

# Annual Report 2015-2016

বার্ষিক প্রতিবেদন ২০১৫-২০১৬



**Desh Garments Limited**

# Desh Garments Limited

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**Late M. Noorul Quader**

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

Founder Chairman and Managing Director



Thirtyeighth Annual General Meeting



# Desh Garments Limited



# BANGLADESH ASSOCIATION OF PUBLICLY LISTED COMPANIES



Ref. No: CM-2016/113

Date of issue : 7<sup>th</sup> March 2016

## 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 31<sup>st</sup> December 2016.*



  
Secretary-General

# **ANNUAL REPORT**

**2015-2016**



**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, 2016.**

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, 2016, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity for the year ended on 30 June, 2016, along with notes thereon and all related consolidated Financial Statements for your kind information, records and necessary advise.

Yours faithfully,

Sd/-  
K. Moulic  
Company Secretary

Dated : 30th November, 2016

# Desh Garments Limited

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## Notice of the Thirtyninth Annual General Meeting

Notice is hereby given that the Thirtyninth Annual General Meeting of the Shareholders of Desh Garments Limited will be held on Tuesday the 27th December, 2016 at 12.30 p.m. in the Auditorium of Muktiyuddha 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, 2016 together with Report of the Directors and Auditors thereon.
02. To declare dividend.
03. To elect Directors.
04. To appoint auditors for the year 2016-2017 and to fix their remuneration.

Dated : Dhaka  
27 October 2016

By order of the Board

Sd/-  
K. Moulic  
Company Secretary

### Notes:

The **Record Date** is 17 November, 2016.

Members of the company whose names appear in the register of members upto record date to be entitled to dividend for the year 2015-2016 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 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 2016 should reach the Head Office (Share Department) of the company at least 7 (seven) days before the meeting for convenience and appropriate explanation.

## **CORPORATE GOVERNANCE**

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

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

a) **Constitution:**

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

b) **Role & Responsibilities:**

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

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

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

# Desh Garments Limited

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d) **Audit Committee of Board:**

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

e) **Executive Management:**

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

f) **Independent Directors:**

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

# Desh Garments Limited

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## **MANAGEMENT APPARATUS:**

### **A. Board of Directors:**

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

### **Auditors:**

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

### **Banker:**

National Bank Limited, Dhaka.

### **B. Audit Committee:**

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

### **Legal Advisors:**

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

### **C. Management Committee:**

Mr. Omar Quader Khan	Chairman
Miss Vidiya Amrit Khan	Member
Mr. K. Moulic	Member

### **Insurance:**

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

### **D. Senior Corporate Officials:**

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

### **Listing:**

Dhaka Stock Exchange Ltd.  
Dhaka.

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## **REGISTERED OFFICE**

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

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## **FACTORY**

53/A, Kalurghat Industrial Area  
Chittagong.

# Desh Garments Limited

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## **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. 4,04,40,000.00
7. Number of Shareholders : 2,086
8. Number of total Employees : 1,121
9. Main product : Woven Shirts
10. Main Export Market (countries) : USA, Canada, EU

## **CORPORATE OPERATIONAL RESULTS**

**Figure in Taka**

<b>PARTICULARS</b>	<b>2015-2016</b>	<b>2014-2015</b>	<b>2013-2014</b>	<b>2012-2013</b>	<b>2011-2012</b>
Total Turnover	410,453,025	437,540,598	261,137,471	258,210,120	241,522,863
Gross Profit	58,944,812	34,631,338	20,843,845	18,162,373	15,096,359
Net Profit (AT)	26,112,654	8,370,786	3,553,128	2,962,873	2,414,396
Earning Per Share (Restated)	6.46	2.07	0.88	0.73	0.60
Dividend Rate (%)	30% Stock	20% Stock	10% Cash	7% Cash	7% Cash
Total Assets	247,124,173	260,106,253	214,121,533	177,322,104	155,197,304
Total Liabilities	(174,719,905)	(210,477,368)	(172,863,434)	(136,247,133)	(114,726,206)
Net Asset Value	72,404,268	49,628,885	41,258,099	41,074,971	40,471,098
N.A.V. Per share (Restated)	17.90	12.27	10.20	10.16	10.01

# Desh Garments Limited

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## **Bismillahir Rahmanir Rahim** **Directors' Report to Shareholders for the year ended on 30th June, 2016**

Dear Shareholders,

Assalamu Alaikum,

I am pleased to welcome you to the 39th Annual General Meeting of the company being held at this pleasant morning, at the Auditorium of Muktijuddha Shmritee Milonayaton, Institution of Diploma Engineers Bangladesh, Kakrail, Dhaka. In terms of section 184 of the Companies, Act, 1994 and the Rule 12 (and the schedule there under) of the Bangladesh Securities and Exchange Rules 1987, I am pleased to present, on behalf of the Board of Directors, the Report of the Directors on the activities of the company together with the Auditors' Report thereon for the year ended on 30th June, 2016 for your kind consideration and approval.

### **INDUSTRY OUTLOOK:**

Ready Made Garments Industry (RMGI) is the main stay of Bangladesh economy at present. This sector is the highest export earner accounting for more than 88% (2014-15) of Bangladesh's export earnings and highest employer providing employment to over four million persons of which 80% are women. Export earnings from RMGI sector rose from US\$12.496 billion in 2009-10 to US \$28.094 billion in 2015-16, registering a growth of 125% in seven years, average annual growth of 17.9%. The export of shirts, which is the main export item of Desh Garments registered a sharp increase from \$0.99 billion in 2009-10 to \$2.32 billion in 2015-16, growth in seven years was 134% and average annual growth of 19.14%. Further, the government has said and export target of 50 billion by 2020-21 indicating 78% growth in five years that is 15.6% per year. All these figures indicate existence of very good opportunities for investment and expansion in this sector. We have planned to expand our production capacities from ten lines to twenty lines in future.

### **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. However, because of not getting higher prices our total export was Tk.41.05 crore as against Tk.43.75 crore during previous year. At the beginning of FY 2015-2016, cost control measures were planned and gradually implemented. One internal Auditor and one Budget Officer were appointed for close monitoring of cost control measures. These efforts ultimately started giving result during second half of FY 2015-2016. Cost of production and selling & administrative expenses came down to Tk.37.28 crore in FY 2015-16 from Tk.41.91 crore in FY 2014-15, i.e. improvement of 11% while exports declined by 6% to Tk.41.04 crore from Tk.43.75 crore of previous year. As the cost control measures were introduced at the beginning of the FY, its result became visible during second half of the year.

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.

# Desh Garments Limited

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## **FINANCIAL RESULTS :**

Summarized comparative results for the years 2015-2016 and 2014-2015 are given below:

	2015-2016 (Taka)	2014-2015 (Taka)
Turnover (Exports)	410,453,025	437,540,598
Gross Profit/(Loss)	58,944,812	34,631,338
Operating Profit	37,569,189	18,445,554
Other income	2,673,495	1,993,703
Net Profit before tax	32,718,664	11,065,852
Net Profit after tax	26,112,654	8,370,786
Earning Per Share (EPS) (Restated)	6.46	2.07
Net Assets Value (NAV) (Restated)	17.90	12.27
Face Value of share (Tk.)	10.00	10.00
Net Operating Cash Flows per share (Restated)	2.90	16.09

## **Board Meeting and Attendance:**

Seven (7) board meetings were held during the year under review (2015-2016). 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
Miss Vidiya Amrit Khan	Director	07	07
Mr. B.M. Nurul Azim	Independent Director	07	6
Mr. Ranjit Chakraborty	Independent Director	01	01
Mr. Subash Chandra Bose	Independent Director	06	06

The tenure as Independent Director of Mr. Ranjit Chakraborty expired on 20.09.2015.

