Mullick
Chief Financial Officer

Sd/-
K. Moulic
Company Secretary

AUDITOR'S REPORT TO THE SHAREHOLDERS :

This is the Statement of Profit or loss & other Comprehensive Income referred to in our report of even date :

Sd/-
MABS & J Partners
Chartered Accountants

Dated : Dhaka, 28 October 2017

Desh Garments Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Retained Earnings	Total Amount (Taka)
Balance as on 1 July 2016	40,440,000	7,272,808	1,477,579	41,296,177	(28,406,340)	62,080,224
Adjustment of Advance Tax	-	-	-	-	(6,556,343)	(6,556,343)
Adjusted Opening Balance	40,440,000	7,272,808	1,477,579	41,296,177	(34,962,683)	55,523,881
Opening Deferred Tax	-	-	-	10,324,044	-	10,324,044
Deferred Tax During the Year	-	-	-	(7,743,033)	-	(7,743,033)
Net Profit for 2016-2017	-	-	-	-	34,463,291	34,463,291
Stock Dividend 2015-2016	12,132,000	-	-	-	(12,132,000)	-
As on 30 June 2017	52,572,000	7,272,808	1,477,579	43,877,188	(12,631,391)	92,568,184

FOR THE YEAR ENDED 30 JUNE 2016

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Retained Earnings	Total Amount (Taka)
Balance as on 1 July 2015	33,700,000	7,272,808	1,477,579	36,215,166	(44,441,723)	34,223,830
Adjustment of Advance Tax	-	-	-	-	(3,337,271)	(3,337,271)
Adjusted Opening Balance	33,700,000	7,272,808	1,477,579	36,215,166	(47,778,994)	30,886,559
Opening Deferred Tax	-	-	-	15,405,055	-	15,405,055
Deferred Tax During the Year	-	-	-	(10,324,044)	-	(10,324,044)
Net Profit for 2015-2016	-	-	-	-	26,112,654	26,112,654
Stock Dividend 2014-2015	6,740,000	-	-	-	(6,740,000)	-
As on 30 June 2016	40,440,000	7,272,808	1,477,579	41,296,177	(28,406,340)	62,080,224

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

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Nazmul Huda Mullick
Chief Financial Officer

Sd/-
K. Moulic
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 28 October, 2017

Sd/-
MABS & J Partners
Chartered Accountants

Desh Garments Limited

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

PARTICULARS	For The Year Ended 30 June 2017	
	2017 TAKA	2016 TAKA
Cash Flows from Operating Activities		
Collections from Turnover & Others	378,284,490	413,126,520
Payment for Cost & Expenses	(356,404,846)	(392,551,439)
Financial Expences	(3,455,465)	(6,021,761)
Income Tax paid	(7,340,493)	(2,810,714)
Net Cash Flows From Operating Activities	11,083,686	11,742,606
Cash Flows from Investing Activities		
Acquisition of Property Plant and Equipment	(1,897,049)	(13,151,657)
Investment in Share	(1,500,000)	(100,018)
Investment in FDR	11,290,738	402,093
Net Cash used in Investing Activities	7,893,689	(12,849,582)
Cash Flows from Financing Activities		
Received form Bank Loan and Others	-	1,341,084
Payment of Overdraft and Bank Loan	(1,473,673)	(13,056,910)
Net Cash Flows From Financing Activities	(1,473,673)	(11,715,826)
Decrease in Cash and Cash Equivalents	17,503,703	(12,822,802)
Cash and Cash Equivalents at beginning of the year	55,549,284	68,372,086
Cash and Cash Equivalents at end of the year	73,052,987	55,549,284
Net Operating Cash Flows Per Share (Restated)	2.11	2.23

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

Sd/-
Rokeya Quader
Chairman

Sd/-
Omar Quader Khan
Managing Director

Sd/-
Nazmul Huda Mullick
Chief Financial Officer

Sd/-
K. Moulic
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 28 October, 2017

Sd/-
MABS & J Partners
Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1st JULY 2016 TO 30 JUNE 2017

