

# ANNUAL REPORT

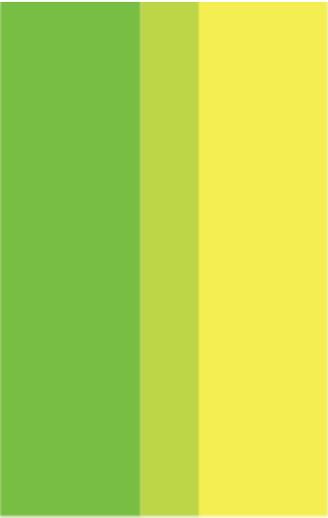
2017-2018

 **KDS Accessories Limited**



PROVEN TO SUSTAIN





# ANNUAL REPORT 2017-2018

**Searching the eastern and western world  
by assembling global challenge**



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## **KDS ACCESSORIES LIMITED**

IS ONE OF THE COUNTRY'S LEADING AND  
LARGEST GARMENTS ACCESSORIES COMPANY  
WITH COMPREHENSIVE PRODUCT RANGE.

HAVING SINGLE LARGEST CAPACITY  
WE ARE PIONEER OF PACKAGING.

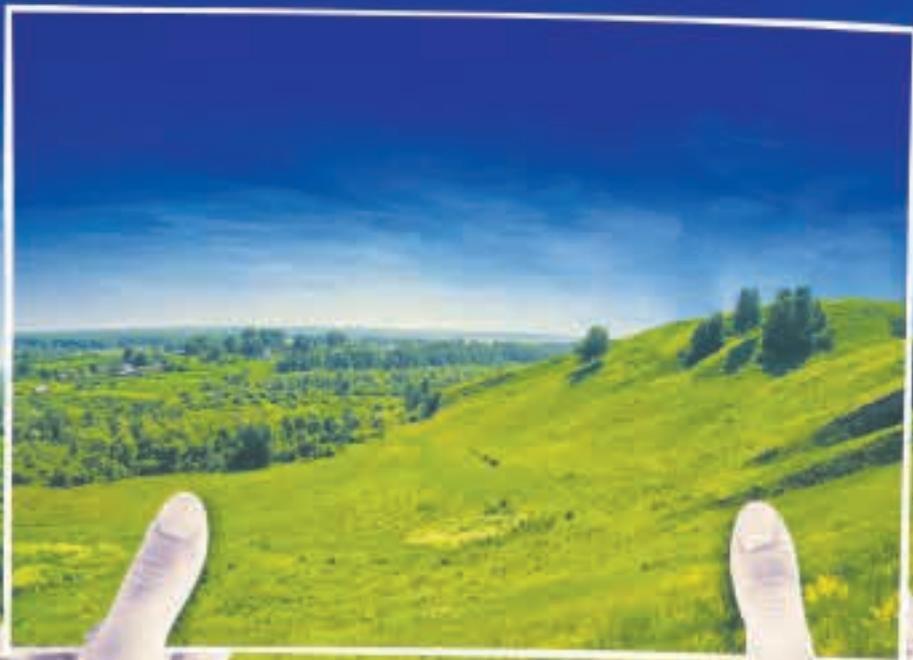
WE BELIEVE IN WORKING CLOSELY WITH  
OUR CLIENTS TO UNDERSTAND THEIR  
NEEDS TO DESIGN SERVICES  
ACCORDINGLY AND ALIGN OURSELVES  
AS A STRATEGIC PARTNER, HELPING US  
TO REALIZE OUR VISION

**'TO BE A GLOBALLY PREFERRED TRIMS  
AND PACKAGING SOLUTIONS COMPANY'**



	<b>Earnings Per Share (EPS)</b>	2015-2016 - BDT. 2.14	<b>Net Assets Value (NAV) Per Share</b>	2015-2016 - BDT. 25.37
		2015 - BDT. 2.86		2015 - BDT. 23.82
		2014 - BDT. 2.22		2014 - BDT. 21.85
		2013 - BDT. 2.14		2013 - BDT. 19.63
	<b>Revenue</b>	2015-2016 - BDT. 1,609.77 mn	<b>Gross Profit (GP)</b>	2015-2016 - BDT. 359.21 mn
		2015 - BDT. 1,690.86 mn		2015 - BDT. 357.13 mn
		2014 - BDT. 1,742.31 mn		2014 - BDT. 358.35 mn
		2013 - BDT. 1,647.26 mn		2013 - BDT. 368.33 mn
	<b>Net Profit (NP) After Tax</b>	2015-2016 - BDT. 122.34 mn	<b>Net Operating Cash Flow Per Share (NOCFPS)</b>	2015-2016 - BDT. 2.50
		2015 - BDT. 124.99 mn		2015 - BDT. 3.44
		2014 - BDT. 88.64 mn		2014 - BDT. 4.67
		2013 - BDT. 85.87 mn		2013 - BDT. 0.41

*Our Integrity in  
every process*



# WHO WE ARE

STARTING ITS JOURNEY BACK TO THE 1991,  
KDS ACCESSORIES LIMITED IS THE  
COUNTRY'S LEADING AND LARGEST  
ACCESSORIES MANUFACTURER  
AND  
A MAJOR PLAYER IN  
THE BANGLADESH  
READY-MADE  
GARMENTS  
(RMG)  
MARKET.

## OUR STRENGTH

Our extensive experience in the industry has helped us acquire knowledge and information to design products and services that best suites requirements of our clients.

We offer flexibility, competitiveness and sharper lead-time to facilitate demanding sourcing requirement. Our national network supported by a dynamic team of professionals allows us to serve our clients as a strong supply chain partner providing production, consolidation and solution based services.

## COMPREHENSIVE PRODUCTS RANGE

We offer one of the most comprehensive ranges of apparel Trims & Packaging products and services. In Bangladesh we manufacture almost all the products in our IMS (ISO-9001 : 2015, ISO- 14001 : 2015, BS OHSAS- 18001 : 2007) certified international standard facilities and our products meet global quality standards.

## GLOBAL RECOGNITION

We are preferred by world most reputed brand for as reliable and quality supplier for their garment accessories.





# Vision

To be a globally preferred trims & packaging solutions company

**We innovate  
to lead**



**Lead through  
service  
excellence**

**Nurture intelligence  
for human capital  
growth**

# **Core Values**

**Maintain global  
presence & standards  
economically**

**Maximum  
resource  
utilization**



Front view of our Corporate Office, Chattogram



Front view of our Dhaka Office



Partial view of our Gazipur Factory

# CORPORATE INFORMATION

<b>Company Name</b>	: <b>KDS Accessories Limited</b>	
<b>Company Registration No</b>	: C-H-C-862/154 of 1991	
<b>Status of the Company</b>	: Public Limited Company	
<b>Date of Incorporation</b>	: 21 April 1991	
<b>Offices</b>	: <b>Registered Office-</b> 255, Nasirabad I/A, Chattogram, Bangladesh.	
	<p><b>Corporate Head Office</b> 191-192, Baizid Bostami Road Nasirabad I/A, Chattogram-4210 Bangladesh.</p>	<p><b>Dhaka Office</b> Road 4, House 63 Block C, Banani Dhaka-1213, Bangladesh</p>
<b>Plant Location</b>	<p>: <b>Unit-01</b> 191-192, Baizid Bostami Road Nasirabad I/A, Chattogram-4210 Bangladesh</p>	<p>: <b>Unit-02</b> 6, West Dogory, Mirzapur Gazipur Sadar, Dhaka Bangladesh.</p>
<b>Phone No</b>	: +880 31 681701-3	+880 2 9821665
<b>Fax</b>	: +880 31 682137	+880 2 9821682
<b>E-mail</b>	: accessories@kdsgroup.net	
<b>Website</b>	: www.kdsaccessories.com	
<b>Bankers &amp; NBFIs</b>	<p>: Bank Asia Limited HSBC Mutual Trust Bank Limited Trust Bank Limited Exim Bank Limited IPDC</p>	<p>Standard Chartered Bank Southeast Bank Limited Dutch Bangla Bank Limited NCC Bank Limited Commercial Bank of Ceylon</p>
<b>Insurers</b>	: Pragati Insurance Limited Northern General Insurance Company Limited	
<b>Auditors</b>	<p>: <b>Statutory Auditor</b> Hussain Farhad &amp; Co. Chartered Accountants Yunusco City Center(9th Floor) 807 CDA Avenue, Nasirabad Chattogram, Bangladesh.</p> <p><b>Internal Auditor</b> Rahman Rahman Huq Chartered Accountants 78 Agrabad Commercial Area Makkah Madina Trade Centre (13th floor) Sabadar Ali Road, Chattogram- 4100.</p>	<p><b>Auditor For Corporate Governance</b> Shafiq Basak &amp; Co. Chartered Accountants National House (1st Floor) 109 Agrabad Commercial Area Chattogram-4100, Bangladesh.</p>
<b>Credit Rating Agency</b>	: Credit Rating Information and Services Limited (CRISL)	
<b>Listing with</b>	: Dhaka Stock Exchange Ltd. Chittagong Stock Exchange Ltd.	



| pearls of pride |



# KDS

Since 1983

- One of the largest business conglomerate in the country
- Operating mostly in export industry & products
- More than 25,000 employess working across the group
- Leading export winner industry with global reach
- Has strong brand value of its products
- Adheres to most international standards

# BUSINESS AT A GLANCE

THE GROUP OPERATES THROUGH SEVERAL STRATEGIC BUSINESS SEGMENTS

**APPAREL**



**TEXTILES**



**GARMENTS  
ACCESSORIES**



**LOGISTICS**



**STEEL**



**BANKING &  
INSURANCE**



**SHARES &  
SECURITIES**





# HIGHLIGHT



# ING EVENTS



**We revere quality to  
deliver world class**

# LETTER OF TRANSMITTAL

Date : 09 October 2018

To

Valued Shareholders of KDS Accessories Limited  
Bangladesh Securities and Exchange Commission  
Registrar of Joint Stock Companies & Firms  
Dhaka Stock Exchange Limited  
Chittagong Stock Exchange Limited

Subject : Annual Report for the year ended 30 June 2018.

Dear Sir (s),

The undersigned on behalf of the Board of Directors and Management of KDS Accessories Limited is pleased to enclose the notice of the 27<sup>th</sup> Annual General Meeting, a copy of the Annual Report together with the Audited Financial Statements, Report of the Board of Directors and Auditors' Report thereon for the year ended 30 June 2018 for your information and record.

Thank You.

Yours Sincerely,



**Manjure Khuda**

Company Secretary



We deliver  
**Innovative,  
Efficient  
& Value  
Driven  
Solutions**  
for our  
Esteemed  
Customers



**PRODUCTS & MARKETS**

# CORRUGATED CARTON

BDT. 1,596.12 mn

100,000 average size boxes/day.

Highest single plant capacity.

High Speed Die Cutting machines  
to produce complex designs.

Automatic Printing and Gluing Machines.

IMS (ISO-9001:2015, ISO-14001:2015,  
BS OHSAS-18001:2007) certified.

In house testing Lab.

over 27 years of plant engineering experience.

**Think** **Strength**  
& **Robustness**  
**KDS Carton**



# BUTTON

BDT. 100.99 mn

Free from any RSL-substances like lead, cadmium, nickel and chromium or any Azo-Compound and Phthalate.

Using world Branded Machineries.

Full Scale testing laboratories.

Laser with Turning Machines

(with Color logo/Side Logo machine).

All types of Plastic Button, Specially Horn and Sheet Buttons.

Button size started from 13L to 60L.

Using imported Raw Materials form Europe.

**ATTACH YOUR  
FASHION  
WITH OUR FINEST  
COLLECTION OF  
BUTTON**

# WOVEN LABEL

BDT. 61.18 mn



High Speed Airjet Looms-Reduced Lead Time per booking.

Ultrasonic Slitting-Soft Edge Woven Requirements.

Updated Textile CAD Systems-Weaving Accuracy.

High Skilled Technicians & Product Development Team.

100% QC system for all productions & raw materials.

Needle Looms-Woven Edge Label requirements.

High Color Accuracy through spectrophotometer measuring.

In-house Color Fastness Testing Capabilities.

Oeko-Tex® Standard 100 Certified for Human-Ecological Requirements/Baby Articles.

**WE WEAVE  
YOUR DREAMS  
ON OUR FINE  
WOVEN LABEL**



# ELASTIC & NARROW FABRIC

BDT. 119.90 mn

In-house warping facilities.

In-house Starching and finishing requirements.

High Pressure Ribbon calendaring machine.

Ability to weave Jacquard design Woven Elastics of

both Nylon and Polyester.

Can weave Cotton, Nylon and Polyester ribbons.

**Complementing  
the apparel luxury  
and comfort through our  
Elastic & Narrow Fabric**



# OFFSET PRINTING

BDT. 99.31 mn

Complete Pre-Press Capabilities.

Using FSC Certified Paper Source.

In-house print quality testing Equipment's.

100% QC system for all production & raw materials.

Graphic Design dept. with latest Mac OS & Windows OS.

Secured Data Transfer System for Graphic Designs/variable data.

Color Quality management by Spectrophotometer  
and i-Color software.

Heighten your  
brand with our  
**Printing**  
Proficiency

# HEAT TRANSFER

BDT. 20.48 mn

Complete Pre-Press capabilities.

A range of modern heat transfer systems.

Eco-friendly, AZO, APEO, PVC, DOP free sticker transfer (carcinogenic items).

Super quality production with higher production capacity.

Can produce image transfer, sublimation printing.

Overall Satisfaction.



**TAG FREE**  
**LABELING WITH OUR**  
**HEAT TRANSFER**  
**PRINTING FACILITY**



# GUM TAPE

BDT. 15.86 mn



- A Complete Barrier to execute dust and dirt.
- Preserves the Hygienic Integrity of the contents.
- Total protection against Vermin such as rodents.
- Tamper evidence, tape bonds to carton.
- Cost effective, shorter lengths are required.
- Easily and securely printed or coded.

**GREAT CLOSURE**  
**STRENGTH**  
**SINCE PERMANENT BOND**



# HANGER

BDT. 57.00 mn

More than 150,000 hangers a day

Primary materials: PP, PS & Clear [polystyrene]

7 injection molding machines, capacity ranging  
from 150 to 500 tons

Pantone Color code Size Tab color matching system

Tooling design & production facilities

IMS certified (ISO 9001:2015, ISO 14001:2015  
& BS OHSAS 18001:2007) System

**GLOBAL SOURCING  
& LOCAL SUPPLY  
KDS HANGERS**



# PRINTED FABRIC LABEL

High Speed Flexo Printing Machines-Reduced Lead Time per booking.

Printed Cylinder availability to print Any Length 10mm to 340mm.

Very High Print Accuracy using Different Anilox.

Full in-house pre-press capabilities.

In-house Ribbon production facility.

Additional Ink Curing Facility to assure wash fastness.

Oeko-Tex® Standard 100 Certified for Human-Ecological Requirements/Baby Articles.

**ENHANCE YOUR BRAND  
SOPHISTICATION  
PRINTED FABRIC LABEL**





**We maintain the bond  
for global brands**

**INVITATION FOR**  
The 27<sup>th</sup> Annual General Meeting  
of  
**KDS Accessories Limited**

**VENUE**

CBC Confidence Cement Convention Center  
Chittagong Boat Club  
Airport Road, Patenga, Chattogram.

**DATE & TIME**

Thursday, 25 October 2018  
at 11:00 AM

# NOTICE OF THE 27<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of the Shareholders of KDS Accessories Limited will be held on Thursday, 25 October 2018 at 11:00 AM at CBC Confidence Cement Convention Center, Chittagong Boat Club, Airport Road, Patenga, Chattogram to transact the following businesses:

## AGENDA:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30 June 2018 together with the Auditors' Report and the Directors Report thereon.
2. To approve the dividend as recommended by the Board of Directors.
3. To elect/re-elect the Director(s) of the company.
4. To approve the appointment of Independent Director for one next term.
5. Appointment of Auditors of the Company until the conclusion of next Annual General Meeting and fixation of their remuneration.

Dated : 9 October 2018  
Chattogram

By order of the Board



**Manjure Khuda**

Company Secretary

## NOTES:

- Shareholders whose names would appear in the Share Register/Depository Register on the record date on 18 September 2018 will be eligible to attend at the 27<sup>th</sup> Annual General Meeting and entitled to receive the dividend.
- A Shareholder eligible to attend and vote at the AGM, may appoint a Proxy to attend and vote in his/her behalf. The Proxy Form duly filled, signed and stamped must be deposited at the Corporate Office at 191-192, Baizid Bostami Road, Nasirabad I/A, Chattogram-4210 not later than 72 hours before the AGM.
- Admission to the meeting room will be strictly checked and verified with the attendance slip sent with the Annual Report as well as verification of signature of Member(s) and/or Proxy-holder(s).
- Members are requested to update their respective BO Account with 12 Digit e-TIN, Bank Account, Mailing Address and Contact Number through their respective Depository Participant (DP). Advance Income Tax (AIT) @ 15% (instead of 10%) will be deducted from eligible cash dividend, if anyone fails to update his/her BO Account with the 12 Digit e-TIN before/on the Record Date.
- The Annual Report for the year 2017-2018 is available at the Company's Website at [www.kdsaccessories.com](http://www.kdsaccessories.com)
- The concerned Brokerage Houses/DPs are requested to provide us the statement (both of hard copy & soft copy on or before 15 October 2018 with details of their margin loan holders entitled to Dividend for the year ended on 30 June 2018. The statement should include Shareholders Name, BOID Number, Client-wise shareholding position, contact person etc. The record date was 18 September 2018.



# BOARD OF DIRECTORS



Mr. Khalilur Rahman is the Founder of the KDS group and Chairman of the Company.

