

ANNUAL REPORT 2018-19

বার্ষিক প্রতিবেদন ২০১৮-১৯



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



41th Annual General Meeting

BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES

Ref. No: CM-2019/239

BAPLC

Date of issue : August 7, 2019

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 2019.



[Signature]
Secretary-General

ANNUAL REPORT

2018-2019



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, 2019.

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, 2019, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year ended on 30 June, 2019, along with notes thereon and all related consolidated Financial Statements for your kind information, records and necessary advise.

Yours faithfully,



Dr. K. Moulic
Company Secretary

Dated : 27th November, 2019

Notice of the 42nd Annual General Meeting

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Thursday the 19th December, 2019 at 11.45 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, 2019 together with Report of the Directors and Auditors thereon.
02. To declare dividend.
03. To elect Directors.
04. To appoint auditors for the year 2019-2020 and to fix their remuneration.
05. To appoint professional for certificate on compliance for the year 2019-2020.
06. To transact any of this business with the permission of the chair.

Dated : Dhaka
28 October, 2019

By order of the Board



Dr. K. Moulic
Company Secretary

Notes:

The **Record Date** is 18 November, 2019.

Members of the company whose names appear in the register of members upto record date to be entitled to dividend for the year 2018-2019 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, 2019 should reach the Head Office (Share Department) of the company at least 7 (seven) days before the meeting for convenience and appropriate explanation.

CORPORATE GOVERNANCE

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

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

a) **Constitution:**

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

b) **Role & Responsibilities:**

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

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

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

d) **Audit Committee of Board:**

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

e) **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.

Desh Garments Limited

MANAGEMENT APPARATUS:

A. Board of Directors:

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

B. Audit Committee:

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

C. NRC Committee:

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

D. Management Committee:

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

E. Senior Corporate Officials:

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

Auditors:

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

Legal Advisors:

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

Banker:

Jamuna Bank Limited
Dhaka.

Insurance:

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

Listing:

Dhaka Stock Exchange Ltd.
Dhaka.

REGISTERED OFFICE

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

FACTORY

53/A, Kalurghat Industrial Area
Chittagong.

CORPORATE HISTORY

1.	Date of Incorporation	:	27th December, 1977
2.	Year of Commencement of Business	:	1977
3.	Date of IPO	:	19th June, 1989
4.	Date of listing with DSE	:	24th September, 1989
5.	Authorised Capital	:	TK.100,000,000.00
6.	Paid up Capital	:	TK. 66,503,580.00
7.	Number of Shareholders	:	3,617
8.	Number of total Employees	:	1,327
9.	Main product	:	Woven Shirts
10.	Main Export Market (countries)	:	USA, Canada, EU

CORPORATE OPERATIONAL RESULTS

Figure in Taka

PARTICULARS	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Total Turnover	671,209,539	535,823,009	375,722,677	410,453,025	437,540,598
Gross Profit	67,119,610	79,200,416	61,899,500	58,944,812	34,631,338
Net Profit (AT)	16,985,225	28,010,878	34,463,291	26,112,654	8,370,786
Earning Per Share (Restated)	2.67	4.40	5.70	4.97	1.59
Dividend Rate (%)	10% Stock	10% Stock	5% Cash & 15% Stock	30% Stock	20% Stock
Total Assets	428,026,088	375,735,945	238,984,900	247,124,173	260,106,253
Total Liabilities	(253,015,734)	(223,247,089)	(138,673,683)	(174,719,905)	(210,477,368)
Net Asset Value	175,010,354	152,488,856	100,311,217	72,404,268	49,628,885
N.A.V. Per share (Restated)	22.50	19.70	15.31	13.77	9.44

BismillahirRahmanir Rahim

Directors' Report to Shareholders for the year ended on 30th June, 2019

Dear Shareholders,

AssalamuAlaikum,

I am pleased to welcome you to the 42nd Annual General Meeting of the company being held at this pleasant morning, at the Auditorium of MuktijuddhaShmriteeMilonayaton, 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, 2019 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. NoorulQuader, the founder Chairman and Managing Director of Desh Garments Limited when he signed contract with Daewoo Corporation of South Korea for providing technical and marketing collaboration for setting up of garments factory in Bangladesh. This was first contract in the private sector of Bangladesh with any foreign company. Mr. Quader, under that contract got 128 young Bangladeshis including eleven young ladies adequately trained for 6 months in all aspect of garments making and its business at Daewoo's factory at Busan, South Korea. Thus he brought the technical knowhow in Bangladesh and built up his factory at Kalurghat Heavy Industrial Area, Chittagong. His factory started operations from 1980 but were almost without work upto 1982 because of non-availability of raw materials as sufficient foreign currency for importing raw materials was not available. Mr. Quader using his personality and influence over civil administration was able to introduce Back to Back L/C System for non-funded import of raw materials, and Custom Bonded Warehousing system for storing and using of imported raw materials without payment of custom duty for two years. His these three contribution namely (1) making technical knowhow available, (2) allowing non-funded opening of Back to Back L/Cs for procurement of raw materials, and (3) allowing of custom bonded warehouse facilities drastically reduced the investment requirement for setting up a garments industry bringing it within the reach of the entrepreneurs coming out from middle income families spawned the

Growth of RMG factories in Bangladesh, starting from only one factory in 1980, the number rose to 383 employing only 120,000 workers and earning only US\$ 31.57 million during 1982-83 has grown into the highest export earner accounting for US\$ 34.113 billion in the year 2018-2019, which is 84.21% of total foreign earnings. The RMG industry is also the highest employer of Bangladesh employing 40 lacs of which 80 % are women.

The export of woven garments, which is the main export item of Desh Garments Ltd., registered a sharp increase from \$8.432 billion in the year 2010-2011 to US \$17.244 billion in the year 2018-2019. Further, the government has set annual export target of US\$ 50 billion from total RMG sector by 2020-21 from US\$ 34 billion of 2018-19. 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

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. The company's total export revenue increased to Tk. 67.12 crore in the financial year 2018-19 from 53.58 crore of BDT from previous which is 26% growth year on year.