# Desh Garments Limited

## Shareholding

The Pattern of shareholding as on 30.06.2016 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:	-	-	
	<b>Director:</b>			
	Mrs. Rokeya Quader	328,944	8.13	
	Mr. Omar Quader Khan	1,407,480	34.80	
	Miss Vidiya Amrit Khan	608,196	15.03	
	Mr. B.M. Nurul Azim, FCA	Independent Director	-	
	Mr. Subash Chandra Bose	Independent Director	-	
	Company Secretary (CS)	120	-	
	Chief Financial Officer (CFO)	-	-	
	Head of Internal Audit (HIA)	-	-	
ii)	Executives (Top five salaried persons) other than CEO, CS, CFO, HIA)	-	-	
	Mrs. Jolly Hassan	-	-	
	Mr. Alauddin Ahamed	-	-	
	Mr. Imam Hossain	-	-	
	Mr. Modasser Ahmed	-	-	
	Mr. Md. Zafrul Enayet Ullah	-	-	

## Shareholders holding 10% or more voting right

1.	Mr. Omar Quader Khan	1,407,480	34.80	
2.	Miss Vidiya Amrit Khan	6,08,196	15.03	

The Directors also report that:

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

# Desh Garments Limited

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

## **ACCUMULATED LOSS**

As it was reported earlier several times, the devastating cyclone and tidal bore that lashed the south-east coast of Bangladesh on the night of 29-30 April 1991 badly damaged our factory. The salty water from the tidal bore rushed into the factory with the tremendous force and inundated upto an average height of 5 ft. inside the factory. Entire machinery, fabrics, accessories, export ready goods stored in the godown and lying on the floor, and the fabrics awaiting clearance from the customs at Chittagong port were damaged beyond recovery. As a result of such unusual damages, we had suffered a net loss of Tk.6.56 crore in 1991-92. However, after restarting of the factory in 1994-95 with the new machineries, we have been earning profit in most of the years; however, the accumulated profit is still inadequate to offset the loss of 1991 cyclones. Our accumulated profit net of losses and the dividends paid till 2015-16 have been shown under the "Retained Earnings" section of the Balance Sheet.

## **REVALUATION OF ASSETS**

The cost valuation of the assets of the company was calculated on the basis of actual costs incurred during 1978 to 1980. Since then the average price levels of the company assets had increased substantially. In order to find the real asset value of the company, the lands, factory building, electrical installation, and road, bridges, and fencing were revalued during 1994-95 and the balance sheet was reconstructed on that basis of the asset revaluation resulting in appreciation of the lands factory building, and electrical installation and depreciation of road, bridges, and fencing. However, depreciation on the incremental value of the factory building and the electrical installation were not charged considering the shareholders interest.

## **FIXED ASSET REGISTER**

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

## **DIVIDEND**

The Profit after Tax earned during the financial year under the report is Tk.26,112,654.00 which is not enough to set off the aforesaid cyclone loss considering the previous years' accumulated profits. The directors, however, recommend 30% stock dividend to all shareholders of the company from the current year's profit.

## **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**

Miss Vidiya Amrit Khan 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. MABS & J Partners, Chartered Accountants, retire at this Annual General Meeting and M/s. MABS & J Partners have expressed their willingness for reappointment as auditor as per their offer letter dated 27.10.2016. Auditors are required to be appointed at this Annual General Meeting and their remuneration to be fixed too.

## **MANAGEMENT APPRECIATION**

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

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

The status of compliance as required in pursuance of notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 as amended by notification No. SEC/CMRRCD/2006-158/147/Admin/48 Dated July 21, 2013 of Bangladesh Securities and Exchange Commission is given in Annex-02 and the audit committee report for the year 2015-2016 is also enclosed vide Annex-03.

Thanking you,

Sd/-

**Rokeya Quader**  
Chairman

Dated: 27/10/2016



**Rahman Mostafa Alam & Co.**  
Chartered Accountants



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

**Desh Garments Limited**

We have examined the compliance of conditions of corporate governance guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by Desh Garments Limited for the year ended on June 30, 2016 as stipulated in clause 7(i) of the BSEC notification no. SEC/CMRRECD/2006-158/134/Admin/44 dated August 07, 2012 as amended by notification no. SEC/CMRRECD/2006-158/147/Admin/48 dated July 21, 2013 of Bangladesh securities and Exchange Commission.

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

To the best of our information and according to the explanations given to us, we certify that, as reported on the attached status of compliance statement, Desh Garments Limited has complied with conditions of corporate governance stipulated in the above mentioned BSEC notification dated August 07, 2012 as amended by notification dated July 21, 2013.

Dated: Dhaka  
October 27, 2016

  
**Rahman Mostafa Alam & Co.**  
Chartered Accountants

## CORPORATE GOVERNANCE COMPLIANCE REPORT

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

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

# Desh Garments Limited

1.2	(iv)	the post of independent director(s) can not remain vacant for more than 90 (ninety) days.	✓		
1.2	(v)	the Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	✓		
1.2	(vi)	the tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	✓		
<b>1.3</b>		<b>Qualification of Independent Director(ID)</b>			
1.3	(i)	Independent Director shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	✓		
1.3	(ii)	The person should be a Business Leader / Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of corporate management/ professional experiences	✓		
1.3	(iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.			Not applicable
<b>1.4</b>		<b>Chairman of the Board and Chief Executive Officer</b>			
1.4		The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals. The Chairman of the company shall be elected from among the directors of the company. The Board of Directors shall clearly define respective roles and responsibilities of the Chairman and the Chief Executive Officer	✓		
<b>1.5</b>		<b>Directors report to the Shareholders</b>			
1.5	(i)	Industry outlook and possible future developments in the industry.	✓		
1.5	(ii)	Segment-wise or product-wise performance.			Not applicable
1.5	(iii)	Risks and concerns.	✓		
1.5	(iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	✓		
1.5	(v)	Discussion on continuity of any Extra-Ordinary gain or loss			Not applicable
1.5	(vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report	✓		
1.5	(vii)	Utilization of proceeds from public issues, rights issues and/or through any others 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 Offer, Direct Listing, etc			Not applicable
1.5	(ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.			Not applicable
1.5	(x)	Remuneration to directors including independent directors.	✓		
1.5	(xi)	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)	Proper books of account of the issuer company have been maintained.	✓		