Mr. Khalilur Rahman is a seasoned and highly experienced businessman & successful entrepreneur. Coming from a very humble background, he has been pioneer in kick starting several industries in the country.

Starting his journey in 1967 from a small-localized business, he kept on diversifying into many areas of his interests.

His love for the struggling people of his area inspired him to start exploring labour intensive ventures. Around 1983, he started his major scale garments manufacturing facility, KDS Garments, out of Chattogram.

A keen sense of determination had enabled Mr. Rahman to expand his empire to include many other large scale projects over the years such as textiles, garment accessories, steel, investment management, logistics, banking, insurance and education etc.

Today, KDS group is one of the largest business conglomerate in the country having business links with USA, Canada, Europe, Japan, South Asian Sub-Continent, India and China etc. and the group was awarded President Gold Trophy for export 9 times and got recognition of Quality Garments Exporter from foreign retailers 4 times.

Apart from being founding father of all Groups' business, Mr. Rahman has been truly the guiding force of business growth cutting across several business verticals within the group.

His energy and passion has been instrumental in not only he has guided the group into a large industrial behemoth, but also he metamorphosed the group into a closely-knit family of organizations, each complementing the need of others.

His inspirational leadership style has developed several leaders within the group to undertake key business activities. He is also one of the few



Mr. Khalilur Rahman  
Chairman

entrepreneurs of private banks and insurance business in the country.

He is one of the founding directors of National Bank Ltd. - a first generation private bank of the country.

He was also pioneer in the private sector insurance of the country and currently holding the position of director of Pragati Insurance Limited. and Chairman of Pragati Life Insurance Limited.

He is the chairman of AIBL Capital Market Services Ltd. ( a subsidiary of Al-Arafah Islami Bank Limited)

Besides contributing to the industrial growth in the country, he has undertaken various social activities, which helps the marginalized section of the society in a large way. A large number of non-profit and entirely charitable educational institutions (School, College, Madrasha etc.) have been setup by Mr. Khalilur Rahman.

He is the founder chairman of Southern University, founder of Khalilur Rahman Mohila College, Khalil Mir Degree College, Khalilur Rahman Girls' High School, Khalil Mir Girls' High School, Ziri Khalil Mir

High School and three Madrashas and one cultural academy in greater Patiya of Chattogram.

He was vice president of BGMEA (Bangladesh Garment Manufacturer & Export Association) & currently President of Chittagong Metropolitan Chamber of Commerce & Industries.

He is also involved with Bangladesh CR Coil Manufacturer & Exporters Association and Bangladesh Inland Container Depot Association (BICDA).

He was awarded EKUSHEY PADAK 2015 from Chattogram City Corporation for his contribution in Trade and commerce.

He is the Life Member of Bhatiary Golf & Country Club, Chittagong Boat Club, Chittagong Club Ltd., Chittagong Metropolitan Lions Club, Chittagong Press Club, Chittagong Institute Limited (Senior's Club), Chittagong Maa & Shishu Hospital & Ziri Janakollan Trust.



**Mr. Salim Rahman**  
**Managing Director**

Inheriting the rich legacy of his father, Mr. Salim Rahman has made his own mark in taking the group to next level of business excellence through strategic expansion and organizational transformation through his passionate and dynamic leadership style.

Educating in India and the US, Mr. Salim Rahman has joined the group in 1997. Since then, he has actively involved with different sectors like Garments, Accessories, Steel, Textile, Shipping, Securities, Banking and Insurance.

Within few years of his joining in the group, he has been instrumental in capacity expansion of steel division, which strategically helped steel business to be a key player in the country's infrastructural growth. Apart from steel, he has been instrumental in setting up the country's largest "Dry-dock" or Inland Container Depot (ICD) under KDS Logistics. He undertook similar expansion in other group businesses notably in Garments and Accessories.

Apart from business expansion, he has been instrumental with key organizational changes across the group to transform it a complete professional organization. Today KDS Group has been benchmarked as one of the true Bangladeshi professional organization. Setting up several industry-verticals led by competent CEOs, Mr. Rahman has helped the group perform more objectively and transparently.

Mr. Rahman has also injected operational excellence in key areas, which help the group business to grow several times in revenue & profitability. Mr. Rahman has also taken the group's footprint across various overseas locations including that of India, Hong Kong, the UK etc.

Besides manufacturing base he is also involved with investment and IT sector and currently he is director & Vice-Chairman of Executive Committee of Al-Arafah Islami Bank Ltd. Currently he is director of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Chittagong Metropolitan Chamber of Commerce & Industries.

He is a life member of Bhatia Golf & Country Club and member of Chittagong Club Limited, Chittagong Institute Limited (Senior's Club)

He is also involved with others social organizations and activities being associated with many organizations.



**Ms. Tahsina Rahman**  
**Director**

Ms. Tahsina Rahman obtained her BBA from University of Science and Technology, Chittagong (USTC) and completed MBA from Independent University Bangladesh (IUB).

She is a dynamic, results-oriented professional with experience and visible achievements in business development startup, strategic business partnerships and emerging markets including childcare arenas.

Ms. Tahsina Rahman is an Out-of-box thinker with visionary leadership strengths, resourceful team player characterized by innovative entrepreneurial spirit. She is also associated with number of Social Organizations and activities.

She is director of Pragati Insurance Limited .



## Mr. Muhammad Jamaluddin Independent Director

Mr. Muhammad Jamaluddin was born in a respectable Muslim family of Chattogram on 29 August 1950. He obtained his B.Sc. (Hons.) and M.Sc. Degrees in Physics from the University of Dhaka.

Mr. Jamaluddin joined Petrobangla as Geophysicist in June 1975 and started his career as an oil and gas explorer in the country. He retired from Petrobangla in August 2007 as the Managing Director of BAPEX. He was also member of Bangladesh Gas Act' Preparation Committee, Steering Committee for the "Gas Sector Master Plan and Strategy for Bangladesh Project" and Bangladesh Expert Committee for "Petroleum Potential and Resource Assessment Project 2001" during his tenure in Petrobangla.

He served as Member of Board of Directors of Bangladesh Petroleum Exploration & Production Company Ltd. (BAPEX) and Pashchimanchal Gas Company Ltd. (PGCL). Currently he is Independent Director of the Board of Directors of Pragati Life Insurance Limited and also a Director of Center for Mass Education in Science (CMES), an NGO working in rural Bangladesh for imparting non-formal education and hands-on technical education to the disadvantaged children of the country.

Since his retirement from Petrobangla, Mr. Muhammad Jamaluddin had been working as a consultant for different gas-sector projects of Asian Development Bank (ADB), SAARC Energy Center, Islamabad, Gustavson Associates, USA (for implementation of ADB funded project), Keystone Business Support Company Ltd., and International Union for Conservation of Nature (IUCN). He occasionally writes in the national dailies on critical energy sector issues of the country. He travelled to a number of countries in Europe, Asia and the USA for professional training and education and also as member of government delegation.

## Mr. Kamrul Hasan FCA Director (Representative of KDS Garment Industries Limited)

Mr. Kamrul Hasan FCA is a Director at KDS Accessories Limited representing KDS Garment Industries Ltd. He is a fellow Chartered Accountant with more than 17 years of experience in Finance & business operation. Currently he is working as CFO of KDS Garment Division.

He is involved in various social activities in various professional and social organization.





At KDS Accessories  
**People** is our  
Biggest **Capital**

# MANAGEMENT TEAM

## Board of Directors

Mr. Khalilur Rahman	:	Chairman
Mr. Salim Rahman	:	Managing Director
Ms. Tahsina Rahman	:	Director
Mr. Kamrul Hasan FCA (Representative of KDS Garment Industries Ltd.)	:	Director
Mr. Muhammad Jamaluddin	:	Independent Director

## Audit Committee

Mr. Muhammad Jamaluddin	:	Chairman
Mr. Khalilur Rahman	:	Member
Ms. Tahsina Rahman	:	Member
Mr. Kamrul Hasan FCA (Representative of KDS Garment Industries Ltd.)	:	Member
Mr. Manjure Khuda	:	Member Secretary

## Senior Executives

Mr. Debasis Daspal	:	Chief Executive Officer
Mr. Anwar-Ul-Azam	:	EVP-HR, Compliance & Operation
Mr. Biplob Kanti Banik FCA	:	Chief Financial Officer
Mr. Manjure Khuda	:	Company Secretary
Mr. Natesan Srinivasan	:	GM-SLP
Mr. Abu Taher	:	DGM-Sales
Mr. Sarwar Hossain	:	AGM-HR & Compliance
Mr. A.K.S. Parvez	:	AGM-Packaging
Mr. Abdur Rouf Mollah	:	AGM-Button
Mr. Apu Sarwar	:	Head of IT
Mr. Raihanul Alam Rubel	:	Head of Hanger Unit

# LETTER FROM THE CHAIRMAN



## Dear Fellow Shareholders,

It gives me great pleasure to present the Annual Report of the company for the year 2017-2018.

### Our story

KDS Accessories Limited (KDSA) is one of the first generation garment accessories company, which makes a significant contribution to our RMG industry through our quality, products variety and strong supply chain management.

Since 1991, the year of starting journey, KDS Accessories has attained its recognition as one of the country's leading garment Accessories Company, with a significant and growing global reach.

### Our endeavors continues ---

Around the world, we face stiff competition, but we aim for a more better and sustainable future. We are passing a very challenging time of the business driven by safety compliances of the buyers in the industry for which we had to invest huge money but we hope we will be emerging as the leader of the industry with more efforts and innovation. We don't want to rest on our laurels but we continue to shape our future.

Our people, products and our customer services combined with our relationships and willingness to change, will provide us more opportunity to continue to win with our customers.

In the year of reporting (2017-2018), we faced the challenges of price both in Raw materials and selling price. There was huge gap between the prices due to unprecedented hike of raw material price but equivalent price increase for sale was not possible due to market competition.

Despite the challenges, we had consistent growth both in sale and profit in the year 2017-2018.

### Looking forward

We will move even faster going forward and we have the resources. Bangladesh still remains as one of the main sourcing destinations of RMG next to

China and our exports target is aligned to the goal of total RMG export of the country and we have made our preparation to that end.

We are also looking to the future, pursuing new ideas and innovation to serve our customers' needs and succeed in the changing, dynamic markets we will face in the future.

Our strategy is focused on driving growth and creating long term shareholder value.

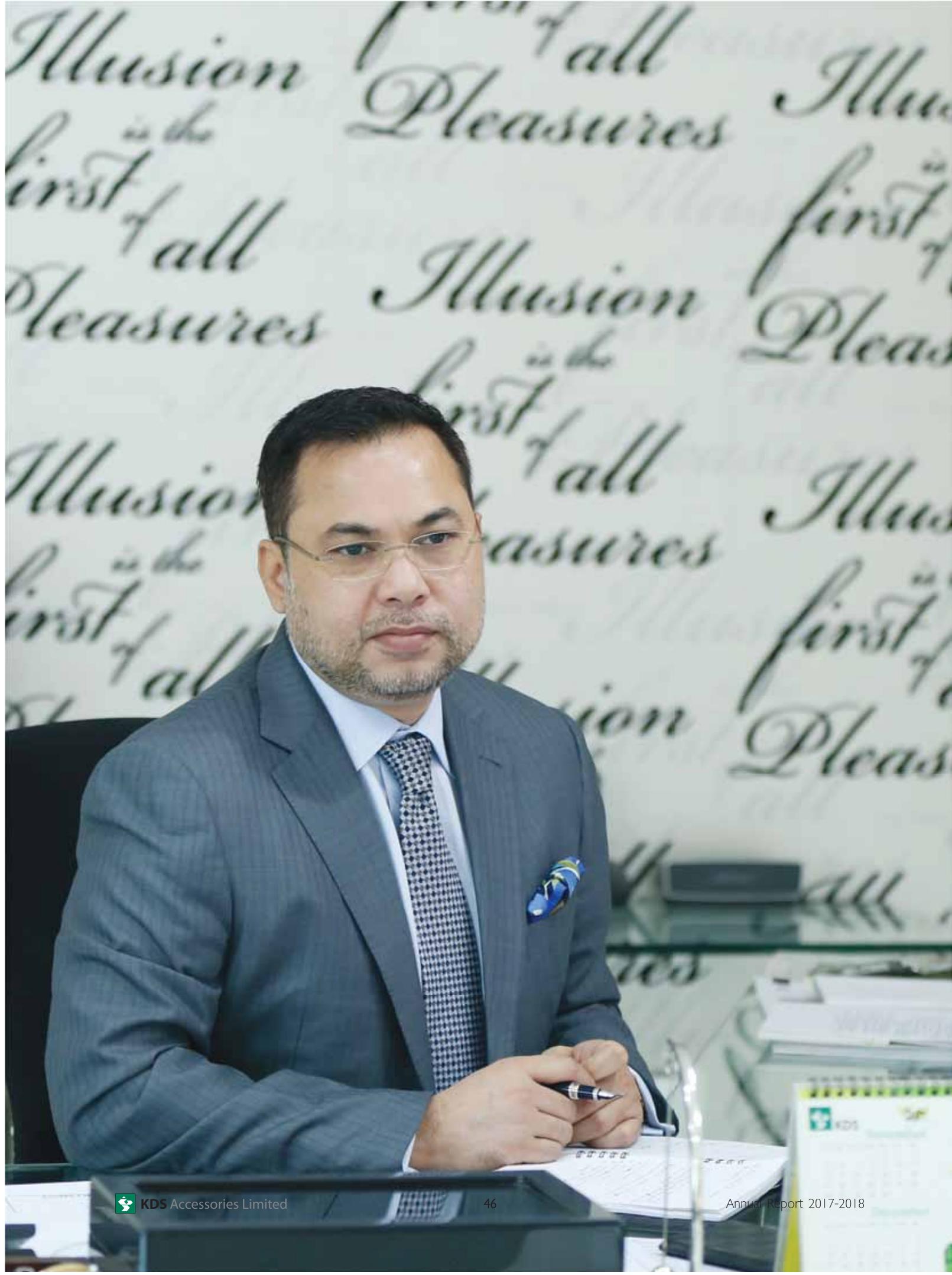
I would like to thank our employees for their commitment to KDS Accessories. It is their hard work and dedication that enables us to deliver on our promises. I also want to thank our shareholders for your continued support, your confidence and above all for your trust. I would like to express my gratitude to bankers, regulatory bodies (BSEC, DSE, CSE, CDBL, NBR, RJSC) and business associates for their cordial support in enabling KDS Accessories to achieve success.

I would like to take this opportunity to thank our Board for their contribution to the company.

Even though whole RMG business conditions are likely to remain competitive and challenging for some time to come I believe the foundations of our business are very strong and will only be strengthened further.



**Khalilur Rahman**  
Chairman



# MESSAGE FROM THE MANAGING DIRECTOR

## Dear Valued Shareholders,

On behalf of the Board of Directors, I would like to thank you, our management team and other stakeholders for all of your interest in our venture.

Let me give you a brief summary of the activities of the year 2017-2018

### Results

The year comprising the period of 01 July 2017 to 30 June 2018 was another consistent year for KDS Accessories with below key performance:

- Overall Sale has been increased by 30.58% than that of last year
- Net Profit of the year has been increased by 5.89%
- EPS has been increased by 0.45%

Like previous year, this year we have also witnessed several challenges which includes stiff competition, cut-throat prices and over-capacity in several products categories. Raw material prices in key areas like paper continues on upward trend which further created pressure on our cost structure and bottom line. The price of paper increase has been unprecedented in the history of paper industries so far, which has created significant pressure on our bottom line.

Apart from price, we have witnessed other challenges that includes increasing competition and decreasing margin. Moreover, several garments makers have set up accessories plants as their back-end expansion strategy. Increasing number of accessories factories has only increased already existing competition for accessories market.

However, despite of increasing raw material prices of accessories and competition, we have taken several initiatives to improve our operational

fundamentals. Increasing operational efficiency, enhancing employee productivity and improving our brand image through better service to our customers have resulted into better operating margin to tide over challenges we faced otherwise. We are happy to deliver improved results with our continuous effort to mitigate several challenges on the business terrain.

### Expansion and Developments

Like in the past, KDS Accessories has continued efforts to modernize in garment accessories throughout its life. In order to supply to the demands of the garments sector, your company adhere to continuous expansion to align with future growth target.

As we just have completed substantial retrofitting drive across various areas of our facility to comply with highest standards of buyers, we have focused on specific capacity augmentation in areas like packaging, polyester button, labels and production of plastic hangers. All these capacity additions help us in creating more balance to our production line keeping in mind of changing product mixes specific to buyers' requirements.

### Future Outlook

Bangladesh has set the target of exporting RMG for US\$50 billion by the year 2021. Garments Accessories and Packaging products will indirectly contribute approximately 8% to 12% to RMG export earnings. With this assumption, the export earnings from Garment Accessories and packaging is expected to rise to an encouraging growth curve by 2021.

With our committed focus on expanding our product penetration into country's top apparel

buyers and garment makers' buying decisions, we are confident that we will stimulate necessary boost in our sales in the upcoming years. However, considering current outlook of increased raw material prices to be continued till next year and possibility of reduction of selling prices of our finished products, we are looking forward to tightening our operational parameters further.

Finally, I want to thank my Board of Directors, business partners, and colleagues for their tremendous support over the past years. I also appreciate our customers for keeping confidence over all the years. Last but not the least, I would like to thank our shareholders for their continued support to KDS Accessories.

My gratitude and thanks goes to officials of Bangladesh Securities & Exchange Commission, Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, Central Depository Bangladesh Limited, Registrar of Joint Stock Companies, all Bankers, National Board of Revenue and other Government bodies for their continued support to our endeavors.

Thank you,



Salim Rahman  
Managing Director

# COMMENTS BY CEO



## Dear Valued Shareholders

I take this opportunity to thank you all to allow me present our company's performance of last year. Our company has crossed another eventful year full of opportunities and challenges. While we have taken effort to address those challenges to the best of our capability, we left no stone unturned to grab the opportunities as well.