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

1. Notes to the financial statements marked from C- 1 to C-18 outline the policies are unambiguous with respect to the reporting framework on which the accounting policies are based.
2. The accounting policies on all material are as have been stated clearly in the notes marked from C- 1 to C-18.
3. The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

SL. No.	Applicable Accounting	Note reference
01.	IAS/BAS – 1	04.00
02.	IAS/BAS – 2	06.00
03.	IAS/BAS – 7	07.00 & 08.00
04.	IAS/BAS – 12	10.01
05.	IAS/BAS – 16	05.00
06.	IAS/BAS – 18	11.00
07.	IAS/BAS – 21	12.00
08.	IAS/BAS – 33	13.00 & 49.00
09.	IAS/BAS – 36	14.00

4. The financial statements are in compliance with the Bangladesh Financial Reporting Standards (BFRSs) which are adapted from the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and
5. The Standards and reporting framework used in the financial statements do not differ from IFRS (BFRS) issued by IAS.

Desh Garments Limited

B. Legal status and nature of the company–Disclosure under IAS 1 as adopted by The Institute of Chartered Accountants of Bangladesh as BAS 1 “Presentation of Financial Statements”

Domicile, Legal Form and Country of Incorporation:

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

Address of Registered Office and Principal Place of Business:

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

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 46 officers 50 Staff and 1,025 permanent/badly/contractual workers.

		<u>Taka</u>
i)	1,121 Staff/Officers/Employees drew yearly salary & allowances Of Tk. 36,000 or more	80,451,292
ii)	- Staff/ Officers/Technicians and many other casual workers drew yearly salary/wages & allowances less than Tk. 36,000	-
	<u>1,121</u>	<u>80,451,292</u>

C. Significant Accounting Policies- Disclosures.

1.00 Compliance with International Accounting Standards (IASs):

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

2.00 Compliance with Local Laws:

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

3.00 Measurement Bases used in preparing the Financial Statements:

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

4.00 Components of the Financial Statements:

According to the International Accounting Standard (IAS) 1 as adopted by ICAB as BAS 1 “Presentation of Financial Statements”, the complete set of Financial Statements includes the following components.

- (i) Statement of Financial Position as at 30 June 2017.
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2017.
- (iii) Statement of Changes in Equity for the year ended 30 June 2017.
- (iv) Statement of Cash Flows for the year ended 30 June 2017.
- (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 as BAS 16 “Property, Plant and Equipment”. Cost represents cost of acquisition or construction and capitalization of pre-production expenditure including interest during construction periods. No depreciation is charged on land and land development. Depreciation has been charged on additions from the date of when the related assets are ready for use. Depreciation on all other fixed assets is computed using the diminishing balance method in amounts sufficient to write off depreciable assets over their estimated useful economic lives. Expenditure of maintenance and repairs are expensed; major replacements, renewals and betterments are capitalized.

Desh Garments Limited

The depreciation rates applicable to the principal categories are:	Rates
Factory Building and other Construction.....	20%
Plant and Machinery.....	15%
Office Equipment.....	15%
Furniture and Fixtures.....	10%
Transport and Vehicles.....	20%
Other Assets.....	5% to 20%

6.00 Inventories:

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

7.00 Cash and Cash Equivalents:

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

8.00 Statement of Cash Flows:

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

9.00 Accounting Convention and Basis:

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

10.00 Taxation:

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

10.01 Discloser under BAS -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 2016-17 the total amount of tax deducted/collected at source is Tk. 2,745,197. 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 IAS 18 “Revenue Recognition”.

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 as BAS 21 “The Effects of Changes in Foreign Currency Rates”.

13.00 Earning Per Share (EPS):

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

Basic Earnings

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

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

14.00 Assets of the Company:

As all assets of the company shown in the financial statement that are within the scope of BAS-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 BAS-36 have not been considered necessary.

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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:

There are no Debtors at the end of the year.

18.00 Additional Information:

18.01 Responsibility for preparation and presentation of Financial Statements:

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

18.02 Reporting Period:

Financial Statements of the company cover one financial year from 01 July 2016 to 30 June 2017.