# Desh Garments Limited

1.5	(xiii)	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)	International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS), 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)	The system of internal control is sound in design and has been effectively implemented and monitored.	✓		
1.5	(xvi)	There are no significant doubts 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 thereof should be disclosed.	✓		
1.5	(xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	✓		
1.5	(xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5	(xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.			Not applicable
1.5	(xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	✓		
1.5	(xxi)	<b>The Pattern of shareholding shall be reported to disclose the aggregate number of share ( along with name wise details):-</b>			
1.5	(xxi)	a) Parent/Subsidiary/Associated Companies and other related parties (name wise Details)	✓		
1.5	(xxi)	b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details)	✓		
1.5	(xxi)	c) Executives	✓		
1.5	(xxi)	d) Shareholders holding ten percent (10%) or more voting interest in the company (name wise details)	✓		
1.5	(xxii)	a) A brief resume of the director.	✓		
1.5	(xxii)	b) Nature of his/her expertise in specific functional areas.	✓		
1.5	(xxii)	c) Names of companies in which the person also holds the directorship and the membership of committees of the board.	✓		
2.0		<b>Chief Financial Officer(CFO), Head of Internal Audit (HIA) and Company Secretary(CS)</b>			
2.1		<b>Appointment:</b> The company shall appoint a Chief Financial Officer (CFO), a Head of Internal Audit (Internal Control and Compliance) and a Company Secretary (CS). The Board of Directors should clearly define respective roles, responsibilities and duties of the CFO, the Head of Internal Audit and the CS	✓		

# Desh Garments Limited

2.2		<b>Requirement to attend the Board Meetings:</b> The CFO and the Company Secretary of the companies shall attend the meetings of the Board of Directors, provided that the CFO and/or the Company Secretary shall not attend such part of a meeting of the Board of Directors which involves consideration of an agenda item relating to their personal matters	✓		
3.0		<b>Audit Committee</b>			
3	(i)	The company shall have an Audit Committee as a sub-committee of the Board of Directors.	✓		
3	(ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	✓		
3	(iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	✓		
3.1		<b>Constitution of the Audit Committee :</b>			
3.1	(i)	The Audit Committee shall be composed of at least 3 (three) members.	✓		
3.1	(ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director	✓		
3.1	(iii)	All members of the audit committee should be "financially literate" and at least 1(one) member shall have accounting or related financial management experience	✓		
3.1	(iv)	When the term of service of the Committee members expires or there is any circumstance causing any Committee member to be unable to hold office until expiration of the term of service, thus making the number of the Committee members to be lower than the prescribed number of 3 (three) persons, the Board of directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee			No such incident created
3.1	(v)	The company secretary shall act as the secretary of the Committee	✓		
3.1	(vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director	✓		
3.2		<b>Chairman of the Audit Committee</b>			
3.2	(i)	The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director	✓		
3.2	(ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM)	✓		
3.3		<b>Role of the Audit Committee</b>			
3.3	(i)	Oversee the financial reporting process.	✓		
3.3	(ii)	Monitor choice of accounting policies and principles.	✓		
3.3	(iii)	Monitor Internal Control Risk management process.	✓		
3.3	(iv)	Oversee hiring and performance of external auditors.	✓		
3.3	(v)	Review along with the management, the annual financial statements before submission to the board for approval.	✓		

# Desh Garments Limited

3.3	(vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	✓		
3.3	(vii)	Review the adequacy of internal audit function.	✓		
3.3	(viii)	Review statement of significant related party transactions submitted by the management.	✓		
3.3	(ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	✓		
3.3	(x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/ applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results. Further, on an annual basis, the company shall prepare a statement of funds utilized for the purposes other than those stated in the offer document/prospectus			No such incident created
<b>3.4</b>		<b>Reporting of the Audit Committee</b>			
<b>3.4.1</b>		<b>Reporting to the Board of Directors</b>			
3.4.1	(i)	The Audit Committee shall report on its activities to the Board of Directors.	✓		
3.4.1	(ii)	a) Report on conflicts of interests.			Not applicable
3.4.1	(ii)	b) Suspected or presumed fraud or irregularity or material defect in the internal control system.			Not applicable
3.4.1	(ii)	c) Suspected infringement of Laws, including securities related Laws, Rules and Regulations.			Not applicable
3.4.1	(ii)	d) Any other matter which shall be disclosed to the Board of Directors immediately			Not applicable
<b>3.4.2</b>		<b>Reporting of the Authorities</b>			
3.4.2		If the Audit Committee has reported to the Board of Directors about anything which has material impact on the financial condition and results of operation and has discussed with the Board of Directors and the management that any rectification is necessary and if the Audit Committee finds that such rectification has been unreasonably ignored, the Audit Committee shall report such finding to the Commission, upon reporting of such matters to the Board of Directors for three times or completion of a period of 6 (six) months from the date of first reporting to the Board of Directors, whichever is earlier.	✓		
<b>3.5</b>		<b>Reporting to the Shareholders and General Investors</b>			
3.5		Report on activities carried out by the Audit Committee, including any report made to the Board of Directors under condition 3.4.1 (ii) above during the year, shall be signed by the Chairman of the Audit Committee and disclosed in the annual report of the issuer company	✓		
<b>4</b>		<b>External /Statutory Auditors</b>			
		The issuer company should not engage its external /statutory auditors to perform the following services of the company ; namely			
4	(i)	Appraisal or valuation services or fairness opinions	✓		
4	(ii)	Financial information systems design and implementation	✓		
4	(iii)	Book-keeping or other services related to the accounting records or financial statements	✓		

# Desh Garments Limited

4	(iv)	Broker-dealer services.	✓		
4	(v)	Actuarial services.	✓		
4	(vi)	Internal audit services.	✓		
4	(vii)	Any other service that the Audit Committee determines.	✓		
4	(viii)	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	✓		
4	(ix)	Audit/Certification services on compliance of corporate governance	✓		
5		<b>Subsidiary Company</b>			
5	(i)	Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company			Not applicable
5	(ii)	At least 1 (one) independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of the subsidiary company			Not applicable
5	(iii)	The minutes of the Board meeting of the subsidiary company shall be placed for review at the following Board meeting of the holding company			Not applicable
5	(iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also			Not applicable
5	(v)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			Not applicable
6		<b>Duties of Chief Executive officer (CEO) and Chief financial Officer (CFO)</b>			
		<b>The CEO and CFO shall certify to the Board that :-</b>			
6	(i)	They have reviewed financial statements for the year and that to the best of their knowledge and belief:			
6	(i)	a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.	✓		
6	(i)	b) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws	✓		
6	(ii)	There are, to the best of knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct	✓		
7		<b>Reporting and Compliance of Corporate Governance</b>			
7	(i)	The company shall obtain a certificate from a practicing Professional Accountant/Secretary (Chartered Accountant /Cost and Management Accountant/Chartered Secretary) regarding compliance of conditions of Corporate Governance Guidelines of the Commission and shall send the same to the shareholders along with the Annual Report on a yearly basis	✓		
7	(ii)	The directors of the company shall state, in accordance with the <b>Annexure</b> attached, in the directors' report whether the company has complied with these conditions	✓		

## **AUDIT COMMITTEE REPORT**

For the year 2015-2016

The Audit Committee consists of the following members:

Mr. Beg Md. Nurul Azim	Chairman
Mrs. Rokeya Quader	Member
Miss 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 2015-2016, first one in November 2015, second one in January 2016, third one in April 2016 and last one in September 2016. 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 2016, the audited Accounts for the year 2015-2016 was discussed and examined in details.