Rising paper prices to the unprecedented level in the history of packaging industry in Bangladesh is the most severe challenges we faced last year. Changing dynamics of paper & pulp industry led by the Chinese paper supply and consumption resulted into this kind of phenomenal price hike of paper. However, this increase in input cost cannot be translated to higher selling prices of cartons due to inability of apparel makers to absorb increased trims cost into their FOB.

However, your company has taken every effort to overcome this steep hike of input paper prices by enhancing operational efficiency and reducing wastage to make our supply chain more resilient. Moreover, we also successfully faced increased competition in trims & packaging industry by providing top-class service to customers.

Last year our compliance team worked hard to make our factories fully compliant. The hard work of our compliance team in addition to our investment in retrofitting resulted into highest standard of compliance grade -"Green" from the buyer Walmart. Moreover, we achieve high rating from TQP and BSTI .

Combined with above effort of cost cutting and improving compliance and service standards, we have undertaken several up gradation of our facility including capacity balancing having incorporated necessary modifications to existing machines. I take satisfaction that all these initiatives have resulted into improving out top line significantly with improved margin at bottom.

I conclude my statement with profound gratification to all of you for keeping the trust and continue to support our entire future endeavor. I reassert our commitment to fulfill your expectation with the same zeal and sincerity that has been our trademark so far.

Thank you

**Debasis Daspal**  
Chief Executive Officer

A person is sitting at a desk, working on a laptop. In the foreground, there is a glass of water and a pen resting on a document that features a bar chart. The scene is brightly lit, suggesting a professional or office environment.

**“EVERY ACCOMPLISHMENTS STARTS  
WITH THE DECISION TO TRY”**



# DIRECTORS' REPORT

Bismillahir Rahmanir Rahim

Honorable Shareholders,

On behalf of the Board of Directors of your company I would like to welcome you all to the 27th Annual General Meeting of the company and take the opportunity to present the report of the Board of Directors for the year ended on 30 June 2018 before all of you.

## OUR BUSINESS

Manufacturing all types of Garment Accessories – Corrugated Carton, Button, Soft Line Printing Products (Label, Elastics, Offset Printing), Hanger and Gum Tape. Our products are supplied to major retailers like Wal-Mart, Tesco, and Decathlon to name few of many others.

## OVERVIEW 2017-2018

Let us present before you a short review on the total operational and financial performance of your company from 01 July 2017 to 30 June 2018. Among others, the major areas, affecting our business in last year were:

### *Meeting Global Compliance by Accord & Alliance:*

As you are aware that entire garment industry in the country has been undergoing significant turmoil in order to meet the global compliance requirements. We had to struggle for the last few years to continue with the smooth and feasible operation of the company and finally your company was able to meet all compliance requirements – Fire Safety, Structural safety and Environmental Safety and has been rated as one of the global standard manufacturers in the country.

### *Global Order Flow:*

Overall orders of RMG reduced compared to any time of the past and also for retrofitting and other compliance works, a number of RMG factory had to close the operation and some other curtailed

production and as such total RMG production reduced significantly. Nonetheless, your company tried to maintain 30.58% sale growth and a steady result both in operation and financials areas.

### *Cost & Price Impact:*

Price hike of Kraft paper continues which has been increased by 20 % in the last one year due to short supply was a major blow to corrugated carton manufacturers. But equivalent price compensation from user industries (RMG) was not possible due to stiff competition and also due to reduction of FoB for RMG by foreign retailers.

### *Operational Challenges:*

There has been a global crunch of raw materials in the paper industry which adversely affect our packaging revenue this year and also for continuation of retrofitting works, we could not maintain our operational efficiency fully.

### *New Product Development*

As an ongoing effort to develop new value added product mixes in the market, we started production of Plastic Hangers of different styles as part of new value offerings to our Retailers and Customers.

## ECONOMIC OUTLOOK

RMG sector is the driver for growth of Bangladesh's economy. It contributes 13% to national GDP (as per various industry related analysis). To achieve the \$50 billion export target Bangladesh will have to earn \$20 billion in the next four years as speculated by the industry insiders.

Still Bangladesh remains the world's second largest garment exporter.

As said earlier, we have invested huge to ensure that we are well positioned for continued long-term and profitable growth.

## SEGMENT & PRODUCTS' PERFORMANCE

### Operational Performance

Particulars	Unit	Production Capacity	01 July 2017 to 30 June 2018		Production Capacity	01 July 2016 to 30 June 2017	
			Actual Production	Capacity Utilization in (%)		Actual Production	Capacity Utilization in (%)
Carton	Pcs	30,000,000	28,056,047	93.52%	30,000,000	29,271,182	97.57%
Label	Pcs	175,964,208	84,551,555	48.05%	175,964,208	71,691,494	40.74%
Elastic & Narrow Fabrics	Pcs	30,576,000	20,367,440	66.61%	30,576,000	22,089,283	72.24%
Offset Printing	Pcs	150,009,600	142,034,113	94.68%	150,009,600	120,989,750	80.65%
Heat Transfer Printing	Pcs	24,960,000	19,663,593	78.78%	24,960,000	8,336,303	33.40%
Button	GG	360,000	189,998	52.78%	360,000	186,545	51.82%
Gum Tape	Pcs	4,290,000	380,875	8.88%	4,290,000	234,602	5.47%
Hanger	Pcs	45,000,000	21,873,908	48.61%	-	-	-

\* For calculation of capacity utilization, weighted average of actual production capacity of each product has been considered.

### Product wise Revenue

Particulars	01 July 2017 to 30 June 2018		01 July 2016 to 30 June 2017	
	Contribution to Revenue		Contribution to Revenue	
	In Taka	In (%)	In Taka	In (%)
Carton	1,596,128,495	77.07%	1,251,430,301	78.91%
Label	61,178,765	2.95%	50,661,298	3.19%
Elastic & Narrow Fabrics	119,909,951	5.79%	93,113,538	5.87%
Offset Printing	99,313,875	4.80%	81,887,656	5.16%
Heat Transfer Printing	20,484,094	0.99%	8,900,588	0.56%
Button	100,994,947	4.88%	92,209,901	5.81%
Gum Tape	15,867,839	0.77%	7,733,893	0.49%
Hanger	57,007,842	2.75%	-	-
<b>Total</b>	<b>2,070,885,808</b>	<b>100.00%</b>	<b>1,585,937,175</b>	<b>100.00%</b>

### RISK AND CONCERNS

Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives. A detailed report on Risk & Concerns are given in **Annexure-J, Page: 84-85**.

**ANALYSIS COST OF GOODS SOLD, GROSS PROFIT MARGIN AND NET PROFIT MARGIN** (Refer to **Annexure-D, Page No: 75-77**).

### EXTRA-ORDINARY GAIN / (LOSS)

There is no extraordinary gain or loss occurred during the reporting period.

### RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements in Note 38 and in **Annexure-G, Page: 81** in accordance with relevant Bangladesh Accounting Standards (BAS).

## SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND PERIOD ENDED REPORT

There were no significant difference between quarterly performance and overall period ended performance of the Company. Throughout the period, the Company was able to maintain a judicious performance both in operational and financial perspective.

## DIRECTORS REMUNERATION

Directors of KDSAL don't enjoy any facilities in the name of remuneration, bonus or any other form except the Managing Director for his direct participation to Company's day operations. Managing Director enjoys remuneration and festival bonus for his contribution to the Company which are as under:

Name	Position	Amount In Taka
Mr. Khalilur Rahman	Chairman	-
Mr. Salim Rahman	Managing Director	2,500,000
Ms. Tahsina Rahman	Director	-
KDS Garment Industries Limited Represented by - Mr. Kamrul Hasan FCA	Director	-
Mr. Muhammad Jamaluddin	Independent Director	-
<b>Total</b>		<b>2,500,000</b>

This amount paid for reporting 12 months period from 01 July 2017 to 30 June 2018.

## INTERNAL CONTROL SYSTEM

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Board.

## MINORITY SHAREHOLDERS' PROTECTION

The Board is and shall be committed to respect the rights of the minority shareholders to voting, right to information, dividends and appraisal of any alteration in Memorandum and Articles.

## GOING CONCERN

The Directors consider that the Company has adequate resources to remain in operation for the foreseeable future and has therefore continued to adopt the going concern basis in preparing the financial statements.

## SIGNIFICANT DEVIATION IN OPERATING RESULTS COMPARED TO PREVIOUS PERIOD

There is no such deviation in operating results compared to the previous period.

## Last 5 Years' Key Operating and Financial Performances:

Particulars	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016	01 January 2015 to 31 December 2015	01 January 2014 to 31 December 2014	01 January 2013 to 31 December 2013
	Amount in BDT.					
Revenue	2,070,885,808	1,585,937,175	1,609,773,407	1,690,863,283	1,742,309,513	1,647,256,363
Gross Profit	377,208,994	333,360,520	359,206,753	357,126,456	358,347,035	368,325,511
Profit Before WPPF & Taxes	169,628,231	157,074,315	149,977,050	136,840,299	116,802,262	116,904,826
Net Profit After WPPF & Taxes	132,984,828	125,588,351	122,340,224	124,993,582	88,637,099	85,871,064
Earning Per Share (EPS)	2.21	2.20	2.14	2.86	2.22	2.14
Share Holder's Equity	1,494,530,552	1,418,745,724	1,319,157,373	1,238,800,999	873,807,417	785,170,317
Current Liabilities	2,012,391,304	1,347,796,367	1,048,769,357	1,368,690,014	1,283,512,624	1,463,067,029
Non-Current Liabilities	224,059,577	278,679,562	184,851,346	225,035,942	252,865,122	129,458,816
Addition to Fixed Assets & CWIP	98,940,650	169,045,295	264,744,459	104,454,683	91,365,813	153,085,631
NAV Per Share	24.88	24.80	25.37	23.82	21.85	19.63
Net Operating Cash Flow Per Share (NOCFPS)	3.08	2.81	2.50	3.44	4.67	0.41

\* To comply with the requirement of sub-section 35 of Section 2 of the Income Tax Ordinance 1984 for uniform Income year, company's income/financial year has changed to July to June from January to December effecting from 01 July 2016.

### DIVIDEND

Our Policy is to offer consistent dividends that closely reflect business performance. As announced by the Company on 20 August 2018, the Board has recommend dividend for all shareholders 10% Cash and 5% Stock Dividend per share in respect of the year ended on 30 June 2018 which will be paid after approval in the Annual General Meeting of the Company as per respective shareholding position on record date i.e. on 18 September 2018.

Board of Directors confirm that no bonus share or stock dividend has been declared as interim dividend and shall not be declared any stock or bonus share as interim dividend in future.

### BOARD OF DIRECTORS

#### *i) Structure and size of the Board*

On 30 June 2018, there were 5 members on the Board of the Company. The Board comprises Chairman, Managing Director, Two Directors and One Independent Director.

#### *ii) Status of Companies in which Directors also hold Directorship*

An Annexure is attached to this report on the status of Companies in which Directors are also hold Directorship. **Annexure-I, Page: 83.**

#### *iii) Director's Retirement And Re-election*

In accordance with the Articles of Association of the Company, one third of the total number of Directors is to retire by rotation in every year. In the forthcoming Annual General Meeting the following two Directors will retire and being eligible, offer themselves for re-appointment:

i) Ms. Tahsina Rahman

ii) Mr. Kamrul Hasan FCA

Representative Director of KDS Garment Industries Limited

Board of Directors' in its meeting held on 20 August 2018 proposed their appointment. The brief bio-data of the said Directors are enclosed herewith in the section of Director's Profile in **Page: 39 & 41.**

#### iv) Board Meeting and Attendance

During the reporting period the Board met 6 times. The attendance record of the Directors is as follows:

Name	Position	No. of Meeting	Attendance
Mr. Khalilur Rahman	Chairman	06	06
Mr. Salim Rahman	Managing Director	06	06
Ms. Tahsina Rahman	Director	06	06
KDS Garment Industries Limited Represented by-Mr. Kamrul Hasan FCA	Director	06	06
Mr. Muhammad Jamaluddin	Independent Director	06	06

#### APPOINTMENT OF INDEPENDENT DIRECTOR

As per provision of Corporate Governance Guidelines notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), Mr. Muhammad Jamaluddin was appointed as Independent Director of the Company for a period of 3 (three) years, subject to the approval of shareholders in the AGM. Short bio-data of the said director is enclosed herewith in the section of Director's Profile **Page: 40**.

#### SHAREHOLDING PATTERN

(Refer to **Annexure-H, Page No:81**)

#### DIRECTORS' INVOLVMENT IN OTHER BUSINESS

(Refer to **Annexure-I, Page No:83**)

#### MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors converse on the increase / decrease of revenue, cost of goods sold, gross and net profit margin. The Board also takes instant actions on the inquiry as required. A detailed report on discussion in the regard is comprised in **Annexure-D, Page: 75-77**.

#### CREDIT RATING

Credit Rating Information and Services Limited (CRISL) assigned rating for your company as below:

Long Term	Short Term
A+	ST-3

Above rating have been assigned on the basis of

good fundamental such as good profitability, sound infrastructural arrangement with state-of-the art, pioneer and market leader in Garment Accessories industry, experienced management. Entities rated in this category are adjudged to be of high quality, offer higher safety and have credit quality.

Your Company in the evaluation of Credit Rating Company was also placed with "Stable".

#### SUBSEQUENT EVENTS

There is no subsequent event after the date of balance sheet and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

#### AUDIT COMMITTEE

The Board has constituted the Audit Committee as follows:

Name	Position
Mr. Muhammad Jamaluddin	Chairman & Independent Director
Mr. Khalilur Rahman	Member
Ms. Tahsina Rahman	Member
KDS Garment Industries Limited Represented by-Mr. Kamrul Hasan FCA	Member
Mr. Manjure Khuda	Member Secretary

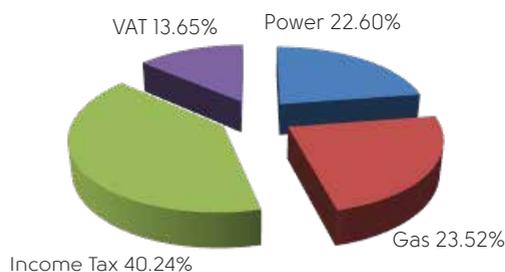
During the reporting period under review, the Committee held four meetings. A detailed of the roles and activities of the Audit Committee has been provided in "The Report of The Audit Committee". **Page: 86-87**.

### **NOMINATION AND REMUNERATION COMMITTEE (NRC):**

Nomination and Remuneration Committee (NRC) will be formed as per provision of Corporate Governance Guidelines notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC) within 31 December 2018.

### **CONTRIBUTION TO NATIONAL EXCHEQUER**

Being a responsible business entity, KDSAL is paying and facilitating collection of Government's revenue. In the reporting period, we have paid collected and deposited a significant amount of tax, VAT and duties. During the period, KDSAL contributed to Tk. 83,152,073 to the Government Exchequer along with utility bill which is presented below:



**Contribution To National Exchequer**

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Over the years, your company's commitment to Corporate Social Responsibility (CSR) activities is part and parcel of the Company's business model. Your Company has been contributing to the welfare of the community, research and development and protection of environment. Few initiatives of CSR of your company are mentioned below:

- Contributing donation to the Educational Institutes.
- Launching Tree Plantation program in patronizing a green environment.
- Contribute for safe drinking water supply.

### **AWARDS & RECOGNITION**

Since starting your Company received the following awards and recognitions:

- ISO 14001:2015 Certified.
- ISO 9001:2015 Certified.
- BS OHSAS 18001:2007 Certified.
- OEKO-TEX Standard 100 Certified for Woven Labels.
- OEKO-TEX Standard 100 Certified for Buttons.
- Achievement Award of Trim Qualification Program by Intertek.
- Gold Certificate of Compliance.
- CAP Closure Verification Visit Results by Alliance.

### **INFORMATION TECHNOLOGY**

We, at KDS Accessories always strive for the innovation in business by adopting something different, smarter or better for bringing positive impact in terms of value, quality or productivity.

We believe that now accurate business planning, effective marketing, global sales, systematic management, real time monitoring, instant customer support and long-term business growth cannot be achieved at the optimum level without IT and we plan ahead of others to enable our operations process through IT.

Some of our IT enabled applications and systems are Accounting Management System (AMS), HRIS, Sales & Distribution Management System (SDMS), Production Management System (PMS), Inventory Management System (IMS), Inventory & Procurement Managing System (IPMS) and Fixed Asset Management System (FAMS). Through these applications management can view various reports for its review and decision from any location.

### **WEBSITE**

Company maintains a website namely [www.kdsaccessories.com](http://www.kdsaccessories.com) which is linked with the

websites of the stock exchanges and it is functional from the date of listing and all disclosures and financials are available in the website of the company.

## **HUMAN RESOURCES**

Human Resources are a fundamental asset across the entire business model.

The development of the company builds its competitive advantage on the skills and commitment of its employees, promoting and rewarding pro-activity, goal orientation and teamwork.

The HR Department of your company operates with specific policy, manual and plan designed by the world class consulting firm and approved by the Board of Directors.

We provide on-the-job training and development opportunities to enhance our employees' carrier progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced.

KDS Accessories is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Company has employee handbooks outlining terms and conditions of employment, expectations for employees' conduct and behavior, employees right and benefits. We establish and implement policies that promote a harmony and respectful workplace.

## **ASSOCIATE COMPANY**

### ***SKYS Securities Limited***

SKYS Securities Limited, is dealing in stock brokerage for trading of shares in the stock exchanges. Your Company holds 46.69% of paid-up capital of SKYS Securities Limited and during the reporting period till 30 June 2018, your company suffered a share of loss (Tk. 31,890) from the business of associate.