18.03 Comparative Information:

Comparative information have been disclosed in respect of the financial year 2014-2015 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 2015-2016 have been rearranged when ever considered necessary to ensure comparability with the current year.

18.04 Turnover:

Turnover comprises export sales of the company and Sub-Contract sales.

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.

Desh Garments Limited

18.07 Due by the Directors:

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

18.08 Miscellaneous Expenses:

Miscellaneous Expenses does not exceeding 1% of total revenue.

18.09 Audit Fee:

As per decision taken in the 39th Annual General Meeting of the company held on 27-12-2016 the auditors' remuneration of Tk. 100,000 has been provided in the accounts which is the sum to be paid to auditors as their fixed remuneration for 2016-2017. During the year nothing has been paid to the auditors for any other services rendered.

18.10 Board Meeting & Members:

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

18.11 Acknowledgement of Claims:

There was no claim against the company not acknowledged as debt as on 30 June 2017.

18.12 Credit Facility not availed of:

There was 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 no transactions with related parties during the year ended 30 June 2017.

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 16.47% as against the gross profit earning of 14.36% with Export Proceeds during the preceding year.

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
20.00 Property, Plant & Equipment : Tk. 103,641,534		
The break up of the amount is as follows:		
At Cost 01 July 2016		
Unit No. 01	80,846,002	80,846,002
Unit No. 02	88,849,733	75,698,076
	169,695,735	156,544,078
Addition during the year		
Unit No. 01	-	-
Unit No. 02	1,897,049	13,151,657
	1,897,049	13,151,657
Less : Accumulated depreciation		
Unit No. 01	7,422,540	7,408,280
Unit No. 02	60,528,710	54,917,361
	67,951,250	62,325,641
Written down value	103,641,534	107,370,094

Details have been shown in Annexure "A-1 & A-2"

21.00 Inventories : Tk. 39,918,000

The detailed break up of the amount is as follows :

a) FABRICS

Sl.	Name	Unit	Quantity	Value in Taka	Value in Taka
1	M/s. Kohl's Tony Hawk	Yards	56,673	6,321,855	30,203,245
2	N.Y. Sourcing	Yards	35,834	3,649,356	1,627,274
3	Li & Fung	Yards	101,110	9,398,646	4,502,178
	Total		193,617	19,369,857	36,332,697

b) ACCESSORIES ASSORTED	5,287,019	5,361,492
C) FINISHED GOODS	15,261,124	9,415,268
Total (a + b + c)	39,918,000	51,109,457

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
22.00 Investment In shares: Tk. 7,311,828		
Balance As Per Last Account	5,811,828	5,711,810
Addition during the period	1,500,000	100,018
	<u>7,311,828</u>	<u>5,811,828</u>
23.00 Investment in FDR: Tk. 1,772,919		
The break up of the amount is as follows:		
Balance As Per Last Account	13,063,657	13,465,750
Addition during the year	8,263,000	10,051,000
Adjustment/Encashment during thr year	(19,553,738)	(10,453,093)
	<u>1,772,919</u>	<u>13,063,657</u>
24.00 Loans, Advances and Deposit (considered good): Tk. 1,006,343		
The break up of the amount is as follows:		
Advance Against Purchase	706,586	956,609
Security Deposits 24.01	299,757	299,757
	<u>1,006,343</u>	<u>1,256,366</u>
These do not include any advance paid either to subsidiary companies or to associated companies / sister concern.		
24.01 Security Deposits: Tk. 299,757		
The amount of security deposits is comprised of the following :		
Deposit with T & T Board	51,152	51,152
Deposit with GPO Franking Machine	1,755	1,755
Deposit with BGSL (For gas)	126,850	126,850
Deposit with PDB (For electricity)	120,000	120,000
	<u>299,757</u>	<u>299,757</u>
25.00 Advance Income Tax : Tk. 12,281,289		
The break up of the amount is as under :		
Balance as per last account	12,963,487	14,112,464
Additional during the year:		
Advance Income TAX	4,595,296	-
Tax deducted/Collected at Source	2,745,197	2,810,714
Adjustment during the year	(8,022,691)	(3,959,691)
	<u>12,281,289</u>	<u>12,963,487</u>

This balance represents income tax deducted at source by bank as per section - 53(BB) of the Income Tax Ordinance 1984. Income Tax liability might to be adjusted against the advance after completion of assessment.

Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
26.00 Cash and Cash Equivalents : Tk. 73,052,987		
The break up of the amount is as under :		
Cash in hand at head office	1,295,623	1,067,358
Cash at Bank 26.01	71,757,364	54,481,926
	<u>73,052,987</u>	<u>55,549,284</u>
26.01 Cash at Bank : Tk. 71,757,364		
The break up of the amount is as under :		
Agrani Bank Ltd., Dhaka	40,095	40,095
Eastern Bank Ltd., Dhaka	8,180	8,180
National Bank Ltd., Dhaka	3,329,598	4,110
National Bank Ltd., Chittagong	507,619	9,711,044
Sonali Bank Ltd., Dhaka	-	1,799
Sonali Bank Ltd. Kalurghat, Chittagong	-	8,234
National Bank Ltd., MOB A/C	843,530	43,484,921
Standard Chartered Bank, Chittagong	-	33,838
Mercantile Bank Ltd., Dhaka	414,330	418,408
Bank Asia Ltd., Dhaka	7,527	7,527
United Commercial Bank Ltd.	21,249	23,049
National Bank Ltd. (Sundry Deposit)	284,995	1,944
National Bank Ltd. (FC Account)	664,868	738,777
Jamuna Bank Ltd, Kawran Bazar, Dhaka	57,928	-
Jamuna Bank Ltd.(sundry Deposit)	64,729,018	-
Jamuna Bank Ltd.(FC Account)	848,427	-
	<u>71,757,364</u>	<u>54,481,926</u>
27.00 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.		
27.01 Shareholders' Equity: TK. 52,572,000		
It represents the share capital, tax holiday reserve, general reserve, capital reserve and retains earnings.		

Desh Garments Limited

27.02 Issued, Subscribed and Paid up Capital : TK. 52,572,000

a) It represents the paid up capital of the company consisting of 52,572,000 ordinary shares of Tk. 10 each issued for cash and fully paid up.

b) Composition of Shareholders

Sl No	Particulars	2017			2016		
		No. of Shares	Value of shares	%	No. of Shares	Value of shares	%
1.	Directors & Sponsors	3,052,262	30,522,620	58.06	2,347,920	23,479,200	58.05
2.	Other companies /institutions	332,780	3327800	6.33	473064	4730640	7.6
3.	General shareholders	1872158	18721580	35.61	1223016	12230160	34.35
	Total	5,257,200	52,572,000	100	4,044,000	40,440,000	100

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

No. of Holders	Holdings	Total Holding %
1884	Less than 500 shares	6.90
176	501 - 5,000"	6.97
12	5,001 - 10,000"	2.18
2	10,001 - 20,000"	8.80
2	20,001 - 30,000"	1.28
2	30,001 - 40,000"	1.47
2	40,001 - 50,000"	2.16
0	50,001 - 1,00,000"	0
6	Over - 1,00,000"	70.24
2086		100

PARTICULARS

As at 30 June	
2017 TAKA	2016 TAKA

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

The break up of the amount is as follows :

Unit No. 01	2,248,331	2,248,331
Unit No. 02	5,024,477	5,024,477
	<u>7,272,808</u>	<u>7,272,808</u>