Our gross profit has been decreased to 6.71crore in the year 2018-2019 from 7.92 crore in the year 2017-2018. In line with the gross profit, the companies net profit also decreased from 2.80 crore to 1.68 crore in the financial year 2018-19

Desh Garments Limited

The companies gross profit and net profit declined due to increase minimum wages of worker in the year 2018. The government of Bangladesh has revised the minimum wages of worker for RMG industry which was affected from December, 2018. Before December, 2018 the minimum wages of worker was Tk. 5,300.00 per month which increased to Tk. 8,000.00 per month (51% increment).

Due to increase of interest rate, the companies finance cost also increased from Tk. 1.14 crore to Tk. 1.83 crore in the year 2018-2019. Increasing sales volume and buyer deferred letter of credit also caused the hike of financial expenses. Trade discount, marketing expenditure, finance expenses and lower margin order also affected the net profit despite increasing revenue.

As we have explained in last financial year, One of our buyer, Global brand group has been changed the payment policy from sight to 90 days deferred L/C, affected the working capital and cost of finance has been increased significantly. In the financial year 2017-2018, we have also completed Alliance recommended retro fitting works, bought some automated sewing machineries by availing loan from bank.

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

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 2018-2019 and 2017-2018 are given below:

	<u>2018-2019 (Taka)</u>	<u>2017-2018 (Taka)</u>
Turnover (Exports)	671,209,539	535,823,009
Gross Profit/(Loss)	67,119,610	79,200,416
Operating Profit	35,181,542	45,681,278
Other income	2,166,561	1,504,847
Cost of Goods Sold	604,089,929	456,622,593
Net Profit before Tax	18,043,005	34,063,209
Net Profit after Tax	16,985,225	28,010,878
Earnings Per Share (EPS) - (Restated)	2.67	4.40
Net Assets Value (NAV) - (Restated)	22.50	19.70
Face Value of share (Taka)	10.00	10.00
Net Operating Cash Flows per share - (Restated)	2.87	1.87

Desh Garments Limited

Board Meeting and Attendance:

Seven (7) board meetings were held during the year under review (2018-2019). 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	Deputy Managing Director	07	07
Mr. B.M. Nurul Azim	Independent Director	07	07
Mr. Subash Chandra Bose	Independent Director	07	07

Shareholding

The Pattern of shareholding as on 30.06.2019 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	540,948	8.13	
	Mr. Omar Quader Khan	2,314,600	34.80	
	Ms. Vidiya Amrit Khan	1,000,177	15.03	
	Mr. B.M. Nurul Azim, FCA	196		Independent Director
	Mr. Subash Chandra Bose	196		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)			

Shareholders holding 10% or more voting right

1.	Mr. Omar Quader Khan	2,314,600	34.80	
2.	Ms. Vidiya Amrit Khan	1,000,177	15.03	

Desh Garments Limited

The Directors also report that:

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

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

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. As mentioned earlier, we have started charging depreciating on the revalued surplus amount from 2017-2018 financial year.

FIXED ASSET REGISTER

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

DIVIDEND

The Profit after Tax earned during the financial year under the report is Tk. 1,69,85,225.00. Considering the current years' profits, the directors, recommend 10% stock dividend to all shareholders of the company.

MANAGING DIRECTOR'S REMUNERATION

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

RETIREMENT OF DIRECTOR BY ROTATION

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.

APPOINTMENT OF AUDITORS

M/s. Pinaki & Company, Chartered Accountants have expressed their willingness as per their offer letter No. Nil dated 27.10.2019 Auditors are required to be appointed at this Annual General Meeting and fixed their remuneration.

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APPOINTMENT OF PROFESSIONAL ACCOUNTANTS

M/s. LTR Associates, Cost & Management Accountants have expressed their willingness as per their offer letter No. Nil dated 27.10.2019 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 companies key personnel and the disclosure of benefit.

SI	Name	Position	Short term employee benefit	Long term employee benefit	Other long term benefit	Termination benefit	Share based payment
1	Md Kamruzzaman	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. Md. Nurul Islam	Head of Garments	No	No	No	No	No
5	Mrs. Jolly Hassan	DGM, BOD	No	No	No	No	No
6	Mr. Modasser Ahmed	AGM, Commercial	No	No	No	No	No
7	Md. Zafrul Enayet Ullah	DGM, Commercial	No	No	No	No	No
8	Mr. Alauddin Ahmed	Sr. Manager, HR & Admin	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 August 07, 2012 as latest amended by notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018 of Bangladesh Securities and Exchange Commission is given in Annex-02 and the audit committee report and Nomination & Remuneration Committee Report (NRC) for the year 2018-2019 is also enclosed vide Annex-03.

Thanking you,



Rokeya Quader

Chairman

Dated : **28/10/2019**

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: 25 November 2019

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 whole number 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 one percent (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	✓		

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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 (NBFI); 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 riskfactors, threat to sustainability and negative	✓		

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

Desh Garments Limited

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

AUDIT COMMITTEE REPORT

For the year 2018-2019

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 2018-2019, first one in November 2018, second one in January 2019, third one in April 2019 and last one in September 2019. 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, 2019, the audited Accounts for the year 2018-2019 was discussed and examined in details.

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



Mr. Beg Md. Nurul Azim, FCA

Chairman

Audit Committee

Dated : September 19, 2019

Report of The Nomination and Remuneration Committee – 2019

The Board of Directors of DeshGarmnets 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 for 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. Follow diversity in age, maturity, qualification, expertise and gender disciplines.

b) Recruitment and Selection Standards

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 candidates(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.