## **CODE OF CONDUCT**

The underlying philosophy of KDS Accessories Limited's Code is to conduct the business in an ethical manner as well as create a work environment that is conducive for members and associates alike, based on the Company's values and beliefs.

Code of Conduct for Board of Directors was framed and followed accordingly in discharging their duties and responsibilities.

## **APPOINTMENT OF AUDITORS & PROFESSIONAL**

### ***A. Appointment of External Auditors:***

Hussain Farhad & Co. Chartered Accountants, having its office at Yunusco City Center (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram will retire in the 27th AGM and being eligible, they offered themselves for re-appointment.

On their willingness and being eligible the Board in their meeting held on 20 August 2018, recommended re-appointment of Hussain Farhad & Co., Chartered Accountants for the year 2018-2019 subject to the approval by the shareholders in the 27th AGM.

### ***B. Appointment of Professional for Corporate Governance Certificate:***

On the willingness to be appointed as professional to certify on the compliance of corporate governance as issued by the Bangladesh Securities and Exchange Commission, the Board of Directors in its meeting held on 20 August 2018, recommended the appointment of Shafiq Basak & Co., Chartered Accountants, having its office at National House (1st Floor), 109, Agrabad C/A, Chattogram-4100 for the year 2018-2019 subject to the approval by the shareholders in the 27th AGM.

## **COMPLIANCE OF CORPORATE GOVERNANCE**

Pursuant to notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), the Corporate Governance Report and the Auditors' Certificate

regarding compliance of conditions of Corporate Governance are made part of the Annual Report and attached in **Annexure-B & C, Page : 68-74** respectively.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

Pursuant to the BSEC notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 the Directors confirm that:

- i) The financial statements prepared by the management of KDS Accessories Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- ii) Proper books of Account of the company have been maintained.
- iii) 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.
- iv) International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no doubts upon the Company's ability to continue as a going concern and the accounts have been prepared on going concern basis.
- vii) The significant deviations from previous period in the operating results of the company have been highlighted in the report and the reasons thereof have been explained.
- viii) The key operating and financial data of last 5 years is disclosed in **Annexure-D Page: 76**.
- ix) The number of Board Meeting held during the reporting period and the attendance by each director is disclosed in this report in **Page: 56**.

x) The pattern of shareholding is disclosed in **Annexure-H, Page: 81**.

xi) A compliance status report with requirements of Corporate Governance as required by BSEC is disclosed in Corporate Governance Report and is disclosed in **Annexure-C, Page: 69**.

xii) Directors' profile is attached in page no 36 - 41 and their directorship and business interest in other organizations have been disclosed in Board of Directors segment and in **Annexure-I, Page: 83**.

#### **APPRECIATION**

We thank our customers, vendors, investors, business associates and bankers for their continued support during the years. We place on record our appreciation of the contribution made by workers and employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

We thank the Government of Bangladesh, and Government Agencies and Regulatory Bodies-BSEC, DSE, CSE, CDBL, RJSC, NBR and others related parties for their support and look forward to their continued support in the future.

Allah Hafiz  
on behalf of Board



**Khalilur Rahman**  
Chairman  
20 August 2018

## পরিচালকমন্ডলীর প্রতিবেদন

বিছমিল্লাহির রাহমানির রাহিম,

সম্মানিত শেয়ারহোল্ডারবৃন্দ,  
পরিচালনাপর্ষদের পক্ষ হতে আমি আপনাদের সকলকে কোম্পানীর ২৭তম বার্ষিক সাধারণ সভায় স্বাগত জানাচ্ছি এবং ৩০ জুন ২০১৮ তারিখে সমাপ্ত আর্থিক বৎসরের উপর পরিচালনা পর্ষদের প্রতিবেদন আপনাদের সামনে উপস্থাপন করছি।

### ব্যবসায়িক পরিধি

কোম্পানী মূলত সব ধরনের তৈরী পোশাকের এক্সেসরিজ যেমন- কার্টন, লেবেল, বোতাম, হ্যান্ডার, গাম টেপ এবং সফট লাইন প্রিন্টিং (SLP) পণ্যসামগ্রী উৎপাদন ও বিশ্বের শীর্ষস্থানীয় তৈরী পোশাকের Brand যথা- Wal-Mart, Tesco, Decathlon প্রভৃতি সমূহকে সরবরাহ করে থাকে।

### ব্যবসায়ের সংক্ষিপ্ত বিবরণ (২০১৭-২০১৮)

বিগত বৎসরের (০১ জুলাই ২০১৭ হতে ৩০ জুন ২০১৮) অপারেশন এবং আর্থিক ফলাফল সংক্রান্ত একটি সংক্ষিপ্ত পর্যালোচনা আপনাদের সামনে উপস্থাপন করছি।

অন্যান্য অনেক বিষয়গুলোর মধ্যে যে সমস্ত দিকগুলো আমাদের ব্যবসা পরিচালনায় ব্যাপক প্রভাব ফেলেছে সেই দিকগুলো হলো :

### Accord & Alliance এর আর্থজাতিক নিরাপত্তার মান অর্জন :

আপনারা সকলে অবগত আছেন যে, আমাদের দেশের সকল তৈরী পোশাক কারখানা বৈশ্বিক কম্প্লায়েন্স অনুসারে নিরাপত্তা ব্যবস্থার মান অর্জনের জন্য একটি সংকটময় সময় পার করছে। নিরলস এবং কার্যকর উৎপাদন চালিয়ে নিতে আমাদেরকে বিগত কয়েক বৎসর একটি সংগ্রামের মধ্য দিয়ে যেতে হয়েছে এবং পরিশেষে আপনাদের কোম্পানী সব ধরনের যথা - অগ্নি, পরিবেশ এবং অবকাঠামোগত নিরাপত্তার মান (Standards) গুলো অনুসারে কাজ করে একটি কম্প্লায়েন্স কারখানার মর্যাদা অর্জন করতে সক্ষম হয়েছে।

### বৈশ্বিক বাজার চাহিদা

অতীতের যেকোন সময়ের তুলনায় তৈরী পোশাক শিল্পের অর্ডারের পরিমাণ হ্রাস পেয়েছে এবং Retrofittings ও অন্যান্য Compliance কাজের

জন্য অনেকগুলো পোশাক কারখানা তাদের উৎপাদন কাজ বন্ধ এবং উৎপাদনের পরিমাণ কমিয়ে দিয়েছে। তথাপি বিগত বছরে আপনাদের কোম্পানীর বিক্রয় ৩০.৫৮% বৃদ্ধি পেয়েছে এবং একটি স্থিতিশীল ফলাফল বজায় রাখতে সক্ষম হয়েছে।

### ব্যয় এবং দাম পরিবর্তনের প্রভাব

বিগত বছরের তুলনায় Corrugated Carton উৎপাদনকারী প্রতিষ্ঠান- সমূহে কাঁচামালের যোগান স্বল্পতা এবং বিশেষত Kraft Liner Paper এর প্রায় ২০% মূল্য বৃদ্ধি উৎপাদনে নেতিবাচক প্রভাব ফেলেছে। প্রতিযোগিতা- ময় টিকে থাকার এবং তৈরী পোশাকের রপ্তানী মূল্য কমে যাওয়ার কারণে Buyers বা Garment কারখানা হতে অতিরিক্ত উৎপাদন ব্যয় আদায় করা সম্ভব হয়নি।

### পরিচালনগত প্রতিবন্ধকতা সমূহ

কাঁচামালের বৈশ্বিক ঘাটতির কারণে প্যাকেজিং তথা Carton এর উৎপাদন ও বিক্রয়ে বিরূপ প্রভাব পড়েছে। তাছাড়াও Retrofittings কাজের কারণে আমরা আমাদের উৎপাদনের শতভাগ দক্ষতা অর্জনে সক্ষম হয়নি।

### নতুন পণ্যের প্রচলন / উদ্ভাবন :

নতুন নতুন পণ্য সংযোজনের ধারাবাহিক প্রচেষ্টার অংশ হিসেবে বিগত বৎসরে আমরা বিভিন্ন Style এর হ্যান্ডার প্রচলন / তৈরী করতে সক্ষম হয়েছি যা আমাদের ক্রেতাদের চাহিদা মেটাতে সক্ষম হবে।

### ভবিষ্যত সম্ভাবনা

তৈরী পোশাক শিল্প বাংলাদেশের অর্থনীতির প্রধান চালিকা শক্তি। দেশের GDP তে এই শিল্পের অবদান প্রায় ১৩ শতাংশ। এই শিল্প সংশ্লিষ্টদের পরিসংখ্যান মতে, এই শিল্প (RMG) থেকে ৫০ বিলিয়ন মার্কিন ডলার রপ্তানীর লক্ষ্যমাত্রায় বাংলাদেশকে আগামী চার বছরে আরও প্রায় ২০ বিলিয়ন মার্কিন ডলার আয় করতে হবে।

বাংলাদেশ এখনো RMG রপ্তানীতে দ্বিতীয় সর্বোচ্চ অবস্থান বজায় রেখেছে।

উপরি উল্লিখিত সম্ভাবনার পথে নিজেদের অবস্থান সুদৃঢ় করার জন্য ইতিমধ্যে আমরা অনেক বিনিয়োগ করেছি এবং আশা করছি কোম্পানী দীর্ঘমেয়াদী প্রবৃদ্ধি অর্জনে সক্ষম হবে।

### পন্যভিত্তিক ফলাফল

পরিচালন ফলাফলঃ

বিবরণ	ইউনিট	উৎপাদন ক্ষমতা	০১ জুলাই ২০১৭ হতে ৩০ জুন ২০১৮		০১ জুলাই ২০১৬ হতে ৩০ জুন ২০১৭	
			প্রকৃত উৎপাদন	ধারণ ক্ষমতার ব্যবহার (%)	প্রকৃত উৎপাদন	ধারণ ক্ষমতার ব্যবহার (%)
কার্টন	পিচ	৩০,০০০,০০০	২৮,০৫৬,০৪৭	৯৩.৫২%	২৯,২৭১,১৮২	৯৭.৫৭%
লেবেল	পিচ	১৭৫,৯৬৪,২০৮	৮৪,৫৫১,৫৫৫	৪৮.০৫%	৭১,৬৯১,৪৯৪	৪০.৭৪%
ইলাস্টিকস এবং ন্যাক ফ্যাব্রিক	পিচ	৩০,৫৭৬,০০০	২০,৩৬৭,৪৪০	৬৬.৬১%	২২,০৮৯,২৮০	৭২.২৪%
অফসেট প্রিন্টিং	পিচ	১৫০,০০৯,৬০০	১৪২,০০৪,১১০	৯৪.৬৮%	১২০,৯৮৯,৭৫০	৮০.৬৫%
হিট ট্রান্সফার	পিচ	২৪,৯৬০,০০০	১৯,৬৬০,৫৯০	৭৮.৭৮%	৮,০০৬,০০০	৩০.৪০%
বাটন	জিজি	৩৬০,০০০	১৮৯,৯৯৮	৫২.৭৮%	১৮৬,৫৪৫	৫১.৮২%
গামটেপ	পিচ	৪,২৯০,০০০	৩৮০,৮৭৫	৮.৮৮%	২০৪,৬০২	৫.৪৭%
হ্যান্ডার	পিচ	৪৫,০০০,০০০	২১,৮৭০,৯০৮	৪৮.৬১%		

বিবরণ	২০১৭ - ২০১৮		২০১৬ - ২০১৭	
	বিক্রয়		বিক্রয়	
	টাকায়	(%)	টাকায়	(%)
কাটুন	১,৫৯৬,১২৮,৪৯৫	৭৭.০৭%	১,২৫১,৪০০,০০১	৭৮.৯১%
লেবেল	৬১,১৭৮,৭৬৫	২.৯৫%	৫০,৬৬১,২৯৮	৩.১৯%
ইলাস্ট্রিকস এবং ন্যাক ফ্যাট্রিক্স	১১৯,৯০৯,৯৫১	৫.৭৯%	৯৩,১১৩,৫০৮	৫.৮৭%
অফসেট প্রিন্টিং	৯৯,০১৩,৮৭৫	৪.৮০%	৮১,৮৮৭,৬৫৬	৫.১৬%
হিট ট্রান্সফার	২০,৪৮৪,০৯৪	০.৯৯%	৮,৯০০,৫৮৮	০.৫৬%
বাটন	১০০,৯৯৪,৯৪৭	৪.৮৮%	৯২,২০৯,৯০১	৫.৮১%
গামটেপ	১৫,৮৬৭,৮০৯	০.৭৭%	৭,৭০৩,৮৯০	০.৪৯%
হ্যান্ডার	৫৭,০০৭,৮৪২	২.৭৫%		
সর্বমোট	২,০৭০,৮৮৫,৮০৮	১০০.০০%	১,৫৮৫,৯০৭,১৭৫	১০০.০০%

### ঝুঁকি ও উদ্বেগ

ব্যবস্থাপনা কর্তৃপক্ষ কর্তৃক ঝুঁকি ব্যবস্থাপনা, ঝুঁকির ফলাফল নির্ধারণ, পর্যবেক্ষণ, ত্র্যাসকরণ এবং প্রতিবেদন কোম্পানীর পরিচালনা পর্ষদ সময়ে সময়ে পর্যালোচনা করে থাকেন। কোম্পানীর পরিচালনায় ব্যবসায়িক ঝুঁকির ব্যবস্থাপনা সংক্রান্ত একটি বিস্তারিত প্রতিবেদন Annexure -J, Page:84 & 85 এ উপস্থাপন করা হয়েছে।

বিক্রিত পণ্যের উৎপাদন ব্যয়, মোট মুনাফা এবং নীট মুনাফার বিশ্লেষণ বিক্রিত পণ্যের উৎপাদন ব্যয়, মোট মুনাফা এবং নীট মুনাফার বিশ্লেষণ Annexure- D , Page: 75-77 উপস্থাপন করা হয়েছে।

### অস্বাভাবিক লাভ বা ক্ষতি

উল্লেখিত সময়ে কোম্পানীর কোন ধরনের অস্বাভাবিক লাভ বা ক্ষতি হয়নি।

### পরিচালকপর্ষদের ভাতা / সম্মানী

কোম্পানীর ব্যবস্থাপনা পরিচালক ব্যতিত পরিচালক পর্ষদের অন্য কোন সদস্যকে কোন ধরনের মাসিক বেতন, ভাতা এবং অন্যান্য সুবিধাদি কোম্পানী হতে প্রদান করা হয় না। আর্থিক বৎসরে পরিচালকদের মোট প্রদত্ত ভাতাদি নিম্নে উল্লেখ করা হল :

পরিচালকের নাম	পদবী	টাকা
জনাব খলিলুর রহমান	চেয়ারম্যান	--
জনাব সেলিম রহমান	ব্যবস্থাপনা পরিচালক	২,৫০০,০০০
জনাবা তাহসিনা রহমান	পরিচালক	--
কেডিএস গার্মেন্টস ইন্ডাস্ট্রিজ লিমিটেড এর প্রতিনিধি জনাব কামরুল হাসান এফসিএ	পরিচালক	--
জনাব মোহাম্মদ জামালউদ্দিন	স্বাধীন পরিচালক	--
সর্বমোট		২,৫০০,০০০

### আভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি

কোম্পানীর কার্যক্রম পরিচালনের ব্যাপ্তি অনুসারে নিয়ন্ত্রণের সুবিধার্থে কোম্পানীর আভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতি নির্ধারণ করা হয়। কোম্পানীর আভ্যন্তরীণ নিরীক্ষা বিভাগের নিরীক্ষা পদ্ধতিতে এগুলো পর্যালোচনা এবং মূল্যায়ন করা হয়। আভ্যন্তরীণ নিয়ন্ত্রণ পদ্ধতিগুলো পরিচালনায় যথাযথভাবে পরিচালন করা হচ্ছে কিনা তা কোম্পানীর নিরীক্ষা বিভাগ সময়ে সময়ে নিরীক্ষণ, পর্যবেক্ষণ এবং মূল্যায়ন করে থাকে এবং এ সংক্রান্ত প্রতিবেদন কোম্পানীর পরিচালনা পর্ষদের নিকট দাখিল করে থাকেন।

### স্বার্থসংশ্লিষ্ট প্রতিষ্ঠানের সাথে লেনদেন

এ বিষয়ে কোম্পানীর নিরীক্ষিত আর্থিক প্রতিবেদনের নোট নং -৩৮ এবং Annexure - G, Page:81 এ বাংলাদেশ হিসাবমান (BAS) অনুসারে বিস্তারিত বর্ণনা করা হয়েছে। উক্ত লেনদেন ব্যতিত আর্থিক বৎসরে কোম্পানীর সাথে স্বার্থসংশ্লিষ্ট অন্যান্য কোম্পানীর উল্লেখযোগ্য কোন লেনদেন সংগঠিত হয়নি।

### ত্রৈমাসিক এবং বার্ষিক আর্থিক ফলাফলে উল্লেখযোগ্য ব্যবধান

উল্লেখিত সময়ে কোম্পানীর ত্রৈমাসিক এবং বার্ষিক কার্যক্রমে উল্লেখযোগ্য কোন ব্যবধান নেই। ব্যবস্থাপনা পরিষদ এবং সংশ্লিষ্ট নির্বাহীদের পূর্বানুমান এবং সঠিক সিদ্ধান্ত গ্রহণের ফলে কোম্পানী বৎসরব্যাপী ভাল ফলাফল ধরে রাখতে সক্ষম হয়েছে।