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

Sd/-

Beg Md. Nurul Azim  
Chairman  
Audit Committee

Dated : September 19, 2016

# Desh Garments Limited

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## **AUDITOR'S REPORT TO THE SHAREHOLDERS**

We have audited the accompanying financial statements of DESH GARMENTS LIMITED which comprise the Statement of Financial Position as at 30 June 2016, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

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

### **Opinion**

In our opinion, except for the possible effects of the matters described in the preceding paragraphs, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company's affairs as at 30 June 2016 and the results of its operations and cash flows for the year then ended and comply with the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### **We also report that:**

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

Dated: Dhaka, 27 October 2016

Sd/  
**MABS & J PARTNERS**  
Chartered Accountants

# Desh Garments Limited

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

Figure in Taka

PARTICULARS	NOTES	30-JUN-16	30-JUN-15
<b>Assets:</b>			
<b>Non-Current Assets</b>		<b>107,370,094</b>	<b>99,606,373</b>
Property, Plant & Equipment	20	107,370,094	99,606,373
<b>Current Assets</b>		<b>139,754,079</b>	<b>160,499,880</b>
Inventories	21	51,109,457	58,538,013
Investment in Shares	22	5,811,828	5,711,810
Investment in FDR	23	13,063,657	13,465,750
Loans, Advances and Deposits	24	1,256,366	299,757
Income Tax Deduction at Source	25	12,963,487	14,112,464
Cash and Cash Equivalents	26	55,549,284	68,372,086
<b>Total Assets</b>		<b>247,124,173</b>	<b>260,106,253</b>
<b>Shareholders' Equity</b>		<b>62,080,224</b>	<b>34,223,830</b>
Share capital	27.02	40,440,000	33,700,000
Tax Holiday Reserve	28	7,272,808	7,272,808
General Reserve	29	1,477,579	1,477,579
Capital Reserve	30	41,296,177	36,215,166
Retained Earnings	31	(28,406,340)	(44,441,723)
<b>Non-Current Liabilities</b>		<b>10,324,044</b>	<b>15,405,055</b>
Deferred Tax on Revaluation			
<b>Current Liabilities</b>		<b>174,719,905</b>	<b>210,477,368</b>
Loans and Overdraft	32	23,285,457	35,001,283
Liabilities for Goods	33	109,847,863	132,152,081
Accrued Expenses	34	17,187,293	26,360,325
Creditors	35	4,796,774	3,344,751
Unclaimed Dividend	36	237,960	237,960
Dividend Payable	37	8,261,765	8,261,765
Employees' Provident Fund	38	208,367	208,367
Provision for Income Tax	39	10,894,426	4,910,836
<b>Total Equity and Liabilities</b>		<b>247,124,173</b>	<b>260,106,253</b>
<b>Net Assets Value Per Share (Restated)</b>		<b>17.90</b>	<b>12.27</b>

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

Sd/-

**Rokeya Quader**

Chairman

Sd/-

**Omar Quader Khan**

Managing Director

Sd/-

**Nazmul Huda Mullick**

Chief Financial Officer

Sd/-

**K Moulic**

Company Secretary

AUDITOR'S REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 27 October 2016

Sd/-

**MABS & J Partners**

Chartered Accountants

# Desh Garments Limited

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

PARTICULARS	NOTES	For The Year Ended 30 June 2016	
		2016 TAKA	2015 TAKA
TURNOVER	41	410,453,025	437,540,598
COST OF GOODS SOLD	42	(351,508,213)	(402,909,260)
<b>GROSS PROFIT</b>		<b>58,944,812</b>	<b>34,631,338</b>
<b>OPERATING EXPENSES :</b>			
Administrative and Selling Expenses	45	(21,375,623)	(16,185,784)
<b>OPERATING PROFIT</b>		<b>37,569,189</b>	<b>18,445,554</b>
Financial Expenses	46	(6,021,761)	(8,919,798)
		31,547,428	9,525,756
Contribution to W. P. & Welfare Fund		(1,502,258)	(453,607)
		<b>30,045,169</b>	<b>9,072,149</b>
Other Income	47	2,673,495	1,993,703
<b>NET PROFIT BEFORE TAX</b>		<b>32,718,664</b>	<b>11,065,852</b>
Income Tax Provision	48	(6,606,010)	(2,695,066)
<b>NET PROFIT AFTER TAX</b>		<b>26,112,654</b>	<b>8,370,786</b>
<b>Earnings Per Share (EPS) – Basic (Restated)</b>	49	<b>6.46</b>	<b>2.07</b>

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

Sd/-  
**Rokeya Quader**  
Chairman

Sd/-  
**Omar Quader Khan**  
Managing Director

Sd/-  
**Nazmul Huda Mullick**  
Chief Financial Officer

Sd/-  
**K Moulic**  
Company Secretary

### AUDITOR'S REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 27 October 2016

Sd/-  
**MABS & J Partners**  
Chartered Accountants

# Desh Garments Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

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

## FOR THE YEAR ENDED 30 JUNE 2015

Particulars	Share Capital	Tax Holiday Reserve	General Reserve	Capital Reserve	Retained Earnings	Total Amount (Taka)
Balance as on 1 July 2014	33,700,000	7,272,808	1,477,579	51,620,221	(52,812,509)	41,258,099
Deferred Tax on Revaluation	-	-	-	(15,405,055)	-	(15,405,055)
Net Profit for 2014-2015	-	-	-	-	8,370,786	8,370,786
<b>As on 30 June 2015</b>	<b>33,700,000</b>	<b>7,272,808</b>	<b>1,477,579</b>	<b>36,215,166</b>	<b>(44,441,723)</b>	<b>34,223,830</b>

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

Sd/-  
**Rokeya Quader**  
Chairman

Sd/-  
**Omar Quader Khan**  
Managing Director

Sd/-  
**Nazmul Huda Mullick**  
Chief Financial Officer

Sd/-  
**K Moulic**  
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 27 October, 2016

Sd/-  
**MABS & J Partners**  
Chartered Accountants

# Desh Garments Limited

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

PARTICULARS	For The Year Ended 30 June 2016	
	2016 TAKA	2015 TAKA
<b>Cash Flows from Operating Activities</b>		
Collections from Turnover & Others	413,126,520	438,968,551
Payment for Cost & Expenses	(392,551,439)	(363,319,097)
Financial Expence	(6,021,761)	(8,919,798)
Income Tax paid	(2,810,714)	(1,671,643)
<b>Net Cash Flows From Operating Activities</b>	<b>11,742,606</b>	<b>65,058,013</b>
<b>Cash Flows from Investing Activities</b>		
Acquisition of Property Plant and Equipment	(13,151,657)	(6,139,138)
Investment in Share	(100,018)	-
Investment in FDR	402,093	(12,900,000)
<b>Net Cash used in Investing Activities</b>	<b>(12,849,582)</b>	<b>(19,039,138)</b>
<b>Cash Flows from Financing Activities</b>		
Received from Bank Loan and Others	1,341,084	-
Bank and Other Loan Repaid	(13,056,910)	(14,856,529)
<b>Net Cash Flows From Financing Activities</b>	<b>(11,715,826)</b>	<b>(18,226,529)</b>
Decrease in Cash and Cash Equivalents	(12,822,802)	27,792,346
Cash and Cash Equivalents at beginning of the year	68,372,086	40,579,740
<b>Cash and Cash Equivalents at end of the year</b>	<b>55,549,284</b>	<b>68,372,086</b>
<b>Net Operating Cash Flows Per Share (Restated)</b>	<b>2.90</b>	<b>16.09</b>