Activity Summary of Nomination and Remuneration Committee during the year Formation of NRC Committee and its Meetings

The Board in its 266th meeting held on 26 June 2019 formed the Nomination and Remuneration Committee (NRC) as per the requirements of BSEC Corporate Governance Code with the following composition:

Mr. Subhash Chandra Bose

Chairman

Independent Director

Mr. Omar Quader Khan

Member

Managing Director

Ms. Vidiya Amrit Khan

Member

Deputy Managing Director

Dr. K. Moulic acts as the Secretary of NRC. In 2018-2019, the Committee met twice. The newly formed NRC noted the nomination and remuneration initiatives ensuring the standards and compliance accordingly. The activities of the NRC during the year were as follows:

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



Mr. Subhash Chandra Bose

Chairman

Monday, 23 September 2019

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

Opinion

We have audited the financial statements of Desh Garments Limited, which comprise the statement of financial position as at 30 June 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

**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 of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the 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 these 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, forgery, 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.
- 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 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose 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; and
- 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.
- d) the expenditure incurred was for the purposes of the Company's business.

Place: Dhaka
Dated: 28/10/2019


Mohan Adhikari, ACA
Partner

Key Audit Matters (KAM)

Sl.	Particulars	Risks	Auditor's responses
1	<p><u>Revenue recognition:</u></p> <p>The Company reported total revenue of BDT 671,209,539 (67.12Crore) at the year ended on 30 June 2019.</p> <p>Revenue is measured net of discounts, incentives and rebates earned by customers on the Company's sales. Within a number of the Company's markets, the estimation of discounts, incentives 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 42 to the financial statements.</p>	<p>There is a risk of revenue being misstated as a result of faulty estimation over discounts, incentives and rebates.</p> <p>There is also a risk that revenue may be overstated due to fraud through manipulation of the discounts, incentives 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"> ➤ Calculation of discounts, incentives 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

Annexure 1

Sl.	Particulars	Risks	Auditor's responses
			<p>➤ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards.</p> <p>Optimum results: We considered both the revenue items and related disclosures shown in financial statements acceptable.</p>
2	<p>Measurement of deferred tax assets:</p> <p>The deferred tax assets amounting to BDT 23,633 were shown in the financial statement as at 30 June 2019. For significant accounting policies and critical accounting estimates for the recognition and measurement of deferred tax assets,</p> <p>The Financial Statements were re-stated due to amendment of deferred tax calculation.</p> <p>We refer to note number 48 of the financial statements.</p>	<p>Recognition and measurement of deferred tax assets 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)

3	<p><u>Investment in Share:</u></p> <p>The Company reported total investment in share of BDT 7,194,751 (0.72 Crore) at the year ended on 30 June 2019.</p> <p>The Company investment in quoted and unquoted share of the three different types of organization.</p> <p>We refer to note number 21 and 49 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>
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Desh Garments Limited

Statement of Financial Position

As at 30 June 2019

Assets:	Notes	Amount in Taka	
		30-06-2019	30-06-2018
Non-Current Assets		128,827,831	128,435,669
Property Plant & Equipment	20	128,827,831	128,435,669
Current Assets		299,198,257	247,300,276
Inventories	21	100,378,686	124,674,746
Investment in Shares	22	7,194,751	7,201,350
Investment in FDR	23	-	1,576,894
Accounts Receivable	24	62,745,014	27,069,617
Deferred Tax	46	23,633	-
Loans, Advances and Deposits	25	1,225,325	1,006,343
Income Tax Deduction at Source	26	3,307,129	18,615,315
Cash and Bank Balances	27	124,323,719	67,156,011
Total Assets		428,026,088	375,735,945
Equity and Liabilities			
Shareholders' equity		143,417,251	125,551,803
Share capital	28.01	66,503,580	60,457,800
Tax Holiday Reserve	29	7,272,808	7,272,808
General Reserve	30	1,477,579	1,477,579
Capital Reserve	31	50,243,455	50,243,455
Retained Earnings	32	17,919,829	6,100,161
Non-Current Liabilities		31,593,103	26,937,052
Deferred Tax	46	-	1,220,141
Long Term Loan		31,593,103	25,716,911
Current Liabilities		253,015,734	223,247,089
Loans and Overdraft	33	164,232,886	52,367,907
Current Portion of Long Term Loan		6,985,483	1,575,271
Liabilities for Goods	34	43,005,263	113,617,836
Accrued Expenses	35	18,005,570	19,057,717
Worker's Profit Participation & Welfare Fund	36	8,459,277	8,083,433
Dividend Payable	37	10,025,700	10,025,700
Provision for Income Tax	38	2,301,554	18,519,224
Total Equity and Liabilities		428,026,088	375,735,945
Net Assets Value Per Share		22.50	19.70



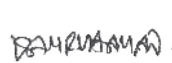
Chairman



Managing Director



Deputy Managing Director



Chief Financial Officer



Company Secretary

AUDITOR'S REPORT TO THE SHAREHOLDERS

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

Dated : 28.10.2019



Pinaki & Company

Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2019

Particulars	Notes	Amount in Taka	
		30-06-2019	30-06-2018
Turnover	40	671,209,539	535,823,009
Cost of Goods Sold	41	(604,089,929)	(456,622,593)
Gross Profit		67,119,610	79,200,416
Operating Expenses:			
Administrative & Selling Expenses	42	(31,938,068)	(33,519,138)
Operating Profit		35,181,542	45,681,278
Financial Expenses	43	(18,389,254)	(11,417,385)
Contribution to W. P. & Welfare Fund		(915,844)	(1,705,531)
		15,876,444	32,558,362
Other Income	44	2,166,561	1,504,847
Net Profit Before Tax		18,043,005	34,063,209
Income Tax	45	(2,301,554)	(4,832,190)
Deferred Tax	46	1,243,774	(1,220,141)
Net Profit After Tax		16,985,225	28,010,878
Net Profit After Tax		16,985,225	28,010,878
Other Comprehensive Income			
Gain/ (loss) on Marketable Securities (Unrealized)	47	(128,304)	(141,693)
Total Comprehensive Income		16,856,921	27,869,185
Earnings Per Share (EPS) – Basic	48	2.67	4.40