### সংখ্যালঘু শেয়ারহোল্ডারদের স্বার্থ সংরক্ষণ

পরিচালকমন্ডলী কোম্পানীতে সংখ্যালঘু শেয়ারহোল্ডারদের স্বার্থ যথা-ভোটিং, তথ্য অধিকার এবং তথ্যের প্রাপ্তি, লভ্যাংশ ও কোম্পানীতে মৌলিক কোন পরিবর্তনে তাদের অংশগ্রহণ নিশ্চিতকরত এবং ভবিষ্যতে তাদের যেকোন স্বার্থ সংরক্ষণে সচেষ্ট এবং প্রতিজ্ঞাবদ্ধ থাকবে।

### চলমান প্রক্রিয়ার নীতি (Going Concern)

পরিচালনা পর্ষদের বিবেচনায় ভবিষ্যত কার্য পরিচালনার জন্য কোম্পানীর সম্পদের পর্যাপ্ততা রয়েছে এবং সে ভিত্তিতে কোম্পানীর আর্থিক প্রতিবেদন তৈরী করা হয়েছে।

গত বছরের তুলনায় অপারেটিং ফলাফলের উল্লেখযোগ্য পরিবর্তন  
গত বছরের তুলনায় অপারেটিং ফলাফলে কোন ধরনের বিচ্যুতি নাই।

বিগত ৫ বৎসরের প্রধান আর্থিক অনুপাত ও ফলাফলঃ

বিবরণ	০১ জুলাই ২০১৭	০১ জুলাই ২০১৬	০১ জুলাই ২০১৫	০১ জানুয়ারী ২০১৫	০১ জানুয়ারী ২০১৪	০১ জানুয়ারী ২০১৩
	হতে ৩০ জুন ২০১৮	হতে ৩০ জুন ২০১৭	হতে ৩০ জুন ২০১৬	হতে ৩১ ডিসেম্বর ২০১৫	হতে ৩১ ডিসেম্বর ২০১৪	হতে ৩১ ডিসেম্বর ২০১৩
মূল্যায়ন টাকায়						
ক্রয়মূল্য	২,০৭০,৮৮৫,৮০৮	১,৫৮৫,৯০৭,১৭৫	১,৬০৯,৭৭০,৪০৭	১,৬৯০,৮৬০,২৮০	১,৭৪২,০০৯,৫১৩	১,৬৪৭,২৫৬,০৬০
মোট মূল্য	০৭৭,২০৮,৯৯৪	০৩০,০৬০,৫২০	০৫৯,২০৬,৭৫০	০৫৭,১২৬,৪৫৬	০৫৮,০৪৭,০০৫	০৬৮,০২৫,৫১১
WPPF এবং Income Tax পূর্ববর্তী মূল্য	১৬৯,৬২৮,২০১	১৫৭,০৭৪,০১৫	১৪৯,৯৭৭,০৫০	১০৬,৮৪০,২৯৯	১১৬,৮০২,২৬২	১১৬,৯০৪,৮২৬
নেট মূল্য (Net Profit)	১০২,৯৮৪,৮২৮	১২৫,৫৮৮,০৫১	১২২,০৪০,২২৪	১২৪,৯৯০,৫৮২	৮৮,৬০৭,০৯৯	৮৫,৮৭১,০৬৪
শেয়ার প্রতি আয় (EPS)	২.২১	২.২০	২.১৪	২.৮৬	২.২২	২.১৪
শেয়ারহোল্ডারদের সম্পদ	১,৪৯৪,৫০০,৫৫২	১,৪১৮,৭৪৫,৭২৪	১,০১৯,১৫৭,০৭০	১,২০৮,৮০০,৯৯৯	৮৭০,৮০৭,৪১৭	৭৮৫,১৭০,০১৭
চলতি দায়	২,০১২,০৯১,০০৪	১,০৪৭,৭৯৬,০৬৭	১,০৪৮,৭৬৯,০৫৭	১,০৬৮,৬৯০,০১৪	১,২৮০,৫১২,৬২৪	১,৪৬০,০৬৭,০২৯
দীর্ঘমেয়াদী দায়সমূহ	২২৪,০৫৯,৫৭৭	২৭৮,৬৭৯,৫৬২	১৮৪,৮৫১,০৪৬	২২৫,০০৫,৯৪২	২৫২,৮৬৫,১২২	১২৯,৪৫৮,৮১৬
স্থায়ী সম্পদ এবং চলতি কার্যের সংযোজন	৯৮,৯৪০,৬৫০	১৬৯,০৪৫,২৯৫	২৬৪,৭৪৪,৪৫৯	১০৪,৪৫৪,৬৮০	৯১,০৬৫,৮১০	১৫০,০৮৫,৬০১
শেয়ার প্রতি নেট সম্পদ মূল্য (NAV)	২৪.৮৮	২৪.৮০	২৫.০৭	২০.৮২	২১.৮৫	১৯.৬০
শেয়ার প্রতি নগদ প্রবাহ	৩.০৮	২.৮১	২.৫০	৩.৪৪	৪.৬৭	০.৪১

\*To comply with the requirement of sub-section 35 of section 2 of the Income Tax Ordinance 1984 for Uniform Income Year, Company's income/ financial year has changed to July to June from January to December effecting from 01 July 2016

লভ্যাংশ

নিয়মিত লভ্যাংশ (Consistent Dividend) পলিসির আওতায় কোম্পানীর ফলাফলের সাথে সামঞ্জস্যতা রেখে আমরা লভ্যাংশ ঘোষণা করে থাকি।

২০ আগস্ট ২০১৮ তারিখে অনুষ্ঠিত পরিচালনা পর্ষদের সভায় বিগত বৎসরের জন্য (৩০ জুন ২০১৮ তারিখের সমাপ্ত আর্থিক বৎসরের) কোম্পানীর সকল শেয়ারহোল্ডারদের ১০% নগদ এবং ৫% ষ্টক লভ্যাংশ বিতরণের সুপারিশ করা হয়েছে যাহা বার্ষিক সভায় অনুমোদন সাপেক্ষে Record Date- (১৮ সেপ্টেম্বর ২০১৮) এ শেয়ারধারীদের মধ্যে বিতরণ করা হবে।

পরিচালকমন্ডলী নিশ্চিত করছেন যে, বিগত বছরে কোন প্রকার অর্ন্তবর্তীকালীন Stock Dividend ঘোষণা এবং প্রদান করেননি এবং ভবিষ্যতেও কোন অর্ন্তবর্তীকালীন Stock Dividend প্রদান করা হবে না।

পরিচালক মন্ডলী

১. পরিচালনা পর্ষদের গঠন ও আকার

৩০ জুন ২০১৮ তারিখে কোম্পানীর পরিচালনা পর্ষদে মোট ৫ জন সদস্য ছিলেন। এদের মধ্যে একজন পর্ষদের সভাপতি, একজন ব্যবস্থাপনা পরিচালক, ২ জন সাধারণ পরিচালক এবং একজন স্বতন্ত্র পরিচালক মর্যাদায় অধিষ্ঠিত ছিলেন।

২. পরিচালনা পর্ষদের অন্যান্য স্বার্থ সংশ্লিষ্ট প্রতিষ্ঠানের বিবরণ

পরিচালনা পর্ষদের স্বার্থসংশ্লিষ্ট অন্যান্য প্রতিষ্ঠানের বিবরণ এবং উক্ত প্রতিষ্ঠানে তাদের স্ব-স্ব অবস্থানের একটি প্রতিবেদন

Annexure – I, Page:83 এ বর্ণনা করা হয়েছে।

৩. পরিচালকবৃন্দের অবসরগ্রহণ এবং পুনঃ নিয়োগ

কোম্পানীর পরিমেল নিয়মাবলীর (Article of Association) সংশ্লিষ্ট ধারা অনুযায়ী এক তৃতীয়াংশ পরিচালকের বার্ষিক সাধারণ সভায় অবসরগ্রহণ বাধ্যতামূলক। এই অনুযায়ী কোম্পানীর নিম্নেবর্ণিত সম্মানিত দু'জন পরিচালক এ সভায় অবসরগ্রহণ করতঃ পুনঃনিয়োগের যোগ্য বিধায় পুনঃনিয়োগের অগ্রহ প্রকাশ করেছেন।

১. জনাবা তাহসিনা রহমান
২. জনাব কামরুল হাসান এফসিএ  
(কেডিএস গার্মেন্টস ইন্ডাস্ট্রিজ লিমিটেড এর প্রতিনিধি)

বিগত ২০ আগস্ট ২০১৮ তারিখে অনুষ্ঠিত কোম্পানীর পরিচালনা পর্ষদের সভায় তাদের পুনঃনিয়োগ প্রস্তাব সর্বসম্মতিক্রমে গৃহীত হয়েছে। উক্ত পরিচালকবৃন্দের জীবন বৃত্তান্ত Page-39 and 41 এ উল্লেখ করা হয়েছে।

## ৪. পরিচালনা পর্ষদের সভা ও উপস্থিতি

উল্লেখিত সময়ে পরিচালনা পর্ষদের মোট ৬টি সভা অনুষ্ঠিত হয়। উক্ত সভায় পর্ষদের সদস্যদের স্ব-স্ব উপস্থিতি নিম্নে উল্লেখ করা হল :-

পরিচালকের নাম	পদবী	অনুষ্ঠিত মোট সভার সংখ্যা	সভায় উপস্থিতি সংখ্যা
জনাব খলিলুর রহমান	চেয়ারম্যান	০৬	০৬
জনাব সেলিম রহমান	ব্যবস্থাপনা পরিচালক	০৬	০৬
জনাবা তাহসিনা রহমান	পরিচালক	০৬	০৬
কেডিএস গার্মেন্টস ইন্ডাস্ট্রিজ লিমিটেড এর প্রতিনিধি জনাব কামরুল হাসান এফসিএ	পরিচালক	০৬	০৬
জনাব মোহাম্মদ জামালউদ্দিন	স্বাধীন পরিচালক	০৬	০৬

### স্বাধীন পরিচালক নিয়োগ

বাংলাদেশ সিকিউরিটি এন্ড এক্সচেঞ্জ কমিশন (BSEC) কর্তৃক নির্দেশিত কর্পোরেট গভর্নেন্স নির্দেশিকা যাথ্য ০৩রা জুন ২০১৮ইং তারিখে ইস্যুকৃত নোটিফিকেশন নং (বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৭/এডমিন/৮০) অনুযায়ী কোম্পানীর স্বতন্ত্র পরিচালক হিসেবে জনাব মোহাম্মদ জামালউদ্দিনকে পূর্ববর্তী সাধারণ সভায় পরবর্তী ৩ বৎসরের জন্য নিয়োগ দেয়া হয়েছে। জনাব জামাল উদ্দিন এর যোগ্যতা এবং দক্ষতা ডিরেক্টরস প্রোফাইলে Page No: 40 এ বিস্তারিত দেয়া হয়েছে।

### শেয়ারহোল্ডিং Patterns

কোম্পানীর শেয়ারহোল্ডিং Patterns Annexure – H, Page: 81 বর্ণনা করা হয়েছে।

### পরিচালকমন্ডলীর অন্যান্য ব্যবসায়িক কার্যক্রম

পরিচালকমন্ডলীর অন্যান্য ব্যবসায়িক কার্যক্রম Annexure – I, Page:83 বর্ণনা করা হয়েছে।

### ব্যবস্থাপনা সংক্রান্ত আলোচনা ও বিশ্লেষণ

পরিচালনা পর্ষদ সময়ে সময়ে কোম্পানীর বিক্রয় ও বিক্রিত পণ্যের ব্যয়, মোট মুনাফা এবং নীট মুনাফার হ্রাস ও বৃদ্ধির উপর আলোচনা করে থাকেন এবং বাজার পর্যালোচনা করে ব্যবসায়িক প্রবৃদ্ধির জন্য প্রয়োজনীয় পদক্ষেপ গ্রহণ করে থাকেন। এ বিষয়ের উপর তাদের বিস্তারিত কার্যক্রমের / বিশ্লেষণের উপর একটি প্রতিবেদন Annexure – D, Page:75-77 এ উপস্থাপন করা হয়েছে।

### ক্রেডিট রেটিং

ক্রেডিট রেটিং ইনফরমেশন এন্ড সার্ভিসেস লিমিটেড (CRISL) এর বিশ্লেষণে আপনাদের কোম্পানীর ঋণমান নিম্নরূপ:-

দীর্ঘকালীন	স্বল্পকালীন
A+	ST-3

উক্ত A+ রেটিং অনুসারে আপনাদের কোম্পানীর ঋণমান ভাল মৌলিক ভিত্তি সম্পন্ন এবং আয় অর্জনের সক্ষমতা নির্দেশ করে। ক্রেডিট রেটিং কোম্পানীর মূল্যায়নে আপনাদের কোম্পানীর ভবিষ্যত অবস্থা 'Positive' থাকবে।

উপরোক্ত রেটিং কিছু মৌলিক বিষয়ের উপর যেমন- ভাল মুনাফা, শিল্প ও জমি সংক্রান্ত অবকাঠামোগত ব্যবস্থার উপর ভিত্তি করে মূল্যায়ন করা হয়েছে। এ বিষয় শ্রেণীতে অর্ন্তভুক্ত রেটিং বলতে বুঝায় উচ্চমান, উচ্চনিরাপত্তা এবং উচ্চমানের ঋণ।

### আর্থিক বৎসর পরবর্তী অবস্থা / ঘটনা

কোম্পানীর বাৎসরিক হিসাব সমাপ্তির তারিখ হইতে পরিচালনা পর্ষদের

প্রতিবেদন দাখিলের সময়ের মধ্যে কোন ধরনের উল্লেখযোগ্য লেনদেন সংগঠিত হয়নি যাথ্য কোম্পানীর সংশ্লিষ্ট / আর্থিক প্রতিবেদন ব্যবহারকারীর সিদ্ধান্ত গ্রহণের মূল্যায়নে প্রভাব ফেলতে পারে।

### নিরীক্ষা কমিটি

কোম্পানীর পরিচালনা পর্ষদের সহযোগী হিসেবে নিম্নে উল্লেখিত সদস্যদের নিয়ে একটি নিরীক্ষা কমিটি গঠন করা হয়েছে :

সদস্যদের নাম	পদবী
জনাব মোহাম্মদ জামালউদ্দিন	চেয়ারম্যান এবং স্বাধীন পরিচালক
জনাব খলিলুর রহমান	সদস্য
জনাবা তাহসিনা রহমান	সদস্য
জনাব কামরুল হাসান এফসিএ	সদস্য
জনাব মন্জুরে খোন্দা	সদস্য সচিব

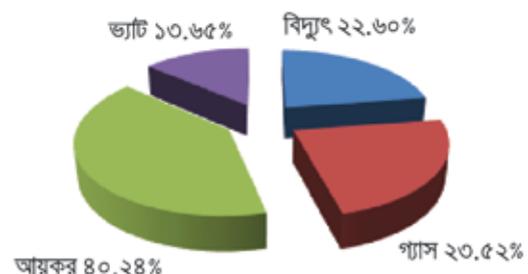
আর্থিক বৎসরে উক্ত নিরীক্ষা কমিটির ৪টি সভা অনুষ্ঠিত হয়। উক্ত কমিটির দায়-দায়িত্ব এবং কার্যবলী Page No: 86-87 এ বিস্তারিতভাবে বর্ণনা করা হয়েছে।

### মনোনয়ন এবং বেতন কাঠামো নির্ধারণ কমিটি

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশনের নোটিফিকেশন নং (বিএসইসি/সিএমআরআরসিডি/২০০৬-১৫৮/২০৭/এডমিন/৮০ তারিখ ০৩ জুন ২০১৮) অনুযায়ী আগামী ৩১ ডিসেম্বর ২০১৮ তারিখে মনোনয়ন এবং বেতন কাঠামো নির্ধারণ কমিটি নামে একটি কমিটি গঠন করা হবে।

### রাজস্ব কোষাগারে অবদান :

একটি দায়িত্বশীল ব্যবসায়ী প্রতিষ্ঠান হিসেবে আপনাদের কোম্পানী সরকারের রাজস্ব আহরণে সহযোগিতা করে যাচ্ছে। উল্লেখিত সময়ে আপনাদের কোম্পানীর ব্যবসায়িক লেনদেনের উপর প্রযোজ্য আরোপিত বিভিন্ন প্রকার কর, গুফ, মুসক হিসেবে মোট ৮০,১৫২,০৭০/= টাকা রষ্টীয় কোষাগারে প্রদান করেছে। যাথ্য নিম্নে বর্ণিত চিত্রে দেখানো হলো :



## ব্যবসায়িক সামাজিক দায়বদ্ধতা

প্রতিষ্ঠার শুরু থেকে আপনাদের কোম্পানী ব্যবসার পাশাপাশি সমাজ এবং এর সংশ্লিষ্ট কমিউনিটির উন্নয়নে সজ্জব সকল ধরনের সহযোগিতা এবং অনুদান অব্যাহত রেখেছে। এ কার্যক্রমের উল্লেখিত কয়েকটি কার্যাবলীর মধ্যে বিভিন্ন শিক্ষা প্রতিষ্ঠানে অনুদান, বৃক্ষরোপন অভিযান এবং নিরাপদ পানীয় জলের ব্যবস্থা অন্যতম।

## পুরস্কার এবং স্বীকৃতি

শুরু থেকে আপনাদের কোম্পানী বিভিন্ন ধরনের মান মূল্যায়নের সনদের স্বীকৃতি অর্জন করে আসছে। এর মধ্যে উল্লেখযোগ্য অর্জন এবং স্বীকৃতিসমূহ নিম্নরূপঃ

- ISO 14001:2015 Certified.
- ISO 9001:2015 Certified.
- BS OHSAS 18001:2007 Certified.
- OEKO-TEX Standard 100 Certified for Woven Labels.
- OEKO-TEX Standard 100 Certified for Buttons.
- Achievement Award of Trim Qualification Program by Intertek.
- Gold Certificate of Compliance.
- CAP Closure Verification Visit Results by Alliance.