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

Sd/-  
**Rokeya Quader**  
Chairman

Sd/-  
**Omar Quader Khan**  
Managing Director

Sd/-  
**Nazmul Huda Mullick**  
Chief Financial Officer

Sd/-  
**K Moulic**  
Company Secretary

### AUDITORS' REPORT TO THE SHAREHOLDERS :

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

Dated : Dhaka, 27 October, 2016

Sd/-  
**MABS & J Partners**  
Chartered Accountants

# Desh Garments Limited

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1st JULY 2015 TO 30 JUNE 2016

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

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

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

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

# Desh Garments Limited

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

### **Domicile, Legal Form and Country of Incorporation:**

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

### **Address of Registered Office and Principal Place of Business:**

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

### **Principal Activities And Nature of Operations:**

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

### **Number of Employees:**

On the payroll of the Company, there were 46 officers 50 Staff and 1,025 permanent/badly/contractual workers.

		<u>Taka</u>
i)	1,121 Staff/Officers/Employees drew yearly salary & allowances Of Tk. 36,000 or more	81,152,845
ii)	- Staff/ Officers/Technicians and many other casual workers drew yearly salary/wages & allowances less than Tk. 36,000	-
	<u>1,121</u>	<u>81,152,845</u>

# Desh Garments Limited

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## **C. Significant Accounting Policies- Disclosures.**

### **1.00 Compliance with International Accounting Standards (IASs):**

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

### **2.00 Compliance with Local Laws:**

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

### **3.00 Measurement Bases used in preparing the Financial Statements:**

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

### **4.00 Components of the Financial Statements:**

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

- (i) Statement of Financial Position as at 30 June 2016.
- (ii) Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2016.
- (iii) Statement of Changes in Equity for the year ended 30 June 2016.
- (iv) Statement of Cash Flows for the year ended 30 June 2016.
- (v) Accounting policies and explanatory notes.

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

#### *Recognition of Property, Plant and Equipment and Depreciation*

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

# Desh Garments Limited

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The depreciation rates applicable to the principal categories are:

**Rates**

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

## **6.00 Inventories:**

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

## **7.00 Cash and Cash Equivalents:**

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

## **8.00 Statement of Cash Flows:**

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

## **9.00 Accounting Convention and Basis:**

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

## **10.00 Taxation:**

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

# Desh Garments Limited

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## **10.01 Discloser under BAS -12:**

Deferred Tax Liability has not been considered on carrying amount of cost of property, plant and equipment because the amount of tax deducted/collected at source from export bills is treated as the final tax liability under the Income Tax Ordinance from the financial year 2005-06, irrespective of the operational results. During the financial year 2015-16 the total amount of tax deducted/collected at source is Tk. 2,810,714. Deferred tax liability has been considered on revaluation amount of property, plant & equipment.

## **11.00 Revenue Recognition:**

The revenue during the year represents revenue arising from C.M. received and sales of readymade garments items which are recognized when deliveries are made, against the sales order received from the respective customer and after satisfying all the conditions for revenue recognition as provided in IAS 18 "Revenue Recognition".

## **12.00 Foreign Currency Translation:**

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

## **13.00 Earning Per Share (EPS):**

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

### **Basic Earnings**

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

### **Basic Earnings Per Share**

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

### **Diluted Earnings Per Share**

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

## **14.00 Assets of the Company:**

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

## **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.

# Desh Garments Limited

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

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

## **17.00 Sundry Debtors:**

There are no Debtors at the end of the year.

## **18.00 Additional Information:**

### **18.01 Responsibility for preparation and presentation of Financial Statements:**

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

### **18.02 Reporting Period:**

Financial Statements of the company cover one financial year from 01 July 2015 to 30 June 2016.

### **18.03 Comparative Information:**

Comparative information have been disclosed in respect of the financial year 2014-2015 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the financial year 2014-2015 have been rearranged when ever considered necessary to ensure comparability with the current year.

### **18.04 Turnover:**

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

### **18.05 Commission:**

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

### **18.06 Brokerage or Discount:**

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

# Desh Garments Limited

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## **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. 10,287,862 has been taken from Managing Director to meet up day to day 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 38th Annual General Meeting of the company held on 27-12-2015 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 2015-2016. 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 2016.

## **18.12 Credit Facility not availed of:**

There was no general credit facilities other than those are stated in "Note-32" were available to the company under any contract to be availed of at the Statement of Financial Position date.

## **18.13 Transactions with Related Parties / Associated Undertakings:**

There were no transactions with related parties during the year ended 30 June 2016.

## **18.14 Going Concern:**

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

## **18.15 Trade Creditors and other Current Liabilities:**

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

## **18.16 Reporting Currency and level of precision:**

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

## **18.17 Calculation of Net Asset Value (NAV):**

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

## **19.00 Gross Profit:**

The gross profit earned during the year is 14.36% as against the gross profit earning of 7.91% with Export Proceeds during the preceding year.

# Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
<b>20.00 Property, Plant &amp; Equipment : Tk. 107,370,094</b>		
The break up of the amount is as follows:		
At Cost 01 July 2015		
Unit No. 01	80,846,002	80,846,002
Unit No. 02	75,698,076	69,558,938
	156,544,078	150,404,940
Addition during the year		
Unit No. 01	-	-
Unit No. 02	13,151,657	6,139,138
	13,151,657	6,139,138
Less : Accumulated depreciation		
Unit No. 01	7,408,280	7,391,438
Unit No. 02	54,917,361	49,546,267
	62,325,641	56,937,705
Written down value	<b>107,370,094</b>	<b>99,606,373</b>

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

## 21.00 Inventories : Tk. 51,109,457

The detailed break up of the amount is as follows :

a) FABRICS

Sl.	Name	Unit	Quantity	Value in Taka	Value in Taka
1	M/s. Kohl's Tony Hawk	Yards	333,158	30,203,245	-
2	N.Y. Sourcing	Yards	14,793	1,627,274	-
3	N.T.S. Fashion	Yards	29,426	4,502,178	45,769,611
	<b>Total</b>		<b>377,377</b>	<b>36,332,697</b>	<b>45,769,611</b>

b) ACCESSORIES ASSORTED

**5,361,492**      **1,325,825**

c) FINISHED GOODS

**9,415,268**      **11,442,577**

**Total (a + b +c)**

**51,109,457**      **58,538,013**

# Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
<b>22.00 Investment In shares: Tk. 5,811,828</b>		
Balance As Per Last Account	5,711,810	5,711,810
Addition during the period	100,018	-
	<b>5,811,828</b>	<b>5,711,810</b>
<b>23.00 Investment in FDR: Tk. 13,063,657</b>		
The break up of the amount is as follows:		
Balance As Per Last Account	13,465,750	-
Addition during the year	10,051,000	13,465,750
Adjustment/Encashment during thr year	(10,453,093)	-
	<b>13,063,657</b>	<b>13,465,750</b>
<b>24.00 Loans, Advances and Deposit (considered goods): Tk. 1,256,366</b>		
The break up of the amount is as follows:		
Advance Against Purchase	956,609	-
Security Deposits 24.01	299,757	299,757
	<b>1,256,366</b>	<b>299,757</b>
These do not include any advance paid either to subsidiary companies or to associated companies /sister concern.		
<b>24.01 Security Deposits: Tk. 299,757</b>		
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
	<b>299,757</b>	<b>299,757</b>
<b>25.00 Income Tax Deducted at Source : Tk. 12,963,487</b>		
The break up of the amount is as under :		
Balance as per last account	14,112,464	12,440,821
During the year	2,810,714	1,671,643
Adjustment during the year	(3,959,691)	-
	<b>12,963,487</b>	<b>14,112,464</b>