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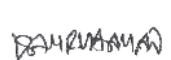
Chairman



Managing Director



Deputy Managing Director



Chief Financial Officer



Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS

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

Dated : 28.10.2019


Pinaki & Company
Chartered Accountants

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

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

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Gain/ (loss) on Marketable Securities (Unrealized)	Retained Earnings	Total Amount (TK.)
Balance as on July 1 2017	52,572,000	7,272,808	1,477,579	43,877,188	-	(12,631,391)	92,568,184
Prior Year Deferred Tax	-	-	-	7,743,033	-	-	7,743,033
Opening balance restated	52,572,000	7,272,808	1,477,579	51,620,221	-	(12,631,391)	100,311,217
Depreciation on Revaluation surplus	-	-	-	(1,376,766)	-	1,376,766	-
Total comprehensive income	-	-	-	-	(141,693)	28,010,878	27,869,185
Stock Dividend 2016-2017	7,885,800	-	-	-	-	(7,885,800)	-
Cash Dividend 2016-2017	-	-	-	-	-	(2,628,600)	(2,628,600)
Balance as on June 30 2018	60,457,800	7,272,808	1,477,579	50,243,455	(141,693)	6,241,853	125,551,802

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



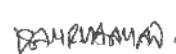
Chairman



Managing Director



Deputy Managing Director



Chief Financial Officer



Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

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

Statement of Cash Flows For the year ended 30 June 2019

Particulars	Amount in Taka	
	30-06-2019	30-06-2018
Cash Flows from Operating Activities		
Collections from Turnover & Others	634,797,203	508,753,392
Payment for Cost & Expenses	(594,920,213)	(479,596,412)
Financial Expenses	(18,389,254)	(10,160,729)
Income Tax paid	(3,219,583)	(7,071,926)
	18,268,153	11,924,325
Cash Flows from Investing Activities		
Acquisition of Property Plant and Equipment	(11,830,847)	(30,322,984)
Investment in Share	-	-
Investment in FDR	-	292,662
Net Cash used in Investing Activities	(11,830,847)	(30,030,322)
Cash Flows from Financing Activities		
Received form Bank Loan and Others	50,730,402	13,311,646
Payment of Overdraft and Bank Loan	-	-
Dividend paid	-	(1,102,625)
	50,730,402	12,209,021
Effect of Exchange Rate Changes	316,525	297,914
Increase/(Decrease) in Cash and Cash Equivalents	57,167,708	(5,896,976)
Cash and Cash Equivalents at beginning of the year	67,156,011	73,052,987
Cash and Cash Equivalents at Closing	124,323,719	67,156,011
Net Operating Cash Flows Per Share (Restated)	2.87	1.87

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

The Financial Statements were authorised for issue by the Board of Directors on 28.10.2019 and signed on its behalf by:

				
Chairman	Managing Director	Deputy Managing Director	Chief Financial Officer	Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

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

Notes to the Financial Statements For the period year ended 30 June 2019

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

IAS - 01 Presentation of Financial Statement

IAS - 02 Inventories

IAS - 07 Statements of Cash Flows

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

IAS - 12 Income Taxes

IAS - 16 Property, Plant & Equipment

IAS - 17 Leases

IAS - 19 Employee Benefit

IAS - 23 Borrowing Cost

IAS - 33 Earning Per Share

IAS - 34 Interim Financial Reporting

IAS - 36 Impairment of Assets

IAS - 37 Provision, Contingent Liabilities and Contingent Assets

IAS - 39 Financial Instruments: Recognition and Measurement

IFRS-15 Revenue from Contracts with Customers

4. The financial statements are in compliance with the International Financial Reporting Standards (IFRSs) which are adapted 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 (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 used to run as two 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 -2 was in production. The company had done some BMRE in the year 2017-18 and 2018-19, and from financial year 2017/2018 the board of directors has decided to

Notes to the Financial Statements For the period year ended 30 June 2019

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.

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 66 officers 72 Staff and 1,189 permanent/badly/contractual workers.

	Taka
i) 1,327 Staff/Officers/Employees drew yearly salary & allowances Of Tk. 45 ,000 or more	12,35,97,426
ii) - Staff/ Officers/Technicians and many other casual workers drew yearly salary/wag es & allowances less than Tk. 45 ,000	
1,327	12,35,97,426

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 Statement 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 statement" issued by the international Accounting Standard Committee (IASC).

Notes to the Financial Statements For the period year ended 30 June 2019

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 2019
- (ii) Statement of Profit or Loss and Other Comprehensive Income the year ended 30 June 2019
- (iii) Statement of Changes in Equity the year ended 30 June 2019
- (iv) Statement of Cash Flows for the year ended 30 June 2019
- (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%
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.

Notes to the Financial Statements For the period year ended 30 June 2019

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 vehicles 15%, Interest of FDR 25% 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 2018-19 the total amount of tax deducted/ collected at source is Tk. 32,11,038.00 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.

Notes to the Financial Statements For the period year ended 30 June 2019

Basic Earnings

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

Basic Earnings Per Share

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

Diluted Earnings Per Share

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

14.00 Assets of the Company:

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

15.00 Tax Holiday:

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

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

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

17.00 Sundry Debtors:

In the financial year 2018/2019 the receivables was 6,27,45,014.00

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).

Notes to the Financial Statements For the period year ended 30 June 2019

18.02 Reporting Period:

Financial Statements of the company cover one financial year from 01 July 2018 to 30 June 2019.

18.03 Comparative Information:

Comparative information have been disclosed in respect of the financial year 2018-2019 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 2017-2018 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 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. 9,909,136.00 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 41st Annual General Meeting of the company held on 18-12-2018 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 2018-2019. 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 2019.

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.