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

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
29.00 General Reserve : Tk. 1,477,579		
This is as per last account.	1,477,579	1,477,579
	<u>1,477,579</u>	<u>1,477,579</u>
30.00 Capital Reserve : Tk. 43,877,188		
The break up of the amount is as follows :		
Balance as per last account	41,296,177	36,215,166
Opening Deferred Tax	10,324,044	15,405,055
Provision for Deferred Tax	(7,743,033)	(10,324,044)
	<u>43,877,188</u>	<u>41,296,177</u>
31.00 Retained Earnings : Tk. (12,631,391)		
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 2017	52,927,980	37,153,031
	<u>(12,631,391)</u>	<u>(28,406,340)</u>
32.00 Deferred Tax on Revaluation : Tk. 7,743,033		
The break up of the amount is as follows:		
Carrying value of Revalued amount	41,296,177	36,215,166
Add:Opening deferred Tax	10,324,044	15,405,055
Closing deferred Tax @ 15%	<u>7,743,033</u>	<u>10,324,044</u>
33.00 Loans and Overdraft: Tk. 21,811,784		
This is the carry forward balance emanating through revaluation of fixed assets taken into account in 1996-97.		
The break up of the amount is as follows:		
Bank Loans and Overdraft 33.01	12,702,648	12,997,595
Directors Loan (Unsecured) 33.02	9,109,136	10,287,862
	<u>21,811,784</u>	<u>23,285,457</u>
33.01 Bank Loans and Overdraft: Tk. 12,702,648		
The break up of the amount is as follows:		
P/C (Packing credit) (NBL a/c # 2881/888)	-	12,997,595
Packing Credit (JBL PC #)	5,623,551	-
SOD Loan General (JBL # 0002-0133011460)	7,079,097	-
	<u>12,702,648</u>	<u>12,997,595</u>

Packing Credit from National Bank Limited (NBL) is secured by hypothecation of stocks and export bill. 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

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
33.02 Directors Loan (Unsecured): Tk. 9,109,136		
The break up of the amount is as follows:		
The Figure consists of as follows:		
Director's Loan Unsecured	9,109,136	10,287,862
	<u>9,109,136</u>	<u>10,287,862</u>
This loan has been taken from Managing Director of the company, which is non-interest bearing. For meet up day to day expenses.		
34.00 Liabilities for Goods : Tk. 69,230,431		
This represents import bills payable to foreign / local suppliers against different letter of credits at the close of the business on 30 June 2017. The details are as follows :		
M/S Samwon Trading	38,571,811	87,925,061
M/s Hongkong Sea International	-	4,051,679
M/S.Suntex In't	5,268,408	15,101,563
M/S.R.M.Interlining	1,545,245	1,537,889
M/S Changzhou Jinheda Textile	3,011,654	-
M/S Changzhou King Fabric co. Ltd.	8,687,671	-
M/S Laptop Limited	12,145,642	-
M/S.Total Accessories	-	1,231,671
	<u>69,230,431</u>	<u>109,847,863</u>
35.00 Accrued Expenses : Tk. 17,980,858		
The break up of the amount is as follows :		
Audit fees	115,000	115,000
Salary, wages and others	17,865,858	16,603,957
Tax payable against Expenses	-	468,336
	<u>17,980,858</u>	<u>17,187,293</u>
36.00 Creditors : Tk. 6,517,585		
The break up of the amount is as follows :		
Worker's profit participation & Welfare Fund` 36.01	6,315,135	4,631,418
Sundry Creditors	202,450	165,356
	<u>6,517,585</u>	<u>4,796,774</u>
36.01 Worker's Profit Participation & Welfare Fund : Tk. 6,315,135		
The break up of the amount is as follows :		
Balance as per last year	4,631,418	3,179,395
Contribution during the year	1,844,917	1,502,258
	<u>6,476,335</u>	<u>4,681,653</u>
Payment during the year	(161,200)	(50,235)
	<u>6,315,135</u>	<u>4,631,418</u>