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

# Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
<b>26.00 Cash and Cash Equivalents : Tk. 55,549,284</b>		
The break up of the amount is as under :		
Cash in hand at head office	1,067,358	1,644,077
Cash at Bank 26.01	54,481,926	66,728,009
	<b>55,549,284</b>	<b>68,372,086</b>

## 26.01 Cash at Bank : Tk. 54,481,926

The break up of the amount is as under :

Agrani Bank Ltd., Dhaka	40,095	45,205
Eastern Bank Ltd., Dhaka	8,180	8,180
National Bank Ltd., Dhaka	4,110	3,028
National Bank Ltd., Chittagong	9,711,044	83,599
Sonali Bank Ltd., Dhaka	1,799	1,799
Sonali Bank Ltd. Kalurghat, Chittagong	8,234	7,922
Sonali Bank Ltd. Kalurghat, Chittagong	-	-
National Bank Ltd., MOB A/C	43,484,921	65,275,345
Standard Chartered Bank, Chittagong	33,838	33,838
Mercantile Bank Ltd., Dhaka	418,408	422,486
Bank Asia Ltd., Dhaka	7,527	8,677
United Commercial Bank Ltd.	23,049	40,995
National Bank Ltd. (Sundry Deposit)	1,944	71,747
National Bank Ltd. (FC Account)	738,777	725,188
	<b>54,481,926</b>	<b>66,728,009</b>

## 27.00 Authorised Capital: TK. 100,000,000

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

## 27.01 Shareholders' Equity: TK. 62,080,224

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

# Desh Garments Limited

## 27.02 Issued, Subscribed and Paid up Capital : TK. 40,440,000

- a) It represents the paid up capital of the company consisting of 4,044,000 ordinary shares of Tk. 10 each issued for cash and fully paid up.

### b) Composition of Shareholders

Sl No	Particulars	2016			2015		
		No. of Shares	Value of shares	%	No. of Shares	Value of shares	%
1.	Directors & Sponsors	2,347,920	23,479,200	58.06	1,956,400	19,564,000	58.05
	Other companies /institutions	473,064	4,730,640	11.69	256,128	2,561,280	7.60
	General shareholders	1,223,016	12,230,160	30.25	1,157,472	11,574,720	34.35
	<b>Total</b>	<b>4,044,000</b>	<b>40,440,000</b>	<b>100</b>	<b>3,370,000</b>	<b>33,700,000</b>	<b>100</b>

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

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

PARTICULARS
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As at 30 June	
2016 TAKA	2015 TAKA

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

The break up of the amount is as follows :

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

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

# Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
<b>29.00 General Reserve : Tk. 1,477,579</b>		
This is as per last account.	1,477,579	1,477,579
	<u><b>1,477,579</b></u>	<u><b>1,477,579</b></u>
<b>30.00 Capital Reserve : Tk. 41,296,177</b>		
The break up of the amount is as follows :		
Balance as per last account	36,215,166	51,620,221
Opening Deferred Tax	15,405,055	-
Provision for Deferred Tax	(10,324,044)	(15,405,055)
	<u><b>41,296,177</b></u>	<u><b>36,215,166</b></u>
<b>31.00 Retained Earnings : Tk. (28,406,340)</b>		
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 2016	37,153,031	21,117,648
	<u><b>(28,406,340)</b></u>	<u><b>(44,441,723)</b></u>
<b>32.00 Loans and Overdraft: Tk. 23,285,457</b>		
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	32.01 12,997,595	26,054,505
Directors Loan ( Unsecured)	32.02 10,287,862	8,946,778
	<u><b>23,285,457</b></u>	<u><b>35,001,283</b></u>
<b>32.01 Bank Loans and Overdraft: Tk. 12,997,595</b>		
The break up of the amount is as follows:		
P/C (Packing credit) (NBL a/c # 2881/888)	12,997,595	7,273,986
Loan General (NBL a/c # 35046486)	-	6,500,069
Loan General (NBL a/c # 35046494)	-	12,280,450
	<u><b>12,997,595</b></u>	<u><b>26,054,505</b></u>

Packing Credit from National Bank Limited (NBL) is secured by hypothecation of stocks and export bill. There were no general nature or credit facilities available to the company under any contract which was not availed of at the date of Statement of Financial Position.

# Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
<b>32.02 Directors Loan ( Unsecured): Tk. 10,287,862</b>		
The Figure consists of as follows:		
Director's Loan Unsecured	10,287,862	8,946,778
	<b>10,287,862</b>	<b>8,946,778</b>
This loan has been taken from Managing Director of the company, which is non-interest bearing. For meet up day to day expenses.		
<b>33.00 Liabilities for Goods : Tk. 109,847,863</b>		
This represents import bills payable to foreign / local suppliers against different letter of credits at the close of the business on 30 June 2016. The details are as follows :		
M/S Samwon Trading	87,925,061	127,497,367
M/s Hongkong Sea International	4,051,679	4,654,714
M/S.Suntex In't	15,101,563	-
M/S.R.M.Interlining	1,537,889	-
M/S.Total Accessories	1,231,671	-
	<b>109,847,863</b>	<b>132,152,081</b>
<b>34.00 Accrued Expenses : Tk. 17,187,293</b>		
The break up of the amount is as follows :		
Audit fees	115,000	115,000
Salary, wages and others	16,603,957	25,776,989
Tax payable against Expenses	468,336	468,336
	<b>17,187,293</b>	<b>26,360,325</b>
<b>35.00 Creditors : Tk. 4,796,774</b>		
The break up of the amount is as follows :		
Worker's profit participation & Welfare Fund` 35.01	4,631,418	3,179,395
Sundry Creditors	165,356	165,356
	<b>4,796,774</b>	<b>3,344,751</b>
<b>35.01 Worker's Profit Participation &amp; Welfare Fund : Tk. 4,631,418</b>		
The break up of the amount is as follows :		
Balance as per last year	3,179,395	2,762,038
Contribution during the year	1,502,258	453,607
	<b>4,681,653</b>	<b>3,215,645</b>
Payment during the year	(50,235)	(36,250)
	<b>4,631,418</b>	<b>3,179,395</b>