Notes to the Financial Statements For the period year ended 30 June 2019

18.13 Transactions with Related Parties / Associated Undertakings:

There were no transactions with related parties during the year ended 30 June 2019.

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 9.99% as against the gross profit earning of 14.78%, with Export Proceeds during the preceding year.

As at 30 June 2019

20.00 Property Plant & Equipment : Tk. 128,827,831

The figures have been arrived at as under:

At Cost 01 July 2018

Unit No. 01

Unit No. 02

Add: Addition during the year

Unit No. 01

Unit No. 02

Less : Adjustment

Unit No. 01 (Written Off of Electrical Appliances and Crockeries & Culteries)

Unit No. 02 (Written Off of Crockeries & Culteries)

Less : Accumulated depreciation

Opening balance

Add: Charged during the year

Less : Adjustment (Electrical Appliances and Crockeries & Culteries)

Written down value

Amount in Taka	
30-06-2019	30-06-2018
207,470,645	171,592,784
-	-
207,470,645	171,592,784
13,174,335	36,019,960
-	-
13,174,335	36,019,960
1,450,000	140,433
-	1,666
1,450,000	142,099
79,034,977	67,951,250
11,332,173	11,224,961
-	141,234
90,367,150	79,034,977
128,827,831	128,435,668

Details have been shown in Annexure "A "

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

Changes of depreciation rate and accounting for depreciation on revalued amount included in the accumulated depreciation for the financial year 2018-19. 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. 100,378,686

The detailed break up of the amount is as follows :

a) FABRICS

Sl. No.	Name	Unit	Quantity	Value in Taka	Value in Taka
1	M/s. Kohl's Tony Hawk	Yards	225,198	31,322,085	44,869,609
2	KC	Yards	70,029	12,045,028	1,867,986
3	Li & Fung	Yards	72,340	11,098,257	10,829,494
	TOTAL:		367,567	54,465,370	57,567,089

b) Accessories Assorted

c) Finished Goods

d) Work in Progress

Total

3,917,209	7,579,537
21,732,655	39,857,657
20,263,452	19,670,463
100,378,686	124,674,746

In advance sales order from buyer, order of raw materials and start production accordingly built up the closing stock at the year end 2018/2019.

22.00 Investment In shares Tk. 7,194,751

Balance as Per Last Account

Add: Investment during this year

Add: Prior year Adjustment

Less: Unrealized Loss during this year

7,201,350	7,311,828
-	-
-	31215
(6,599)	(141,693)
7,194,751	7,201,350

23.00 Investment In FDR Tk.

The break up of the amount is as follows:

Balance As Per Last Account

Add: Addition during the period

Less: Adjustment/Sale during the period

1,576,894	1,772,919
-	76,894
(1,576,894)	272,919
-	1,576,894

Desh Garments Limited

As at 30 June 2019

Amount in Taka	
30-06-2019	30-06-2018

24.00 Accounts Receivable: Tk. 62,745,014

The amount of receivable is comprised of the following :

KHQ	33,538,225	10,282,775
LF Credit	25,825,039	14,902,973
Ultomo	-	1,883,869
Carry SP ZOO	3,381,750	-
	<u>62,745,014</u>	<u>27,069,617</u>

Due to change of payment term from Buyer end, the accounts receivables have creted from the financial year 2018/2019

25.00 Loans, Advances and Deposit (Considered good): Tk.1,225,325

These represent as follows :

Advance Against Purchase	925,568	706,586
Security Deposits	25.01 299,757	299,757
	<u>1,225,325</u>	<u>1,006,343</u>

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

25.01 Security Deposits: Tk. 299,757

The amount of security deposits is comprised of the following :

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

26.00 Income Tax Deducted at Source : Tk. 3,307,129

The break up of the amount is as under :

Balance as per last account	18,615,315	12,281,289
Additional during the year:		
Advance Income TAX	-	2,379,566
Tax deducted/Collected at Source	3,211,038	3,954,460
Adjustment during the year	(18,519,224)	-
	<u>3,307,129</u>	<u>18,615,315</u>

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

27.00 Cash and Bank Balances : Tk. 124,323,719

The break up of the amount is as under :

Cash in hand	27.01 1,451,159	815,202
Cash at Bank	27.02 122,872,560	66,340,809
	<u>124,323,719</u>	<u>67,156,011</u>

27.01 Cash in Hand : Tk. 1,451,159

The amount comprises of the following :

At Head Office	811,974	797,012
At Factory	639,185	18,190
	<u>1,451,159</u>	<u>815,202</u>

Notes to the Financial Statements As at 30 June 2019

Amount in Taka	
30-06-2019	30-06-2018

27.02 Cash at Bank : Tk. 122,872,560

The break up of the amount is as under :

Agrani Bank, Dhaka	39,457	40,095
Eastern Bank Ltd., Dhaka	7,853	8,180
National Bank Ltd., Dhaka	893	1,026
National Bank Ltd., Chittagong	25,046	102,787
Jamuna Bank, Kawranbazar, Dhaka	9,956	48,508
Mercantile Bank Ltd., Dhaka	158,293	391,411
Bank Asia Ltd	8,107	7,527
United Commercial Bank Ltd	20,863	21,249
Dutch Bangla Bank Ltd, Banani, Dhaka	157,243	759,775
Jamuna Bank Ltd. (Sundry Deposit)	44,497,047	47,526,386
JBL FC Account	919,391	787,140
JBL FCBPAR A/C-EDF Received from BB	77,028,411	16,646,725
	122,872,560	66,340,809

28.00 Authorised Capital: TK. 100,000,000

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

28.01 Shareholders' Equity TK. 66,503,580

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

28.02 Issed, Subscribed and Paid up Capital: Tk.66,503,580

a) It represents the paid up capital of the company consisting of 6,650,358 ordinary shares of Tk. 10 each issued for cash and fully paid up.