Desh Garments Limited

PARTICULARS	As at 30 June			
	2017 TAKA	2016 TAKA		
37.00 Unclaimed Dividend: Tk. 237,960				
The break up of the amount is as follows :				
For June 30, 1996	118,660	118,660		
For June 30, 1997	119,300	119,300		
	<u>237,960</u>	<u>237,960</u>		
38.00 Dividend Payable : Tk. 8,261,765				
The break up of the amount is as follows:				
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		
	<u>8,261,765</u>	<u>8,261,765</u>		
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-distributed with required cash flow.				
39.00 Employees Provident Fund : TK. 208,367				
This has been brought forward from previous account.	208,367	208,367		
	<u>208,367</u>	<u>208,367</u>		
40.00 Provison For Income Tax: TK. 14,424,934				
The break up of the amount is as under :				
Assessment Year	Opening Balance	Addition during the year	Adjustment during the year	Closing Blance
2003-2004	127,002	-	-	127,002
2010-2011	84,735	-	84,735	-
2011-2012	116,449	-	116,449	-
2012-2013	192,109	-	192,109	-
2013-2014	519,602	-	519,602	-
2014-2015	553,453	-	553,453	-
2015-2016	2,695,066	-	-	2,695,066
2016-2017	6,606,010	-	-	6,606,010
2017-2018	-	4,996,856	-	4,996,856
	<u>10,894,426</u>	<u>4,996,856</u>	<u>1,466,348</u>	<u>14,424,934</u>

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
41.00 Proposed Dividend		
The Board of Directors recommended @ 15% Stock and 5% Cash Dividend to all Shareholders for the financial year 2016-17.		
42.00 Turnover/Export Proceeds : Tk. 375,722,677		
The break up of the amount is as follows :		
Export sales	354,444,999	396,405,375
Sub-Contract Sale	21,277,678	14,047,650
	<u>375,722,677</u>	<u>410,453,025</u>
43.00 Cost of Goods Sold: Tk. 313,823,177		
The break up of the amount is as follows :		
Materials consumed	44 225,891,526	256,350,018
Factory overheads	45 90,809,880	90,343,652
Depreciation	2,967,627	2,787,234
	<u>319,669,033</u>	<u>349,480,904</u>
Opening Stock of Finished Goods	9,415,268	11,442,577
	<u>329,084,301</u>	<u>360,923,481</u>
Closing Stock of Finished Goods	(15,261,124)	(9,415,268)
	<u>313,823,177</u>	<u>351,508,213</u>
44.00 Raw Materials Consumed : Tk. 225,891,526		
The break up of the amount is as follows :		
Opening Stock	41,694,189	47,095,436
Purchases	208,854,213	250,948,771
	<u>250,548,402</u>	<u>298,044,207</u>
Closing Stock	(24,656,876)	(41,694,189)
	<u>225,891,526</u>	<u>250,948,771</u>

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA

45.00 Factory Overheads : Tk. 90,809,880

The break up of the amount is as follows :

Salary & Allowances	12,322,541	12,497,658
Wages	61,073,326	60,793,871
Carriage Inward	77,410	45,530
Labor Charge	97,335	88,626
Conveyance	116,812	83,323
Entertainment	9,682	8,650
C & F Expenses	8,216,965	8,657,454
Repairs and Maintenance	1,108,162	1,132,945
Electricity, Gas & Generator Fuel	6,495,951	5,392,673
Photocopy, Printing & Stationery	580,147	634,411
Telephone Bill, Mobile & Internet	125,100	99,571
Miscellaneous Expenses	5,830	8,570
Postage, Stamp & Courier	57,712	93,295
Medical & Workers Welfare	35,722	27,924
WASA Bill	279,719	541,831
Newspapers & Journals	1,980	1,865
Rest House Expenses	25,450	35,455
Fees & Forms	55,000	50,000
New Year Expenses	125,036	150,000
	90,809,880	90,343,652

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
46.00 Administrative and Selling Expenses : Tk. 19,700,784		
The break up of the amount is as follows :		
Salary of Management & Non-management	7,055,425	7,861,316
Electricity & WASA	843,820	743,483
Printing, Stationery & Photocopy	65,363	124,551
Repairs & Maintenance Vehicles and Others	268,520	303,988
Postage, Stamps and Courier	24,637	35,230
Audit Fees	115,000	115,000
Travelling & Conveyance	155,680	273,854
Advertisement	13,501	115,589
Office Rent	3,537,792	3,316,680
AGM Expenses	349,592	613,215
Export Expenses	1,942,350	2,447,651
Legal Consultancy & Professional Fees	15,000	16,646
Entertainment	12,470	9,488
Forwarding Expenses	934,458	971,385
Fees & Forms	43,750	50,048
Insurance Premium	1,017,395	907,593
Donation & Subscription	24,500	58,000
Miscellaneous Expenses	2,030	12,540
BGMEA Fees	12,000	12,000
Telephone, Telex, Fax, Mobile & Internet	255,370	280,517
Rest House Rent	210,000	242,000
Land Development Tax	144,150	264,150
Depreciation	2,657,981	2,600,699
	<u>19,700,784</u>	<u>21,375,623</u>