## তথ্য প্রযুক্তি

তথ্য প্রযুক্তির ব্যবহারে আপনাদের কোম্পানী সবসময় একধাপ এগিয়ে, কারণ আমরা বিশ্বাস করি, সঠিক সময়ে সঠিক বাজার বিপণন ব্যবস্থা, বৈশ্বিক বিক্রয়, পদ্ধতিগত ব্যবস্থাপনা, সময়োপযোগী পর্যবেক্ষণ, যথাযথ গ্রাহক সেবা এবং দীর্ঘমেয়াদী ব্যবসায়িক প্রবৃদ্ধি এ সব কিছুই পরিচালনায় তথ্য প্রযুক্তির ব্যবহার ছাড়া এ যুগে প্রায় অসম্ভব।

ইতিমধ্যে আমরা ফিন্যান্সিয়াল রিপোর্টিং, মানবসম্পদ ব্যবস্থাপনা, বিক্রয় ও বিপণন, উৎপাদন, মজুদ ব্যবস্থাপনা, মজুদ ও যোগান ব্যবস্থাপনা, এবং স্থায়ী সম্পদ ব্যবস্থাপনায় অটোমেশন পদ্ধতি চালু করেছি যাথর মাধ্যমে ব্যবস্থাপনা কর্তৃপক্ষ যেকোন সময়ে যেকোন স্থান হতে এ সংক্রান্ত রিপোর্ট দেখতে এবং সিদ্ধান্ত গ্রহণ করতে পারে।

## ওয়েবসাইট (Website)

কোম্পানী [www.kdsaccessories.com](http://www.kdsaccessories.com) নামে একটি Website চালু রেখেছে যা Stock Exchange এর Website এর সাথে সংযুক্ত করা হয়েছে এবং এটি সর্বদা চলমান। এতে কোম্পানী সময়ে সময়ে যাবতীয় আর্থিক ও অন্যান্য বিষয়াদি প্রকাশ করে থাকে।

## মানব সম্পদ ব্যবস্থাপনা

আমরা ব্যবসায়িক ব্যাপ্তিতে মানব সম্পদকে একটি মৌলিক ভিত্তি হিসেবে বিবেচনা করি। কোম্পানীর কর্মকর্তা এবং কর্মচারীদের দক্ষতার উপর কোম্পানীর প্রতিযোগিতায় টিকে থাকার সক্ষমতা গড়ে উঠে। বিশ্বমানের পরামর্শকারী প্রতিষ্ঠান কর্তৃক আপনাদের কোম্পানীর পরিচালনগত অবকাঠামো এবং গঠনতন্ত্র গ্রহণ করা হয়েছে যাথ প্রতিষ্ঠানে কর্মরত প্রত্যেকের দক্ষতা এবং সক্ষমতা বৃদ্ধিতে অবদান রাখছে। আমরা আমাদের প্রতিষ্ঠানে কর্মরত কর্মকর্তা ও কর্মচারীদের নিয়মিত প্রশিক্ষণের ব্যবস্থা করে থাকি এবং আমরা নিয়োগের ক্ষেত্রে Equal Opportunity এবং ক্ষমতায়ন নিশ্চিত করে থাকি।

## সহযোগী কোম্পানীর ফলাফল

আপনাদের কোম্পানী SKYS Securities Ltd. নামে (যাথ Stock Brokerage এর ব্যবসা পরিচালনা করে) একটি কোম্পানীতে ৪৬.৬৯ শতাংশ শেয়ারে বিনিয়োগ রয়েছে। ব্যবসায়িক মন্দার কারণে বিগত বৎসরে সহযোগী কোম্পানীর লোকসানের পরিমাণ ছিল ৩১,৮৯০ টাকা।

## আচরন বিধি

নৈতিকতা বজায় রেখে ব্যবসা করাই হচ্ছে আমাদের ব্যবসায়ের প্রধান দর্শন। এ বিষয়ে আপনাদের কোম্পানী পরিচালনা পর্ষদের জন্য একটি Code of Conduct গ্রহণ করেছে এবং প্রত্যেক পরিচালক তা মেনে চলার অঙ্গীকারে আবদ্ধ হয়েছেন।

## নিরীক্ষক ও প্রফেশনাল নিয়োগ

### ক. বহিঃ নিরীক্ষক নিয়োগ

কোম্পানীর বর্তমান বহিঃ নিরীক্ষক হোসাইন ফরহাদ এন্ড কোং, চাটার্ড একাউন্ট্যান্টস (ইউনেস্কো সেন্টার, নবম তলা, ৮৭০, সিডিএ এডভেনিউ, নাসিরাবাদ, চট্টগ্রাম) কোম্পানীর ২৭তম বার্ষিক সাধারণ সভায় নিয়মানুযায়ী অবসর গ্রহণ করবেন এবং পুনঃ নিয়োগের জন্য যোগ্য হওয়ায় আগামী হিসাব বছরের নিরীক্ষা কার্যক্রম পরিচালনার সম্মতি প্রদান করেছেন। এই পরিপ্রেক্ষিতে পরিচালনা পর্ষদ ২০ আগস্ট ২০১৮ তারিখে অনুষ্ঠিত সভায় কোম্পানীর আগামী হিসাব বছরের নিরীক্ষা পরিচালনার জন্য হোসাইন ফরহাদ এন্ড কোং, চাটার্ড একাউন্ট্যান্টসকে বহিঃ নিরীক্ষক হিসেবে নিয়োগের সুপারিশ করেছেন যা আগামী ২৭তম বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারদের অনুমোদনের জন্য উপস্থাপিত হবে।

খ. কর্পোরেট গভর্নেন্স সার্টিফিকেশন এর জন্য Professional নিয়োগ বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন দ্বারা ইস্যুকৃত কর্পোরেট গভর্নেন্স সার্টিফিকেশন এর জন্য Professional নিয়োগের পরিপ্রেক্ষিতে পরিচালনা পর্ষদ ২০ আগস্ট ২০১৮ তারিখে অনুষ্ঠিত সভায় শফিক বসাক এন্ড কোম্পানী চাটার্ড একাউন্ট্যান্টসকে (ন্যাশনাল হাউজ, দ্বিতীয় তলা, ১০৯, অগ্রাবাদ কমার্শিয়াল এরিয়া, চট্টগ্রাম) আগামী হিসাব বছরের জন্য নিয়োগের সুপারিশ করেছেন যা আগামী ২৭তম বার্ষিক সাধারণ সভায় শেয়ারহোল্ডারদের অনুমোদনের জন্য উপস্থাপিত হবে।

## ব্যবসায়িক সুশাসন এবং প্রতিপালনের প্রতিবেদন

বাংলাদেশ সিকিউরিটিজ এন্ড এক্সচেঞ্জ কমিশন (বিএসইসি) কর্তৃক ইস্যুকৃত নোটিফিকেশন নং (বিএসইসি/সিএমআরআরসি-ডি/২০০৬-১৫৮/২০৭/এডমিন/৮০ তারিখ ০৩ জুন ২০১৮) কর্পোরেট সুশাসন মেনে চলার নির্দেশিকার উপর নিরীক্ষকের সনদ এবং প্রতিবেদন এই রিপোর্টে বিস্তারিত দেয়া হয়েছে। এ সংক্রান্ত প্রতিবেদন Annexure-B&C, Page-68-74 এ উল্লেখ করা হয়েছে।

## পরিচালকদের দায়িত্বের বিবৃতি

বিএসইসি নোটিফিকেশন নং (বিএসইসি/সিএমআরআরসি-ডি/২০০৬-১৫৮/২০৭/এডমিন/৮০ তারিখ ০৩ জুন ২০১৮ অনুসারে পরিচালনা পর্ষদ এই বিষয়টি নিশ্চিত করেন যে,

১. কেডিএস এক্সেসরিজ লিঃ এর ব্যবস্থাপনা কর্তৃক তৈরীকৃত আর্থিক প্রতিবেদন কোম্পানীর সার্বিক অবস্থা, পরিচালনার ফলাফল সমূহ, নগদ প্রবাহ এবং সম্পদের পরিবর্তন ইত্যাদি যথাযথ ভাবে উপস্থাপন করা হয়েছে।

২. যথাযথ হিসাব বই সংরক্ষণ করা হয়েছে।

৩. আর্থিক প্রতিবেদন তৈরীতে যথাযথ একাউন্টিং পলিসি নিরবিচ্ছিন্নভাবে প্রয়োগ করা হয়েছে এবং হিসাবের প্রাক্কলনগুলো যুক্তিসংগত এবং যথোপযুক্ত বিচার বিশ্লেষণের উপর ভিত্তি করে করা হয়েছে।

৪. আর্থিক প্রতিবেদন তৈরীতে ইন্টারন্যাশনাল একাউন্টিং স্ট্যান্ডার্ডস (আইএএস)/ ইন্টারন্যাশনাল ফিনেন্সিয়াল রিপোর্টিং স্ট্যান্ডার্ডস (আইএফআরএস) যেভাবে বাংলাদেশে প্রযোজ্য সেভাবে অনুসরণ করা হয়েছে এবং যে কোন ধরণের পরিবর্তন পর্যাপ্তভাবে প্রকাশ করা হয়েছে।

৫. আভ্যন্তরীণ নিয়ন্ত্রন ব্যবস্থা যথাযথভাবে গ্রহণ এবং প্রয়োগ করা হয়েছে।

৬. একটি চলমান প্রতিষ্ঠান হিসেবে যাত্রা অব্যাহত রাখতে কোম্পানীর সক্ষমতার উপর কোন সন্দেহ নাই এবং একটি চলমান প্রতিষ্ঠান নথির উপর ভিত্তি করে বার্ষিক হিসাব তৈরী করা হয়েছে।

৭. কোম্পানীর পরিচালনা পত ফলাফলে বিগত বৎসর থেকে গুরুত্বপূর্ণ পরিবর্তন প্রতিবেদনে আলোকপাত করা হয়েছে এবং যদি থাকে তার কারণ ব্যাখ্যা করা হয়েছে।

৮. বিগত পাঁচ বৎসরে মূল পরিচালনাপত এবং আর্থিক ফলাফল সমূহ Annexure - D, Page:76 এ উল্লেখ করা হয়েছে।

৯. কোম্পানীর পরিচালক পর্ষদের সভার সংখ্যা এবং পরিচালকদের উপস্থিতি সংক্রান্ত তথ্য Page:56 এ উল্লেখ করা হয়েছে।

১০. শেয়ার ধারণের পদ্ধতি Annexure - H, Page:81 এ উল্লেখ করা হয়েছে।

১১. বিএসইসি এর চাহিদামত এবং কর্পোরেট গভর্নেন্সের নিয়মানুসারে কর্পোরেট গভর্নেন্সের কমপ্লাইয়েন্স স্ট্যাটাস নামে একটি প্রতিবেদন এবং সনদ Annexure - C, Page:69 এ বর্ণনা করা হয়েছে।

১২. পরিচালকদের প্রোফাইল Page:36-41 এবং অন্যান্য সংস্থায় তাদের অংশিদারিত্ব এবং অবস্থান, ব্যবসায়িক স্বার্থ এই রিপোর্টের Annexure - I, Page:83 এ বর্ণনা করা হয়েছে।

#### ধন্যবাদ জ্ঞাপন

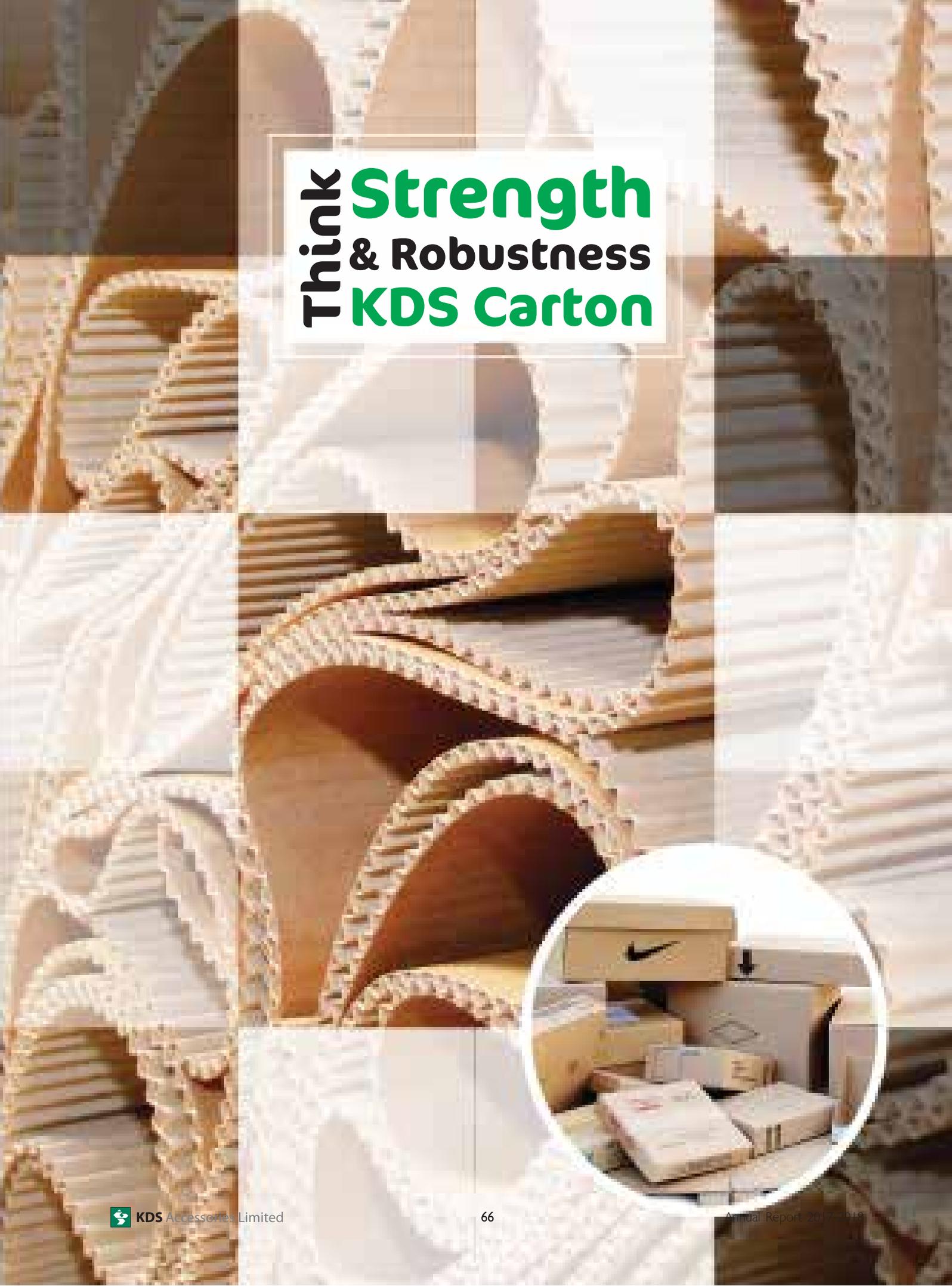
আমরা আমাদের গ্রাহক, সরবরাহকারী, বিনিয়োগকারী, ব্যবসায়িক সহযোগী এবং ব্যাংকারদেরকে তাঁদের সহযোগিতার জন্য আন্তরিক ধন্যবাদ জানাচ্ছি এবং সেই সাথে কোম্পানীর সকল কর্মকর্তা, কর্মচারীদেরকে তাদের অবদানের জন্য ধন্যবাদ জানাচ্ছি।

পরিশেষে আমরা সরকারের সকল ধরনের নিয়ন্ত্রক সংস্থা যথা- বিএসইসি, ডিএসই, সিএসই, সিডিবিএল, আরজেএসসি, এনবিআর এবং সম্মানিত শেয়ারহোল্ডারবৃন্দকে তাদের বিগত দিনের সহযোগিতা এবং ভবিষ্যতে একই ধরনের সহযোগিতার প্রত্যাশায় ধন্যবাদ ও কৃতজ্ঞতা জ্ঞাপন করছি।

আব্দুল হাফেজ  
পরিচালকমন্ডলীর পক্ষে-



খলিলুর রহমান  
চেয়ারম্যান  
২০ আগষ্ট ২০১৮



**Think Strength  
& Robustness  
KDS Carton**



# ANNEXURE - A

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

## KDS Accessories Limited

### Declaration by CEO & CFO

19 August 2018

The Board of Directors

KDS Accessories Limited

191-192 Baizid Bostami Road

Nasirabad I/A, Chattogram - 4210

Subject: Declaration on Financial Statements for the year ended on 30 June, 2018

Dear Sirs,

Pursuant to the condition No. 1(5) (xxvi) imposed vide the commission's Notification No. BSEC/CMRRC-D/2006-158/207/Admin/80 Dated 03 June, 2018 under section 2CC of the Securities and Exchange Ordinance, 1969, we do hereby declare that:

- (1) The Financial Statements of KDS Accessories Limited for the year ended on 30 June, 2018 have been prepared in compliance with Bangladesh Accounting Standards (BAS) or Bangladesh Financial Reporting Standards (BFRS), as applicable in the Bangladesh and any departure there from has been adequately disclosed;
- (2) The estimates and judgments related to the financial statements were made on prudent and reasonable basis, in order for the financial statements to reveal a true and fair view;
- (3) The form and substance of transactions and the company's state of affairs have been reasonably and fairly presented in its financial statements;
- (4) To ensure above, the Company has taken proper and adequate care in installing a system of internal control and maintenance of accounting records;
- (5) Our internal auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed;  
and
- (6) The management's use of the going concern basis of accounting in preparing the financial statements is appropriate and there exists no materials uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

In this regard, we also certify that:-

- (i) We have reviewed the financial statements for the year ended on 30 June, 2018 and that to the best of our knowledge and belief:
  - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (b) these statements collectively present true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws.
- (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 in violation of the code of conduct for the company's Board of Directors or its members.