b) Composition of Shareholders

Sl. No.	Particulars	2019			2018		
		No. of Shares	Value of Shares	%	No. of Shares	Value of Shares	%
1	Directors & Sponsors	3,861,109	38,611,089	58.06%	3,510,099	35,100,990	58.06%
2	Other companies/institutions	644,335	6,443,349	9.69%	585,759	5,857,590	9.69%
3	General Shareholders	2,144,914	21,449,142	32.25%	1,949,922	19,499,220	32.25%
	TOTAL	6,650,358	66,503,580	100.00%	6,045,780	60,457,800	100.00%

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

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

Desh Garments Limited

As at 30 June 2019

		Amount in Taka	
		30-06-2019	30-06-2018
29.00 Tax Holiday Reserve: Tk. 7,272,808			
The break up of the amount is as follows:			
Unit No. 01		2,248,331	2,248,331
Unit No. 02		5,024,477	5,024,477
		7,272,808	7,272,808
It represents accumulated Special Reserve U/S 45 of Income Tax Ordinance 1984			
30.00 General Reserve : Tk. 1,477,579			
This is as per last account.			
		1,477,579	1,477,579
		1,477,579	1,477,579
31.00 Capital Reserve : Tk. 50,243,455			
The break up of the amount is as follows:			
Balance as per last account		50,243,455	43,877,188
Prior year Deferred Tax		-	7,743,033
Opening balance restated		50,243,455	51,620,221
Opening deferred tax		-	-
Depreciation on Revaluation		-	(1,376,766)
		50,243,455	50,243,455
N.B: Deferred Tax Liability wrongly calculated on Revaluation Surplus (Capital Reserve) based on permanent difference has been duly adjusted with Capital Reserve and Deferred Tax on Revaluation according to IAS 8.			
32.00 Retained Earnings : Tk. 17,919,829			
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 2019		83,479,200	71,801,225
		17,919,829	6,241,854
33.00 Loans and Overdraft: Tk.164,232,886			
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 under :			
Bank Loans and Overdraft	33.01	154,323,750	43,258,771
Directors Loan (Unsecured)	33.02	9,909,136	9,109,136
		-	52,367,907
33.01 Bank Loans and Overdraft: Tk.154,323,750			
The Figure consists of as follows:			
Packing Credit (JBL PC #)		17,824,325	13,476,426
SOD Loan General (JBL #)		15,380,495	5,494,353
EDF Loan (JBL)		101,014,757	16,646,722
Short Term Loan (JBL)		11,962,211	6,066,000
FDBP Loan (JBL)		8,141,962	-
Current Portion of Long Term Loan		-	1,575,270
		154,323,750	43,258,771
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.			
33.02 Directors Loan (Unsecured): Tk. 9,909,136			
The Figure consists of as follows:			
Balance as per last year		9,109,136	9,109,136
Add: Addition during the year		800,000	-
Less: Paid during the year		-	-
		9,909,136	9,109,136
This loan has been taken from the Directors of the company to meet up the regular expenses, which is non-interest bearing and received different occasion. During the year's addition balance is net.			

Desh Garments Limited

As at 30 June 2019

Amount in Taka	
30-06-2019	30-06-2018

34.00 Liabilities for Goods : Tk. 43,005,263

This represents import bills payable to foreign / local suppliers against different letter of credits at the close of the business on 30 June 2019.

The details are as follows :

M/S Samwon Trading	19,899,772	86,451,796
M/s Howaye Textile Co Ltd.	-	10,111,779
M/s. Suntex In't	5,985,319	5,274,608
M/s. R.M. Interlining	1,388,230	729,321
M/s. Jiangsu Textile Dyeing & Finishing Co.	5,239,927	5,355,321
M/s. Changzhou Jinheda Textile	-	3,368,465
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	439,740
M/s. Safe Printing	678,473	857,249
M/s. Tiangin Textiles	-	777,215
Sundry Creditors	565,342	252,342
	43,005,263	113,617,836

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

35.00 Accrued Expenses : Tk. 18,005,570

The break up of the amount is as follows :

Audit fee	115,000	115,000
Salary, wages and others	17,120,637	18,942,717
Income Tax Payable	769,933	-
	18,005,570	19,057,717

36.00 Worker's Profit Participation & Welfare Fund Tk. 8,459,277

The break up of the amount is as follows :

Workers profit participation & W. F. F	36.01	8,250,910	7,875,066
Employees Provident Fund		208,367	208,367
		8,459,277	8,083,433

36.01 Worker's Profit Participation & Welfare Fund : Tk. 8,250,910

The break up of the amount is as follows :

Balance as per last year	7,875,066	6,315,135
Add: Contribution during the year	915,844	1,705,531
	8,790,910	8,020,666
Less: Payment during the year	(540,000)	(145,600)
	8,250,910	7,875,066

Notes to the Financial Statements As at 30 June 2019

37.00 Dividend Payable : Tk. 10,025,700

This consists of the following :

Amount in Taka		
	30-06-2019	30-06-2018
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-30,1996	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.

38.00 Provison For Income Tax: TK. 2,301,554

The break up of the amount is as under :

Asst. Yr.	Opening Balance	Addition during the Yr	Adjustment during the Yr	Closing Balance 30-06-2019	Closing Balance 30-06-2018
2003-2004	127,002	-	127,002	-	127,002
2015-2016	2,695,066	-	2,695,066	-	2,695,066
2016-2017	6,606,010	-	6,606,010	-	6,606,010
2017-2018	4,996,856	-	4,996,856	-	4,996,856
2018-2019	4,094,290	-	4,094,290	-	4,094,290
2019-2020	-	2,301,554	-	2,301,554	-
	18,519,224	2,301,554	18,519,224	2,301,554	18,519,224

The tax assessment of Desh Garments limited for the assessment year 2003-04, 2015-16, 2016-17 and 2017-18 were submitted under section 82BB of Income Tax Ordinance 1984 which are yet to obtain for tax clearance certificate. However, 2018-19 tax years assessment had been completed and adjusted with the accounts accordingly.