# Desh Garments Limited

PARTICULARS	As at 30 June	
	2016 TAKA	2015 TAKA
<b>36.00 Unclaimed Dividend: Tk. 237,960</b>		
The break up of the amount is as follows :		
For June 30, 1996	118,660	118,660
For June 30, 1997	119,300	119,300
	<u><b>237,960</b></u>	<u><b>237,960</b></u>

## 37.00 Dividend Payable : Tk. 8,261,765

The break up of the amount is as follows:		
Dividend declared long before and payable to directors as per last account	2,837,980	2,837,980
Dividend declared in 1997	1,980,400	1,980,400
Dividend Payable for 2004 & 2005	117,505	117,505
Dividend Payable for 2013	1,369,480	1,369,480
Dividend Payable for 2014	1,956,400	1,956,400
	<u><b>8,261,765</b></u>	<u><b>8,261,765</b></u>

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

## 38.00 Employees Provident Fund : TK. 208,367

This has been brought forward from previous account.	208,367	208,367
	<u><b>208,367</b></u>	<u><b>208,367</b></u>

## 39.00 Provison For Income Tax: TK. 10,894,426

The break up of the amount is as under :

Assessment Year	Opening Balance	Addition during the year	Adjustment during the year	Closing Blance
2000-2001	85,502	-	85,502	-
2003-2004	127,002	-	-	127,002
2005-2006	84,427	-	84,427	-
2006-2007	204,346	-	204,346	-
2007-2008	86,585	-	86,585	-
2008-2009	95,358	-	95,358	-
2009-2010	66,202	-	66,202	-
2010-2011	84,735	-	-	84,735
2011-2012	116,449	-	-	116,449
2012-2013	192,109	-	-	192,109
2013-2014	519,602	-	-	519,602
2014-2015	553,453	-	-	553,453
2015-2016	2,695,066	-	-	2,695,066
2016-2017	-	6,606,010	-	6,606,010
	<u><b>4,910,836</b></u>	<u><b>6,606,010</b></u>	<u><b>622,420</b></u>	<u><b>10,894,426</b></u>
				<u><b>4,910,836</b></u>

# Desh Garments Limited

PARTICULARS	For The Year Ended 30 June 2016	
	2016 TAKA	2015 TAKA

## 40.00 Proposed Dividend

The Board of Directors recommended @ 30% Stock Dividend to all Shareholders for the financial year 2015-16.

## 41.00 Turnover/Export Proceeds : Tk. 410,453,025

The break up of the amount is as follows :

Export sales	396,405,375	437,540,598
Sub-Contract Sale	14,047,650	-
	<b>410,453,025</b>	<b>437,540,598</b>

## 42.00 Cost of Goods Sold: Tk. 351,508,213

The break up of the amount is as follows :

Materials consumed	43	256,350,018	300,836,748
Factory overheads	44	90,343,652	103,092,759
Depreciation		2,787,234	2,606,093
		<b>349,480,904</b>	<b>406,535,600</b>
Opening Stock of Finished Goods		11,442,577	7,816,237
		<b>360,923,481</b>	<b>414,351,837</b>
Closing Stock of Finished Goods		(9,415,268)	(11,442,577)
		<b>351,508,213</b>	<b>402,909,260</b>

## 43.00 Raw Materials Consumed : Tk. 256,350,018

The break up of the amount is as follows :

Opening Stock	47,095,436	48,638,140
Purchases	250,948,771	299,294,044
	<b>298,044,207</b>	<b>347,932,184</b>
Closing Stock	(41,694,189)	(47,095,436)
	<b>256,350,018</b>	<b>300,836,748</b>

# Desh Garments Limited

PARTICULARS	For The Year Ended 30 June 2016	
	2016 TAKA	2015 TAKA
<b>44.00 Factory Overheads : Tk. 90,343,652</b>		
The break up of the amount is as follows :		
Salary & Allowances	12,497,658	11,705,176
Wages	60,793,871	75,385,606
Carriage Inward	45,530	40,380
Labor Charge	88,626	137,306
Conveyance	83,323	107,516
Entertainment	8,650	6,643
C & F Expenses	8,657,454	5,898,830
Repairs and Maintenance	1,132,945	905,102
Electricity, Gas & Generator Fuel	5,392,673	7,521,851
Photocopy, Printing & Stationery	634,411	538,004
Telephone Bill, Mobile & Internet	99,571	73,302
Miscellaneous Expenses	8,570	7,000
Postage, Stamp & Courier	93,295	62,719
Medical & Workers Welfare	27,924	25,599
WASA Bill	541,831	414,129
Newspapers & Journals	1,865	2,850
Rest House Expenses	35,455	19,746
Fees & Forms	50,000	58,000
New Year Expenses	150,000	183,000
	<b>90,343,652</b>	<b>103,092,759</b>

# Desh Garments Limited

PARTICULARS	For The Year Ended 30 June 2016	
	2016 TAKA	2015 TAKA
<b>45.00 Administrative and Selling Expenses : Tk. 21,375,623</b>		
The break up of the amount is as follows :		
Salary of Management & Non-management	7,861,316	7,357,288
Electricity & WASA	743,483	541,495
Printing, Stationery & Photocopy	124,551	84,026
Repairs & Maintenance Vehicles and Others	303,988	530,736
Postage, Stamps and Courier	35,230	65,365
Audit Fees	115,000	115,000
Travelling & Conveyance	273,854	240,417
Advertisement	115,589	1,929
Office Rent	3,316,680	-
AGM Expenses	613,215	497,184
Export Expenses	2,447,651	2,361,584
Legal Consultancy & Professional Fees	16,646	8,000
Entertainment	9,488	5,287
Forwarding Expenses	971,385	830,204
Fees & Forms	50,048	134,570
Insurance Premium	907,593	1,081,617
Donation & Subscription	58,000	9,862
Miscellaneous Expenses	12,540	1,802
CAD Tax	-	329,212
BGMEA Fees	12,000	12,000
Telephone, Telex, Fax, Mobile & Internet	280,517	174,622
Rest House Rent	242,000	228,000
Land Development Tax	264,150	247,760
Depreciation	2,600,699	1,327,824
	<b><u>21,375,623</u></b>	<b><u>16,185,784</u></b>

## 46.00 Financial Expenses : Tk. 6,021,761

The break up of the amount is as follows :		
Bank Charge & Commission (BBLC)	3,218,333	3,783,882
Bank Interest	181,796	176,450
Bank Charge & Commission	471,974	267,616
Bank Overdraft Interest	2,149,658	4,691,850
	<b><u>6,021,761</u></b>	<b><u>8,919,798</u></b>

# Desh Garments Limited

PARTICULARS	For The Year Ended 30 June 2016	
	2016 TAKA	2015 TAKA
<b>47.00 Other Income : Tk. 2,673,495</b>		
The break up of the amount is as follows :		
Cash Dividend	1,427,953	1,427,953
Interest of FDR	1,245,542	565,750
	<u><b>2,673,495</b></u>	<u><b>1,993,703</b></u>
<b>48.00 Income Tax Provision : Tk. 6,606,010</b>		
The break up of the amount is as follows :		
Income from Garments Business	6,009,034	2,268,037
Income from Dividend @ 20%	285,591	285,591
Income from FDR @ 25%	311,386	141,438
	<u><b>6,606,010</b></u>	<u><b>2,695,066</b></u>
<b>49.00 Basic Earnings Per Share (EPS):</b>		
The computation of EPS is given below:		
Earnings attributable to the Ordinary Shareholders	26,112,654	8,370,786
Weighted average of number of Ordinary Shares Outstanding during the year EPS Basic (Restated)	4,044,000	4,044,000
	<u><b>6.46</b></u>	<u><b>2.07</b></u>