Sincerely yours,



**Debasis Daspal**

Chief Executive Officer



**Biplob Kanti Banik FCA**

Chief Financial Officer

# ANNEXURE - B

## CORPORATE GOVERNANCE CERTIFICATE

### শফিক বসাক এন্ড কোং SHAFIQ BASAK & CO.

#### CHATTOGRAM OFFICE :

National House (1st Floor)  
109, Agrabad Commercial Area  
Chattogram-4100, Bangladesh.  
Phone : +880-31-711561  
Fax : +880-31-723680  
Email : basak\_sbc@yahoo.com

#### CHARTERED ACCOUNTANTS

#### Partners :

Md. Shafiqul Islam, FCA  
Sampad Kumar Basak, FCA  
Md. Enayet Ullah, FCA  
Sarwar Mahmood, FCA

#### DHAKA OFFICE :

Shatabdi Centre (6th Floor)  
292, Inner Circular Road,  
Fakirapool, Motijheel, Dhaka.  
Phone : +880-2-7192098  
Tel/Fax : +880-2-7194870  
E-mail : shafiq\_basak@yahoo.com

Ref. No-SB-26/8079-A/2018

[Certificate as per condition No. 1(5) (xxvii)]

#### Report to the Shareholders of KDS Accessories Limited on compliance on the Corporate Governance Code.

We have examined the compliance status to the Corporate Governance Code by **KDS Accessories Limited** for the year ended on 30<sup>th</sup> June 2018. This Code relates to the Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 3<sup>rd</sup> 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:

- 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 except condition 1(7)(a), 1(7)(b), 3(1)(c), 4(ii) and 6(1)(a) to 6(5)(c) and explanation is given in Annexure-C.
- 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.
- 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
- The Governance of the company is satisfactory.

Place: Chattogram  
Dated: 17 September, 2018



*Shafiq Basak*  
(SHAFIQ BASAK & CO.)  
CHARTERED ACCOUNTANTS

S. K. Basak, FCA  
Partner.

#### Branch Office :

Dhaka : House - 42 (1st Floor), Road - 01, Block - A, Niketan, Gulshan - 01, Dhaka. Phone : 88-02-99859602-3, 01819-285196 E-mail : mahmoods.bd@gmail.com

# ANNEXURE - C

## Corporate Governance Compliance Report

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

Status of compliance with the condition imposed by the Commission's Notification No. BSEC/CMRRCD/2006-158/207/Admin/80, dated 03 June, 2018 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1	<b>Board of Directors</b>			
	<b>Size of the Board of Directors</b>			
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).	√		
	<b>Independent Directors</b>			
1(2)	All companies shall have effective representation of independent directors on their Boards, so that the Board, as a group, includes core competencies considered relevant in the context of each company; for this purpose, the companies shall comply with the following:-			
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)	For the purpose of this clause 'Independent directors' means a director-			
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;	√		
1(2)(b)(viii)	Who shall not be an 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 to a bank or a Non-Bank Financial Institution (NBF);	√		
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 of directors and approved by the shareholders in the Annual General Meeting (AGM).	√		
1(2)(d)	The post of independent director(s) can not remain vacant for more than 90 (ninety) days.	√		
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) term only.	√		
	<b>Qualification of Independent Director (ID)</b>			
1(3)	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)(a)	Independent director shall have following qualifications:			
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			N/A
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 k. 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			N/A
1(3)(b)(iv)	University Teacher who has educational background in Economics or Commerce or Business Studies or Law; or			N/A
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;			N/A
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 may be relaxed subject to prior approval of the Commission.			N/A

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>1(4)</b>	<b>Duality of Chairperson of the Board of Directors and Managing Director or Chief Executive Officer:-</b>			
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.			N/A
<b>1(5)</b>	<b>The Directors' Report to Shareholders</b>			
	The Board of the company shall include the following additional statements or disclosures in the Directors' Report prepared under section 184 of the Companies Act, 1994 (Act No. XVIII of 1994):-			
1(5)(i)	An industry outlook and possible future developments in the industry	✓		
1(5)(ii)	The segment-wise or product-wise performance	✓		
1(5)(iii)	Risks and concerns including internal and external risk factors, threat to sustainability and negative 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);	✓		
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			N/A
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.;			N/A
1(5)(ix)	An explanation on any significant variance that occurs between Quarterly Financial performances and Annual Financial Statements;			N/A
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 in design and has been effectively implemented and monitored;	✓		
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;			N/A
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;	✓		
1(5)(xxii)	The total number of Board meetings held during the year and attendance by each director;	✓		
1(5)(xxiii)	A report on the pattern of shareholding disclosing the aggregate number of shares (along with name-wise details where stated below) held by:-			
1(5)(xxiii)(a)	Parent or Subsidiary or Associated Companies and other related parties (name-wise details);	✓		
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; and			N/A
1(5)(xxiii)(d)	Shareholders holding ten percent (10%) or more voting interest in the company (name-wise details);	✓		
1(5)(xxiv)	In case of the appointment/re-appointment of a director the company shall disclose the following information to the shareholders:			
1(5)(xxiv)(a)	A brief resume of the director	✓		
1(5)(xxiv)(b)	Nature of his/her expertise in specific functional areas;	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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 Management's Discussion and Analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with a brief discussion of changes in the financial statements, among others, focusing on:			
1(5)(xxv)(a)	Accounting policies and estimation for preparation of financial statements;	✓		
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 <b>Annexure-A</b> ; 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 <b>Annexure-B</b> and <b>Annexure-C</b> .	✓		
<b>1(6)</b>	<b>Meetings of the Board of Directors</b>			
	The company shall conduct its Board meetings and record the minutes of the meetings as well as keep required books and records in line with the provisions of the relevant Bangladesh Secretarial Standards (BSS) as adopted by the Institute of Chartered Secretaries of Bangladesh (ICSB) in so far as those standards are not inconsistent with any condition of this Code	✓		
<b>1(7)</b>	<b>Code of Conduct for the Chairperson, other Board members and Chief Executive Officer</b>			
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;		✓	To be complied within 31 December 2018
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.		✓	To be complied within 31 December 2018
<b>2</b>	<b>Governance of Board of Directors of Subsidiary Company.-</b>			
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;			N/A
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;			N/A
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			N/A
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;			N/A
2(e)	The Audit Committee of the holding company shall also review the financial statements, in particular the investments made by the subsidiary company			N/A
<b>3</b>	<b>Managing Director (MD) or Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Internal Audit and Compliance (HIAC) and Company Secretary (CS).-</b>			
<b>3(1)</b>	<b>Appointment</b>			
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).	✓		
<b>3(2)</b>	<b>Requirement to attend Board of Directors' Meetings</b>			
	The MD or CEO, CS, CFO and HIAC of the company shall attend the meetings of the Board;	✓		
<b>3(3)</b>	<b>Duties of Managing Director (MD) or Chief Executive Officer (CEO) and Chief Financial Officer (CFO)</b>			
3(3)(a)	The MD or CEO and CFO shall certify to the Board that they have reviewed financial statements for the year and that to the best of their knowledge and belief:			
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;	✓		

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
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.	✓		
<b>4</b>	<b>Board of Directors' Committee.-</b>			
	For ensuring good governance in the company, the Board shall have at least following sub-committees:			
4(i)	Audit Committee; and	✓		
4(ii)	Nomination and Remuneration Committee.		✓	To be complied within 31 December 2018
<b>5</b>	<b>Audit Committee.-</b>			
<b>5(1)</b>	<b>Responsibility to the Board of Directors.</b>			
5(1)(a)	The company shall have an Audit Committee as a subcommittee 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.	✓		
<b>5(2)</b>	<b>Constitution of the Audit Committee.</b>			
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 non-executive 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 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 Committee members 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 not later than 1 (one) month from the date of vacancy in the Committee to ensure continuity of the performance of work of the Audit Committee;	✓		
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.	✓		
<b>5(3)</b>	<b>Chairperson of the Audit Committee</b>			
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.	✓		
5(3)(c)	Chairperson of the Audit Committee shall remain present in the Annual General Meeting (AGM).	✓		
<b>5(4)</b>	<b>Meeting of the Audit Committee</b>			
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.	✓		
<b>5(5)</b>	<b>Role of Audit Committee</b>			
	The Audit Committee shall:-			
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 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;			N/A
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.			N/A

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>5(6)</b>	<b>Reporting of the Audit Committee</b>			
<b>5(6)(a)</b>	<b>Reporting to the Board of Directors</b>			
5(6)(a)(i)	The Audit Committee shall report on its activities to the Board.	√		
5(6)(a)(ii)	The Audit Committee shall immediately report to the Board on the following findings, if any:			
5(6)(a)(ii)(a)	report on conflicts of interests;			N/A
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;			N/A
5(6)(a)(ii)(c)	suspected infringement of laws, regulatory compliances including securities related laws, rules and regulations; and			N/A
5(6)(a)(ii)(d)	any other matter which the Audit Committee deems necessary shall be disclosed to the Board immediately;			N/A
<b>5(6)(b)</b>	<b>Reporting to the Authorities</b>			
	If the Audit Committee has reported to the Board about anything which has material impact on the financial condition and results of operation and has discussed with the Board 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 for three times or completion of a period of 6 (six) months from the date of first reporting to the Board, whichever is earlier.			N/A
<b>5(7)</b>	<b>Reporting to the Shareholders and General Investors</b>			
	Report on activities carried out by the Audit Committee, including any report made to the Board under condition No. 5(6)(a)(ii) above during the year, shall be signed by the Chairperson of the Audit Committee and disclosed in the annual report of the issuer company.	√		
<b>6</b>	<b>Nomination and Remuneration Committee (NRC).</b>			
<b>6(1)</b>	<b>Responsibility to the Board of Directors</b>			
6(1)(a)	The company shall have a Nomination and Remuneration Committee (NRC) as a sub-committee of the Board;		√	To be complied within 31 December 2018
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;		√	To be complied within 31 December 2018
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).		√	To be complied within 31 December 2018
<b>6(2)</b>	<b>Constitution of the NRC</b>			
6(2)(a)	The Committee shall comprise of at least three members including an independent director;		√	To be complied within 31 December 2018
6(2)(b)	All members of the Committee shall be non-executive directors;		√	To be complied within 31 December 2018
6(2)(c)	Members of the Committee shall be nominated and appointed by the Board;		√	To be complied within 31 December 2018
6(2)(d)	The Board shall have authority to remove and appoint any member of the Committee;		√	To be complied within 31 December 2018
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;		√	To be complied within 31 December 2018
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;		√	To be complied within 31 December 2018
6(2)(g)	The company secretary shall act as the secretary of the Committee;		√	To be complied within 31 December 2018
6(2)(h)	The quorum of the NRC meeting shall not constitute without attendance of at least an independent director;		√	To be complied within 31 December 2018
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.		√	To be complied within 31 December 2018
<b>6(3)</b>	<b>Chairperson of the NRC</b>			
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;		√	To be complied within 31 December 2018
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;		√	To be complied within 31 December 2018
6(3)(c)	The Chairperson of the NRC shall attend the annual general meeting (AGM) to answer the queries of the shareholders.		√	To be complied within 31 December 2018
<b>6(4)</b>	<b>Meeting of the NRC</b>			
6(4)(a)	The NRC shall conduct at least one meeting in a financial year;		√	To be complied within 31 December 2018
6(4)(b)	The Chairperson of the NRC may convene any emergency meeting upon request by any member of the NRC;		√	To be complied within 31 December 2018
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);		√	To be complied within 31 December 2018
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.		√	To be complied within 31 December 2018

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>6(5)</b>	<b>Role of the NRC</b>			
6(5)(a)	NRC shall be independent and responsible or accountable to the Board and to the shareholders;		√	To be complied within 31 December 2018
6(5)(b)	NRC shall oversee, among others, the following matters and make report with recommendation to the Board:			
6(5)(b)(i)	formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend a policy to the Board, relating to the remuneration of the directors, top level executive, considering the following:			
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;		√	To be complied within 31 December 2018
6(5)(b)(i)(b)	the relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and		√	To be complied within 31 December 2018
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;		√	To be complied within 31 December 2018
6(5)(b)(ii)	devising a policy on Board's diversity taking into consideration age, gender, experience, ethnicity, educational background and nationality;		√	To be complied within 31 December 2018
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;		√	To be complied within 31 December 2018
6(5)(b)(iv)	formulating the criteria for evaluation of performance of independent directors and the Board;		√	To be complied within 31 December 2018
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		√	To be complied within 31 December 2018
6(5)(b)(vi)	developing, recommending and reviewing annually the company's human resources and training policies;		√	To be complied within 31 December 2018
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.		√	To be complied within 31 December 2018
<b>7</b>	<b>External or Statutory Auditors.</b>			
7(1)	The issuer company shall not engage its external or statutory auditors to perform the following services of the company, namely: -			
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. 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.		√	
<b>8</b>	<b>Maintaining a website by the Company.</b>			
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).		√	
<b>9</b>	<b>Reporting and Compliance of Corporate Governance.-</b>			
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.		√	
9(3)	The directors of the company shall state, in accordance with the <b>Annexure-C</b> attached, in the directors' report whether the company has complied with these conditions or not.		√	

# ANNEXURE - D

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW 2017-2018

Let us present before you a short review on the total operational and financial performance of your company from 01 July 2017 to 30 June 2018.

### ECONOMIC OUTLOOK

RMG sector is the driver for growth of Bangladesh's economy. It contributes 13% to national GDP (as per various industry related analysis). To achieve the \$50 billion export target Bangladesh will have to earn \$20 billion in the next four years as speculated by the industry insiders.

Still Bangladesh remains the world's second largest garment exporter.

As said earlier, we have invested huge to ensure that we are well positioned for continued long-term and profitable growth.

### ACCOUNTING POLICIES AND CHANGES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of

Financial Statements", in preparation and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

For a proper understanding, these accounting policies are set out in a detailed statement in **Note No:3 (Page-110 )**

### FY 2018 Financial Performance and Position

The discussions in this section relate to the consolidated, BDT-denominated financial results pertaining to the year that ended June 30, 2018. The financial statements of KDS Accessories Limited has been prepared in accordance with the Bangladesh Accounting Standards (referred to as "BAS"), as per the Companies Act, 1994, read with the Companies (Bangladesh Accounting Standards) Rules as amended from time to time. Significant accounting policies used in the preparation of the financial statements are disclosed in the notes to the financial statements - 3. The following table gives an overview of the financial results of the Company:

Particulars	FY 2017-2018 (Million)	% of Revenue	% Growth	FY 2016-2017 (Million)	% of Revenue
Revenue from Operations	2,070.88	100	30.58	1,585.93	100
Earnings before interest, tax, depreciation and amortization (EBITDA) (before other Income)	300.57	14.51	10.52	270.82	17.08
Profit Before Tax (PBT)	161.14	7.78	7.99	149.22	9.40
Profit After Tax (PAT)	132.98	6.42	5.89	125.58	7.92
Earnings Per Share (EPS)-in BDT	2.21		0.45	2.20	
Net Assets Value (NAV)	24.88			24.80	
Net Operating Cash Flow Per Share (NOCFPS)	3.08			2.81	

## COST OF GOODS SOLD (COGS)

Cost of Goods Sold (COGS) is the expenses a company incurred in order to manufacture, create or to sell a product. It includes the purchase price of the raw materials as well as the expenses of turning it into a finished product.

## GROSS PROFIT MARGIN RATIO

Gross Profit is the difference between sales and the cost of goods sold

Gross Profit = (Sales - Cost of Goods Sold)

The Gross Profit margin is one indicator to diagnose the financial health of a business.

Larger gross profit margins are better for business - the higher the percentage, the more the business retains of each Taka of sales for other expenses and net profit.

Gross Profit Margin % = (Gross Profit ÷ Sales) X 100

During the reporting period of 12 months from 01 July 2017 to 30 June 2018, Gross Profit Margin was 18.21% against 21.02% from 01 July 2016 to 30 June 2017. Gross profit has decreased as the price of raw material was higher in this period.

## NET PROFIT MARGIN RATIO

Net Profit is calculated by subtracting expenses including Tax and WPP & WF from the gross profit, showing what the business has earned (or lost) in a given period of time.

Net Profit = Gross Profit - Expenses with Tax & WPP & WF

The Net Profit Margin Ratio is 6.42% against 7.92% in the previous twelve months. In this period Company has earned net profit of Tk. 132.98 million. Share of loss of associates of Tk. (0.03) million has been included herewith.

## Last 5 Years Financial Results

The summarized operational and financial performances are presented below:

Particulars	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017	01 July 2015 to 30 June 2016	01 January 2015 to 31 December 2015	01 January 2014 to 31 December 2014	01 January 2013 to 31 December 2013
	Amount in BDT.					
Revenue	2,070,885,808	1,585,937,175	1,609,773,407	1,690,863,283	1,742,309,513	1,647,256,363
Gross Profit	377,208,994	333,360,520	359,206,753	357,126,456	358,347,035	368,325,511
Profit Before WPPF & Taxes	169,628,231	157,074,315	149,977,050	136,840,299	116,802,262	116,904,826
Net Profit After WPPF & Taxes	132,984,828	125,588,351	122,340,224	124,993,582	88,637,099	85,871,064
Earning Per Share (EPS)	2.21	2.20	2.14	2.86	2.22	2.14
Share Holder's Equity	1,494,530,552	1,418,745,724	1,319,157,373	1,238,800,999	873,807,417	785,170,317
Current Liabilities	2,012,391,304	1,347,796,367	1,048,769,357	1,368,690,014	1,283,512,624	1,463,067,029
Non-Current Liabilities	224,059,577	278,679,562	184,851,346	225,035,942	252,865,122	129,458,816
Addition to Fixed Assets & CWIP	98,940,650	169,045,295	264,744,459	104,454,683	91,365,813	153,085,631
Net Assets Value (NAV) per share	24.88	24.80	25.37	23.82	21.85	19.63
Net Operating Cash Flow Per Share (NOCFPS)	3.08	2.81	2.50	3.44	4.67	0.41

\* To comply with the requirement of sub-section 35 of Section 2 of the Income Tax Ordinance 1984 for uniform Income year, company's income/financial year has changed to July to June from January to December effecting from 01 July 2016.