For the year ended 30 June 2019

Amount in Taka	
30-06-2019	30-06-2018

39.00 Proposed Dividend

The Board of Directors recommended @ 10% stock Dividend to all Shareholders for the financial year 2018-19.

40.00 Turnover/Export Proceeds : Tk. 671,209,539

Turnover comprises of export sales for the year ended 30 June 2019.

Export Proceeds	671,209,539	535,823,009
	671,209,539	535,823,009

41.00 Cost of Goods Sold: Tk. 604,089,929

The break up of the amount is as follows :

Particulars			
Materials consumed	41.01	447,173,231	369,890,845
Factory overheads	41.02	130,489,850	103,103,583
Depreciation		8,301,846	8,224,698
		585,964,927	481,219,126
Add : Opening Stock of Finished Goods		39,857,657	15,261,124
		625,822,584	496,480,250
Less : Closing Stock of Finished Goods		(21,732,655)	(39,857,657)
		604,089,929	456,622,593

41.01 Raw Materials Consumed : Tk. 447,173,231

The break up of the amount is as follows :

Opening Stock	84,817,089	24,656,876
Add : Purchases	439,752,491	430,051,058
	524,569,580	454,707,934
Less: Closing Stock	(77,396,349)	(84,817,089)
	447,173,231	369,890,845

41.02 Factory Overheads : Tk.130,489,850

The break up of the amount is as follows :

Sl. Nos	Particulars	30 June 2019	30 June 2018
1	Salary & Allowances	13,440,072	12,730,800
2	Wages	97,305,294	71,449,033
3	Carriage Inward & Outward	718,900	599,650
4	Labor Charge	71,395	118,950
5	Conveyance	66,723	121,152
6	Entertainment	37,934	36,848
7	C & F Expenses	9,075,561	9,340,400
8	Repairs and Maintenance	1,759,041	724,098
9	Electricity, Gas & Generator Fuel	6,886,055	6,641,562
10	Photocopy, Printing & Stationery	194,592	499,566
11	Telephone Bill, Mobile & Internet	126,000	121,000
12	Miscellaneous Expenses	5,000	5,150
13	Postage, Stamp & Courier	133,348	72,129
14	Medical & Workers Welfare	42,189	35,764
15	WASA Bill	365,065	398,000
16	Newspapers & Journals	1,770	1,500
17	Rest House Expenses	67,501	24,000
18	Fees & Forms	43,410	35,920
19	New Year Expenses	150,000	148,061
	Total	130,489,850	103,103,583

Desh Garments Limited

Notes to the Financial Statements For the year ended 30 June 2019

Amount in Taka	
30-06-2019	30-06-2018

42.00 Administrative & Selling Expenses : Tk. 31,938,068

The break up of the amount is as follows :

Sl. Nos	Particulars	30 June 2019	30 June 2018
1	Salary of Management & Non-management	12,852,060	13,048,068
2	Electricity & WASA	958,966	940,657
3	Printing, Stationery & Photocopy	168,650	75,230
4	Repairs & Maintenance Vehicles and Others	216,836	285,227
5	Postage, Stamps and Courier	60,134	30,512
6	Audit Fees	115,000	115,000
7	Travelling & Conveyance	152,170	148,155
8	Advertisement	9,965	94,482
9	Office Rent	5,159,280	5,159,280
10	AGM Expenses	218,436	332,686
11	Export Expenses	2,632,201	2,168,619
12	Legal Consultancy & Professional Fee	5,000	5,000
13	Entertainment	41,833	25,870
14	Forwarding Expenses	1,683,700	1,097,636
15	Fees & Forms	23,870	20,900
16	Insurance Premium	1,762,622	1,657,521
17	Donation & Subscription	20,000	25,000
18	Miscellaneous Expenses	5,000	2,705
19	BGMEA Fee	12,000	12,000
20	Telephone, Telex, Fax, Mobile & Internet	493,065	513,713
21	Rest House Rent	246,000	210,000
22	Land Development Tax	126,000	126,000
23	Depreciation	3,030,327	3,610,327
24	Trade Discount	1,678,129	4,156,112
25	Training and Development Expenses	266,824	267,638
26	Written off of Electrical Appliances and Crockeries and Cutleries	-	865
Total		31,938,068	34,129,202

43.00 Financial Expenses : Tk. 18,389,254

The break up of the amount is as follows :

Bank Charge & Commission (BBLC)	5,291,955	3,443,821
Bank Interest	2,775,615	1,104,722
Bank Charge & Commission	3,787,356	2,884,537
Bank Interest on Overdraft and Packing Credit	5,785,344	2,727,650
Exchange Rate Fluctuation	748,984	1,256,655
	18,389,254	11,417,385

44.00 Other Income : Tk. 2,166,561

The break up of the amount is as follows :

Cash Dividend	1,427,953	1,427,953
Interest of FDR	-	76,894
Sale of Motor Vehicle	738,608	-
	2,166,561	1,504,847

45.00 Income Tax Provision : Tk. 2,301,554

The break up of the amount is as follows :

Income from Garments Business	1,905,173	3,786,449
Income from Dividend @ 20%	285,590	285,591
Income from Vehicle @ 15%	110,791	-
Income from FDR @ 25%	-	22,250
Prior Year Tax Adjustment	-	737,900
	2,301,554	4,832,190

Notes to the Financial Statements For the year ended 30 June 2019

	Amount in Taka	
	30-06-2019	30-06-2018
46.00 Deferred Tax : Tk. (23,633)		
Carrying value of Assets_ Accounting Base	128,827,831	128,435,666
Carrying value of Assets_ Tax Base	129,024,771	120,301,393
Temporary Difference	(196,940)	8,134,273
Deferred Tax Liability	(23,633)	1,220,141

Deferred Tax charged during the year Tk. 1,243,774 (23,633+ 1,220,141)

As per previous submission of tax return (Assessment was not completed) in prior years, the company's tax base and accounting base assets WDV was same. However, the changes of accounting estimates (IAS- 8) from financial year 2017-2018 created some temporary difference that caused deferred tax liability for the financial year 2017/18. However, the tax assessment had been done after the financial report. Hence, in the year 2018/2019 the deferred tax was calculated according to the recent assessment done by the authority of taxes. The local prevailing rate has been used to calculate deferred tax.