**50.00 There was no Contingent Liability as on 30-06-2016.**

**Desh Garments Limited**  
**SCHEDULE OF PROPERTY PLANT & EQUIPMENT**  
**AS ON JUNE 30, 2016**  
**Unit - 01**

**Annexure - "A-1"**

Particulars	Cost			Depreciation			Written down value as on 30 June 2016
	Balance as at 01 July 2015	Addition during the year	Total as on 30 June 2016	Value for Depreciation Charge	Rate	Balance as on 01 July 2015	
Land and Land Development	30,484,000	-	30,484,000	-	-	-	30,484,000
Factory Building	40,226,400	-	40,226,400	10,489	20%	570,928	39,653,374
Plant & Machinery	3,022,500	-	3,022,500	20,928	15%	3,000,776	18,585
Electrical Installation	2,997,436	-	2,997,436	22,250	15%	391,714	2,602,385
Office Equipment	1,077,499	-	1,077,499	11,958	15%	1,065,102	10,603
Furniture & Fixture	1,001,858	-	1,001,858	36,517	10%	964,841	33,365
Motor vehicle	622,176	-	622,176	1,504	20%	620,554	1,321
Road, Bridge and Fencing	1,273,700	-	1,273,700	11,726	20%	638,265	633,090
Electrical Appliances	125,487	-	125,487	1,018	15%	124,431	903
Crockerries and Cutleries	14,946	-	14,946	110	20%	14,828	96
<b>Total Taka</b>	<b>80,846,002</b>	<b>-</b>	<b>80,846,002</b>	<b>116,500</b>		<b>7,391,439</b>	<b>73,437,722</b>

Depreciation has been charged to :-

	<b><u>Taka</u></b>
Production	11,788
Administration	5,052
	<b><u>Taka</u></b>
	<b><u>16,840</u></b>

**Desh Garments Limited**  
**SCHEDULE OF PROPERTY PLANT & EQUIPMENT**  
**AS ON JUNE 30, 2016**  
**Unit - 02**

**Annexure - "A-2"**

Particulars	Cost		Rate	Depreciation			Written down value as on 30 June 2016
	Balance as on 01 July 2015	Addition during the year		Balance as on 01 July 2015	Charged During the Year	Total as on 30 June 2016	
Factory Building	987,127	2,137,918	20%	974,538	242,734	1,217,272	1,907,773
Plant & Machinery	51,437,528	471,000	15%	36,867,447	2,197,299	39,064,746	12,843,782
Electrical Installation	1,648,316	3,100,380	15%	676,527	304,029	980,556	3,768,140
Office Equipment	1,321,105	829,800	15%	609,981	214,901	824,882	1,326,023
Furniture & Fixture	2,800,435	222,812	10%	1,192,252	170,798	1,363,050	1,660,197
Motor Vehicle	5,543,300	6,133,557	20%	2,363,089	1,411,654	3,774,743	7,902,114
Crockeries and Cutleries	1,666	-	20%	1,644	4	1,648	18
Boiler and Water Softener	443,297	-	15%	423,766	2,930	426,696	16,601
Generator	7,458,928	-	15%	3,619,821	575,866	4,195,687	3,263,241
Tools and Equipment	42,061	-	10%	28,795	1,327	30,122	11,939
Fire Extinguisher	499,183	43,590	15%	188,389	49,977	238,366	304,407
Computer & Computer Software	2,455,130	212,600	20%	1,682,289	171,120	1,853,409	814,321
Power Substation	1,060,000	-	20%	917,730	28,454	946,184	113,816
<b>TOTAL TAKA:</b>	<b>75,698,076</b>	<b>13,151,657</b>		<b>49,546,267</b>	<b>5,371,093</b>	<b>54,917,361</b>	<b>33,932,372</b>

**Depreciation has been charged to :**

Production  
Administration

**Taka**

2,775,446  
2,595,647

**Taka      5,371,093**

# 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 39th Annual General Meeting of the  
Company to be held on the 27 December, 2016 at 12.30 p.m. or at any adjournment thereof. As witness my/  
our hand this ..... day of December, 2016 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 39th 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 39th Annual General Meeting held on the 27 December, 2016 at 12.30 p.m. in Dhaka.

Name of the Member/Proxy .....

Folio/B.O. No. ....

Signature  
(Shareholder/Proxy)

# Desh Garments Limited

পরিচালকবৃন্দ  
দেশ গার্মেন্টস লিমিটেড

## প্রক্সি ফর্ম

আমি/আমরা, ..... ঠিকানা .....  
..... দেশ গার্মেন্টস লিমিটেড-এর শেয়ারহোল্ডার হিসাবে এতদ্বারা  
জনাব/জনাবা ..... ঠিকানা .....  
.....কে  
আগামী ২৭ ডিসেম্বর, ২০১৬ইং তারিখে দুপুর ১২.৩০ মিনিটে অনুষ্ঠিতব্য কোম্পানীর ৩৯তম বার্ষিক সাধারণ সভায় এবং পরবর্তী মূলতবী  
সভায় আমার/আমাদের পক্ষে ভোট প্রদানের জন্য নিযুক্ত করিলাম। ২০১৬ইং সনের .....ডিসেম্বর তারিখে আমার/আমাদের সম্মুখে স্বাক্ষর  
হিসেবে জনাব/জনাবা ..... ঠিকানা .....  
.....এর উপস্থিতিতে স্বাক্ষর করিলেন।

প্রতিনিধির স্বাক্ষর  
তাং

শেয়ারহোল্ডার স্বাক্ষর  
ফলিও/বিও নং--  
তাং

২০.০০ টাকার  
রেভিনিউ স্ট্যাম্প

(স্বাক্ষর স্বাক্ষর ও তারিখ)

- বিঃ দ্রঃ ১। একজন সদস্য যিনি ৩৯তম 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)

২৭ ডিসেম্বর, ২০১৬ তারিখে দুপুর ১২.৩০ মিনিটে ঢাকায় অনুষ্ঠিত কোম্পানীর ৩৯তম বার্ষিক সাধারণ সভায় আমার উপস্থিতি এতদ্বারা  
তালিকাভুক্ত করা হইল।

সদস্যের নাম/প্রতিনিধির নাম .....

ফলিও/বিও নং.....

স্বাক্ষর  
(শেয়ার হোল্ডার/প্রতিনিধি)



# **Desh Garments Limited**

REGISTERED OFFICE:

AWAL CENTRE (7TH FLOOR), PLOT # 34, KEMAL ATATURK AVENUE, ROAD # 17  
BANANI C/A, DHAKA-1213, BANGLADESH. PHONE: 9822019, 9822314

**w w w . d e s h g r o u p . c o m**