47.00 Financial Expenses : Tk. 3,455,465

The break up of the amount is as follows :

Bank Charge & Commission (BBLIC)	1,939,878	3,218,333
Bank Interest	11,492	181,796
Bank Charge & Commission	1,084,032	471,974
Bank Overdraft Interest	420,063	2,149,658
	<u>3,455,465</u>	<u>6,021,761</u>

Desh Garments Limited

PARTICULARS	As at 30 June	
	2017 TAKA	2016 TAKA
48.00 Other Income : Tk. 2,561,813		
The break up of the amount is as follows :		
Cash Dividend	1,427,953	1,427,953
Interest of FDR	1,133,860	1,245,542
	<u>2,561,813</u>	<u>2,673,495</u>
49.00 Income Tax Provision : Tk. 4,996,856		
The break up of the amount is as follows :		
Income from Garments Business	4,427,800	6,009,034
Income from Dividend @ 20%	285,591	285,591
Income from FDR @ 25%	283,465	311,386
	<u>4,996,856</u>	<u>6,606,010</u>
50.00 Basic Earnings Per Share (EPS):		
The computation of EPS is given below:		
Earnings attributable to the Ordinary Shareholders	34,463,291	26,112,654
Weighted average of number of Ordinary Shares Outstanding during the year EPS Basic (Restated)	5,257,200	5,257,200
	<u>6.56</u>	<u>4.97</u>
51.00 There was no Contingent Liability as on 30-06-2017.		

Desh Garments Limited SCHEDULE OF PROPERTY PLANT & EQUIPMENT

AS ON JUNE 30, 2017
Unit - 01

Annexure - "A-1"

Particulars	Cost				Depreciation				Written down value as on 30 June 2017
	Balance as at 01 July 2016	Addition during the year	Total as on 30 June 2017	Value for Depreciation Charge	Rate	Balance as on 01 July 2016	Charged during the Year	Total as on 30 June 2017	
Land and Land Development	30,484,000	-	30,484,000	-	-	-	-	-	30,484,000
Factory Building	40,226,400	-	40,226,400	8,391	20%	573,026	1,678	574,704	39,651,696
Plant & Machinery	3,022,500	-	3,022,500	17,789	15%	3,003,915	2,668	3,006,583	15,917
Electrical Installation	2,997,436	-	2,997,436	18,912	15%	395,052	2,837	397,889	2,599,547
Office Equipment	1,077,499	-	1,077,499	10,164	15%	1,066,896	1,525	1,068,421	9,078
Furniture & Fixture	1,001,858	-	1,001,858	32,865	10%	968,493	3,287	971,780	30,079
Motor vehicle	622,176	-	622,176	1,203	20%	620,855	241	621,096	1,080
Road, Bridge and Fencing	1,273,700	-	1,273,700	9,381	20%	640,610	1,876	642,486	631,214
Electrical Appliances	125,487	-	125,487	865	15%	124,584	130	124,714	773
Crockeries and Cutleries	14,946	-	14,946	88	20%	14,850	18	14,868	78
Total Taka	80,846,002	-	80,846,002	99,658		7,408,280	14,259	7,422,540	73,423,462

Depreciation has been charged to :

Production	9,981
Administration	4,278
Taka	14,259

Desh Garments Limited
SCHEDULE OF PROPERTY PLANT & EQUIPMENT
AS ON JUNE 30, 2017
Unit - 02

Annexure - "A-2"