47.00 Gain/ (loss) on Marketable Securities (Unrealized) : Tk. (128,304)

Particulars	No of Share	Avg Cost	Cost	Market Rate	Market Value	Loss
BSC	9,894	49.96	494,305.34	51.50	509,541.00	15,235.66
WATACHEM	2,000	558.47	1,116,939.73	486.70	973,400.00	(143,539.73)
CDBL	571,181	10	5,711,810	10	5,711,810	-
	583,075		7,323,055		7,194,751	(128,304)

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

48.00 Basic Earnings Per Share (EPS):

The computation of EPS is given below:

Earnings attributable to the Ordinary Shareholders	16,985,225	28,010,878
Weighted average of number of Ordinary Shares Outstanding	6,373,260	6,373,260
During the year EPS Basic (Restated)	2.67	4.40

48.01 Weighted average of number of Ordinary Shares Outstanding

No of Shares	Time Period	Weighted No of Shares
6,045,780	5.5 months	2,770,983
6,650,358	6.5 months	3,602,277
Weighted average shares , dated 30th June, 2019		6,373,260

49.00 Contingent Liability

There was no Contingent Liability as on 30.06.2019

50.00 Related Party Transaction

The company did not carry out any related party transaction according to IAS 24. The company also does not have any subsidiaries and associates company.

Desh Garments Limited Schedule of Property Plant & Equipment As at 30 June 2019

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 2019	
	Balance as on 01 July 2018	Addition during the year	Sales/ Adjustment	Total as on 30 June 2019	Rate	Balance as on 01 July 2018	Charged during the year	Sales / Adjustment		Total as on 30 June 2019
Land and Land Development	30,484,000	-	-	30,484,000		-	-	-	-	30,484,000
Factory Building - A	40,226,400	-	-	40,226,400	5%	2,557,289	1,883,456	-	4,440,744	35,785,656
Factory Building - B	16,181,582	-	-	16,181,582	5%	2,333,626	692,398	-	3,026,024	13,155,558
Plant & Machinery	75,441,386	7,399,363	-	82,840,749	15%	48,720,655	5,118,014	-	53,838,669	29,002,080
Electrical Installation	12,031,842	24,000	-	12,055,842	15%	3,495,784	1,284,009	-	4,779,793	7,276,049
Office Equipment	3,273,579	-	-	3,273,579	15%	2,270,509	150,460	-	2,420,970	852,609
Furniture & Fixture	4,384,376	3,877,735	-	8,262,111	10%	2,689,203	557,291	-	3,246,493	5,015,618
Motor Vehicle	11,459,081	1,773,887	1,450,000	11,782,968	20%	7,072,826	942,028	-	8,014,854	3,768,114
Boiler and Water Softener	443,297	-	-	443,297	15%	431,302	1,799	-	433,102	10,195
Generator	7,458,928	-	-	7,458,928	15%	5,101,236	353,654	-	5,454,890	2,004,038
Tools and Equipment	42,061	-	-	42,061	10%	32,390	967	-	33,357	8,704
Fire Extinguisher	570,783	47,550	-	618,333	15%	327,040	43,694	-	370,734	247,599
Computer & Computer Software	3,139,630	51,800	-	3,191,430	20%	2,247,230	188,840	-	2,436,070	755,360
Power Substation	1,060,000	-	-	1,060,000	20%	987,158	14,568	-	1,001,726	58,274
Road, Bridge and Fencing	1,273,700	-	-	1,273,700	20%	768,729	100,994	-	869,723	403,977
TOTAL TAKA:	207,470,645	13,174,335	1,450,000	219,194,980		79,034,977	11,332,173	-	90,367,150	128,827,831

Depreciation has been charged to:

Production

Administration

11,724,335

8,301,846

3,030,327

11,332,173



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 একাত্তরের 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 রহমতের মাগফেরাত কামনা করি এবং দেয়া 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 42nd Annual General Meeting of the
Company to be held on the 19th December, 2019 at 11.45 a.m. or at any adjournment thereof. As witness
my/our hand this day of December, 2019 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 42nd 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 42nd Annual General Meeting held on the 19th December, 2019 at 11.45 a.m. in Dhaka.

Name of the Member/Proxy

Folio/B.O. No.

Signature
(Shareholder/Proxy)

পরিচালকবৃন্দ
দেশ গার্মেন্টস লিমিটেড

প্রক্সি ফরম

আমি/আমরা, ঠিকানা.....
..... দেশ গার্মেন্টস লিমিটেড-এর শেয়ারহোল্ডার হিসাবে এতদ্বারা
জনাব/জনাবা ঠিকানা
..... কে
আগামী ১৯ই ডিসেম্বর, ২০১৯ইং তারিখে সকাল ১১.৪৫ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৪২তম বার্ষিক সাধারণ সভায় এবং পরবর্তী
মূলতবী সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০১৯ইং 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 ৪২তম 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)

১৯ই ডিসেম্বর, ২০১৯ ইং তারিখে সকাল ১১.৪৫ মিনিটে ঢাকায় অনুষ্ঠিত কোম্পানীর ৪২তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি
এতদ্বারা তালিকাভুক্ত করা হইল।

সদস্যের নাম/প্রতিনিধির নাম.....

ফলিও/বিও নং.....

স্বাক্ষর
(শেয়ার হোল্ডার/প্রতিনিধি)



DESH GARMENTS LIMITED

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