Particulars	Cost			Depreciation			Written down value as on 30 June 2017	
	Balance as on 01 July 2016	Addition during the year	Total as on 30 June 2017	Rate	Balance as on 01 July 2016	Charged During the Year		Total as on 30 June 2017
Factory Building	3,125,045	75,000	3,200,045	20%	1,217,272	387,514	1,604,786	1,595,259
Plant & Machinery	51,908,528	1,039,127	52,947,655	15%	39,064,746	1,933,903	40,998,649	11,949,006
Electrical Installation	4,748,696	476,842	5,225,538	15%	980,556	610,976	1,591,532	3,634,006
Office Equipment	2,150,905	41,280	2,192,185	15%	824,882	200,194	1,025,076	1,167,109
Furniture & Fixture	3,023,247	-	3,023,247	10%	1,363,050	166,020	1,529,070	1,494,177
Motor Vehicle	11,676,857	-	11,676,857	20%	3,774,743	1,580,423	5,355,166	6,321,691
Crockeries and Cutleries	1,666	-	1,666	20%	1,648	4	1,652	14
Boiler and Water Softener	443,297	-	443,297	15%	426,696	2,490	429,186	14,111
Generator	7,458,928	-	7,458,928	15%	4,195,687	489,486	4,685,173	2,773,755
Tools and Equipment	42,061	-	42,061	10%	30,122	1,194	31,316	10,745
Fire Extinguisher	542,773	-	542,773	15%	238,366	45,661	284,027	258,746
Computer & Computer Software	2,667,730	264,800	2,932,530	20%	1,853,409	170,721	2,024,130	908,400
Power Substation	1,060,000	-	1,060,000	20%	946,184	22,763	968,947	91,053
TOTAL TAKA:	88,849,733	1,897,049	90,746,782		54,917,361	5,611,349	60,528,710	30,218,072

Depreciation has been charged to :

Production
Administration

Taka
2,957,646
2,653,703

Taka **5,611,349**

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 40th Annual General Meeting of the Company to be held on the 21st December, 2017 at 11.30 a.m. or at any adjournment thereof. As witness my/our hand this day of December, 2017 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 40th 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 40th Annual General Meeting held on the 21st December, 2017 at 11.30 a.m. in Dhaka.

Name of the Member/Proxy
Folio/B.O. No.

Signature
(Shareholder/Proxy)

পরিচালকবৃন্দ
দেশ গার্মেন্টস লিমিটেড

প্রক্সি ফর্ম

আমি/আমরা, ঠিকানা
..... দেশ গার্মেন্টস লিমিটেড-এর শেয়ারহোল্ডার হিসাবে এতদ্বারা
জনাব/জনাবা ঠিকানা
..... কে
আগামী ২১শে ডিসেম্বর, ২০১৭ইং তারিখে সকাল ১১.৩০ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৪০তম বার্ষিক সাধারণ সভায় এবং পরবর্তী
মূলতবী সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০১৭ইং সনের ডিসেম্বর তারিখে আমার/আমাদের
সম্মুখে স্বাক্ষর হিসেবে জনাব/জনাবা ঠিকানা
..... এর উপস্থিতিতে স্বাক্ষর করিলেন।

প্রতিনিধির স্বাক্ষর
তাং

শেয়ারহোল্ডার স্বাক্ষর
ফলিও/বিও নং--
তাং

২০.০০ টাকার
রেভিনিউ স্ট্যাম্প

(স্বাক্ষর স্বাক্ষর ও তারিখ)

- বিঃ দ্রঃ ১। একজন সদস্য যিনি ৪০তম 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 রেজিস্ট্রার 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)

২১শে ডিসেম্বর, ২০১৭ ইং তারিখে সকাল ১১.৩০ মিনিটে ঢাকায় অনুষ্ঠিত কোম্পানীর ৪০তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি
এতদ্বারা তালিকাভুক্ত করা হইল।

সদস্যের নাম/প্রতিনিধির নাম

ফলিও/বিও নং.....

স্বাক্ষর
(শেয়ার হোল্ডার/প্রতিনিধি)



REGISTERED OFFICE:

AWAL CENTRE (7TH FLOOR), PLOT # 34, KEMAL ATATURK AVENUE, ROAD # 17
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