## COMPARATIVE FINANCIAL PERFORMANCE BETWEEN KDS ACCESSORIES LIMITED & PEER COMPANIES

Particulars	KDS Accessories Limited (Audited till 30 June 2018)	Tosrifa Industries Limited (Un-audited till 31 March 2018)	Khulna Printing & Packaging Limited (Un-audited till 31 March 2018)	Olympic Accessories Limited (Un-audited till 31 March 2018)
	12 Months	9 Months	9 Months	9 Months
Revenue	2,070,885,808	874,216,421	-	1,032,217,311
Gross Profit (in Taka)	377,208,994	124,566,367	-	215,488,836
Gross Profit (in %)	18.21	14.25	-	20.88
Net Profit before WPPF & taxes (in Taka)	169,628,231	55,433,611	-	128,168,769
Net Profit before WPPF & taxes (in %)	8.19	6.34	-	12.42
Net Profit after WPPF & taxes (in Taka)	132,984,828	32,509,926	-	128,168,769
Net Profit after WPPF & taxes (in %)	6.42	3.72	-	12.42
EPS	2.21	0.51	(1.13)	0.73
NAV per share	24.88	32.89	14.76	15.44
NOCFPS	3.08	0.78	0.01	1.50

\*Financial information of peer companies are based on the data available in their website.

### RISK AND CONCERNS

Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives. A detailed report on Risk & Concerns are given in **Annexure-J, Page: 84**.

### FORWARD-LOOKING STATEMENTS

Board of Directors and management of the company are looking forward to keep its progress in alignment with industry's growth and have made all preparation to this end. Overall industry is projected to grow in a steady way in next couple of years and your company will be in forefront to be one of the major player in the future booming market.



**Debasis Daspal**  
Chief Executive Officer

# ANNEXURE - E

## FINANCIAL HIGHLIGHTS

	Amount in BDT. Million					
	2017-2018	2016-2017	2015-2016	2015	2014	2013
<b>Assets Employed</b>						
Non Current Assets	1,440.80	1,439.53	1,346.66	1,132.96	1,092.55	1,059.01
Net Current Assets	277.79	257.89	157.35	330.88	34.13	(153.29)
<b>Total Assets Employed</b>	<b>1,718.59</b>	<b>1,697.43</b>	<b>1,504.01</b>	<b>1,463.84</b>	<b>1,126.67</b>	<b>905.71</b>
<b>Financed by</b>						
Share Capital	600.60	572.00	520.00	520.00	400.00	400.00
Share Premium	120.00	120.00	120.00	120.00	-	-
Revaluation Reserve	214.39	214.39	214.39	214.39	214.39	214.39
Retained Earnings	559.54	512.35	464.77	384.41	259.42	170.78
<b>Shareholders' Equity</b>	<b>1,494.53</b>	<b>1,418.75</b>	<b>1,319.16</b>	<b>1,238.80</b>	<b>873.81</b>	<b>785.17</b>
Long Term Borrowings	113.58	178.54	99.08	152.77	184.21	77.28
Lease Finance	-	-	1.62	2.69	2.15	2.65
Defined benefit obligations - Gratuity	66.48	59.72	49.20	38.17	22.91	-
Deferred Tax Liabilities	44.00	40.42	34.95	31.40	43.59	40.61
<b>Total Capital Employed</b>	<b>1,718.59</b>	<b>1,697.43</b>	<b>1,504.01</b>	<b>1,463.84</b>	<b>1,126.67</b>	<b>905.71</b>
<b>Operational Result</b>						
Revenue	2,070.89	1,585.94	1,609.77	1,690.86	1,742.31	1,647.26
Gross Profit	377.21	333.36	359.21	357.13	358.35	368.33
Profit from operations	211.75	205.73	224.86	227.47	252.55	286.48
Profit before Interest, Taxes & Depreciation	300.57	270.82	286.55	285.17	300.96	332.38
Profit before Income Tax	161.15	149.22	142.48	130.00	110.96	111.34
Net Profit after Income Tax	132.98	125.59	122.34	124.99	88.64	85.87
<b>Financial Ratios</b>						
Gross Profit Ratio - %	18.21%	21.02%	22.31%	21.12%	20.57%	22.36%
Net Profit Ratio - %	6.42%	7.92%	7.60%	7.39%	5.09%	5.21%
EBITDA Margin to Sales - %	14.51%	17.08%	17.80%	16.87%	17.27%	20.18%
Return on Shareholders Equity - %	8.90%	8.85%	9.27%	10.09%	10.14%	10.94%
Return on Capital Employed - %	7.74%	7.40%	8.13%	8.54%	7.87%	9.48%
Current Ratio - Times	1.14	1.19	1.15	1.24	1.03	0.90
Quick Ratio - Times	0.81	0.85	0.79	0.88	0.66	0.40
Inventory Turnover Ratio - Times	3.02	3.03	3.36	2.77	2.31	1.70
Assets Turnover Ratio - Times	0.61	0.57	0.63	0.65	0.73	0.73
Debt Equity Ratio-Times	1.50	1.15	0.94	1.29	1.76	2.03
Interest Coverage Ratio -Times	3.67	2.95	1.82	1.20	0.75	0.69
Price/Earning (P/E) Ratio - Times	28.05	34.66	26.46	29.73	-	-
Earnings Per Share (EPS) - Taka	2.21	2.20	2.14	2.86	2.22	2.14
Net Operating Cash Flow Per Share (NOCFPS) - Taka	3.08	2.81	2.50	3.44	4.67	0.41
Dividend Per Share (DPS) - Taka	1.50	1.50	1.50	-	-	-
Net Assets Value (NAV) Per Share -Taka	24.88	24.80	25.37	23.82	21.85	19.63
Market Price Per share on Year Ending Date - Taka	62.10	76.10	56.70	85.00	-	-
Market Capitalization on Year Ending Date - Taka (mn)	3,729.73	4,352.92	2,948.40	4,420.00	-	-

# ANNEXURE - F

## PERFORMANCE INDICATOR

Revenue (in BDT. mn)



Gross Profit (in BDT. mn)



Operating Profit (in BDT. mn)



Profit before Tax (in BDT. mn)



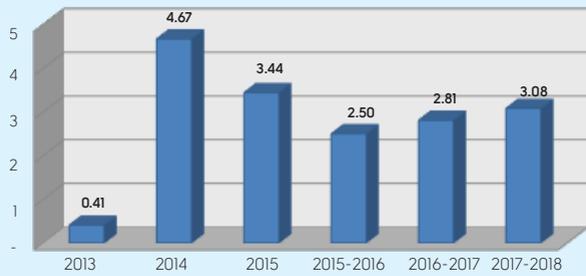
Net Profit after Tax (in BDT. mn)



Earnings Per Share - EPS (in BDT.)



**Net Operating Cash Flow Per Share - NOCFPS (in BDT.)**



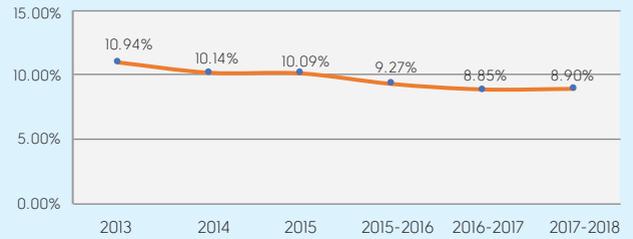
**Net Asset Value Per Share-NAV (in BDT.)**



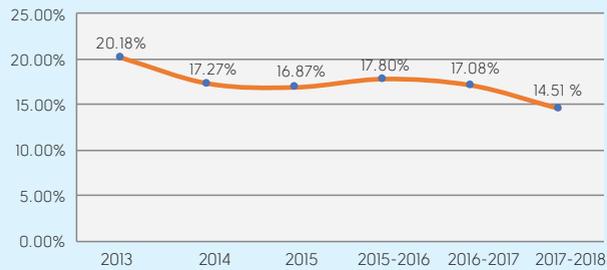
**Shareholders' Equity (in BDT. mn)**



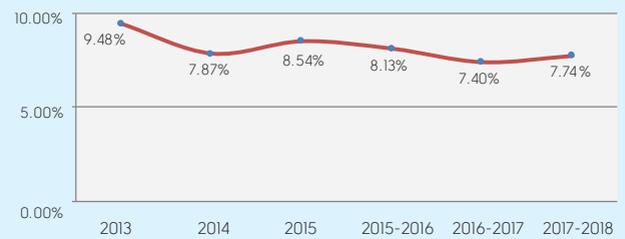
**Return on Shareholders Equity (in %)**



**EBITDA Margin to Sales (in %)**



**Return on Capital Employed (in %)**



# ANNEXURE - G

## RELATED PARTY TRANSACTIONS

During the period the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. The details disclosure of related party transactions is presented below:

Sl No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2017	Transaction during the year (Net)	Balance as on 30 June 2018
1	KDS Apparels Limited	Common Directorship	Receivable Against Sales	Dr. 7,708,594	(7,058,471)	Dr. 650,123
2	KDS Fashion Limited	Common Directorship	Receivable Against Sales	Dr. 27,772,260	13,701,875	Dr. 41,474,135
3	KDS Garment Inds. Ltd.	Common Directorship	Receivable Against Sales	Dr. 40,443,299	(25,666,291)	Dr. 14,777,008
4	KDS Logistics Limited	Common Directorship	Receivable Against Sales	Dr. 137,503	603,325	Dr. 740,828
5	KDS IDR Limited	Common Directorship	Receivable Against Sales	Dr. 9,748,232	25,766,598	Dr. 35,514,830
6	KDS Textile Mills Ltd	Common Directorship	Receivable Against Sales	Dr. 81,863	(81,863)	Dr. -
7	KYCR Coil Ind. Limited	Common Directorship	Receivable Against Sales	Dr. 164,864	7,587	Dr. 172,451
8	KDS Poly Industries Ltd.	Common Directorship	Short Term Loan	Dr. 205,370,667	215,741,709	Dr. 421,112,376
9	KDS Thread Limited	Common Directorship	Short Term Loan	Dr. 455,962	40,374,254	Cr. 39,918,292

# ANNEXURE - H

## SHAREHOLDING STRUCTURE AS ON 30 JUNE 2018

a) Shareholding Structure of the Company as on 30 June 2018 was as below:

Name/Particulars of Shareholders	Number of Shares	% of total Shareholding
<b>i) Directors &amp; Sponsors</b>		
Mr. Khalilur Rahman	28,181,046	46.92%
Mr. Salim Rahman	9,703,245	16.16%
Ms. Tahsina Rahman	2,308,899	3.84%
KDS Garment Industries Limited Represented by Mr. Kamrul Hasan FCA	1,208,180	2.01%
Mr. S.M. Shameem Iqbal	3,233,925	5.38%
Ms. Hasina Iqbal	2,772,144	4.62%
Ms. Tahmina Rahman	366	0.00%
<b>Total of Directors &amp; Sponsors</b>	<b>47,407,805</b>	<b>78.93%</b>
<b>ii) General Public</b>	<b>8,452,213</b>	<b>14.08%</b>
<b>iii) Institutions</b>	<b>4,199,982</b>	<b>6.99%</b>
<b>Grand Total (i+ii+iii)</b>	<b>60,060,000</b>	<b>100.00%</b>

b) Parent Subsidiary/Associated Companies and other related parties:

Name	Relation	No. of Shares Hold
KDS Garment Industries Limited	Group Company	1,208,180
<b>Total</b>		<b>1,208,180</b>

c) Directors/Sponsors/CEO/CFO/CS/Head of Internal Audit and their spouses and minor children:

Name	Relation	No. of Shares Hold
Mr. Khalilur Rahman	Chairman	28,181,046
Mr. Salim Rahman	Managing Director	9,703,245
Ms. Tahsina Rahman	Director	2,308,899
KDS Garment Industries Limited Represented by Mr. Kamrul Hasan FCA	Director	1,208,180
Mr. Muhammad Jamaluddin	Independent Director	-
Mr. S.M. Shameem Iqbal	Spouse of Ms. Hasina Iqbal	3,233,925
Ms. Hasina Iqbal	Sponsor	2,772,144
Ms. Tahmina Rahman	Sponsor	366
Mr. Debasis Daspal	CEO	288
Mr. Biplob Kanti Banik FCA	CFO	-
Mr. Manjure Khuda	CS	-
Mr. H M Morshed Jahan	Incharge, Internal Audit & Compliance	-

d) Shareholding status of top 5 salaried employees other than CEO, CFO, CS & HIA:

Name	Relation	No. of Shares Hold
Mr. Anwar-Ul-Azam	EVP-HR, Compliance & Operation	-
Mr. Natesan Srinivasan	GM-SLP	-
Mr. Abu Taher	DGM-Sales	-
Mr. Abdur Rouf Mollah	AGM-Button	-
Mr. A.K.S Parvez	AGM-Packaging	-

e) Shareholders holding 10% or more voting interest in the company:

Name	Relation	No. of Shares Hold
Mr. Khalilur Rahman	Chairman	28,181,046
Mr. Salim Rahman	Managing Director	9,703,245

# ANNEXURE - I

## DIRECTORSHIP IN OTHER COMPANIES

Sl No.	Name of Directors	Position at KDS Accessories Limited	Entitles where they have interests	Position in other Companies
1	Mr. Khalilur Rahman	Chairman	KDS Garment Industries Limited KDS Apparels Limited KDS IDR Limited KDS Fashion Limited KDS Textile Mills Limited KDS Thread Limited KDS Poly Industries Limited KY Steel Mills Limited KYCR Coil Industries Limited Steel Accessories Limited KDS Logistics Limited SKYS Securities Limited Pragati Life Insurance Limited Pragati Insurance Limited National Bank Limited AIBL Capital Market Services Limited	Chairman Chairman Chairman Chairman Chairman & MD Chairman Chairman Managing Director Managing Director Chairman Chairman Chairman Chairman Director Director Chairman
2	Mr. Salim Rahman	Managing Director	KDS Garment Industries Limited KDS Apparels Limited KDS IDR Limited KDS Fashion Limited KDS Textile Mills Limited KDS Poly Industries Limited KDS Thread Limited KYCR Coil Industries Limited Steel Accessories Limited KDS Logistics Limited Al-Arafah Islami Bank Limited	Managing Director Managing Director Managing Director Managing Director Director Managing Director Managing Director Chairman Managing Director Managing Director Director
3	Ms. Tahsina Rahman	Director	KY Steel Mills Limited KYCR Coil Industries Limited Pragati Insurance Limited	Chairman Director Director
4	KDS Garment Industries Limited Represented by Mr. Kamrul Hasan FCA	Director		
5	Mr. Muhammad Jamaluddin	Independent Director	Center for Mass Education in Science (CMES) Pragati Life Insurance Limited	Independent Director

# ANNEXURE - J

## RISK AND CONCERNS

An investment in equity carries risks. Investors should carefully consider all the information in this Annual Report including the risks and uncertainties described below, before making an investment in equity shares of KDS Accessories Limited. Any of the following risks as well as other risks and uncertainties discussed in the Annual Report could have a material adverse effect on business, financial condition and results of operations of KDSAL and could cause the trading price of Equity Shares to decline, which could result in the loss of all or part of one's investment. In addition, the risks set out may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein:

### a. Interest Rate Risk

Change in interest rates and banking policies resulting in an increase in financial expenses may have an adverse effect in Company's profitability. The company is dependent on bank (s) for working capital requirements. Therefore any change in the existing banking policies or increase in the interest rates may reduce profit of the company.

### Management Perception

The Management of the Company is always aware of the interest rates at which the debts of the company are being financed. Management finances both long-term & short-term funds at competitive rates. The company has been repaying borrowed funds on a continuous basis to reduce such interest risk.

### b. Exchange Rate Risk

The company carries foreign exchange rate fluctuation risk as it imports raw materials against payment of foreign currency. Unfavorable volatility or currency fluctuation of foreign currency to BDT exchange rate may have negative impact on the cost structure and profitability of the company.

### Management Perception

The risk of foreign exchange cannot be eliminated fully as we would have to import raw materials. However the management is always alert in minimizing the negative impact of currency fluctuation cost by identifying new sources of raw materials and constantly negotiating with suppliers for reducing price. Furthermore as a natural hedge, this 100% export oriented company enjoys the benefits of any further devaluation of BDT in against foreign currency.

### c. Industry Risks

Due to lower barriers to entry in this sector, competition may increase with too many new players. If economic growths as well as development activities of the country are not up to the mark, market will be more competitive due to excess capacity in the industry.

### Management Perception

KDS Accessories Limited is the largest export oriented carton box producing company in Bangladesh. Since inception, the company has tried and accomplishes to provide the best quality of its products to its valuable clients without any topsy-turvy state of affairs as being a partner of this fraternity. These made the company pioneer in accessories sector. Moreover at the end of the third quarter of 2013 the company has introduced three more products in their product line i.e. Label, Narrow Fabrics, Elastics etc.

#### **d. Market and Technology-Related Risks**

Change/up gradation in technology is one of the key factors for the sustainable growth of business operations. Inability to adapt required changes/up gradation in technology may place the competitors at an advantage in terms of costs, efficiency and delivery of products and consequently would have an adverse impact on business operations and financial condition of the company.

##### **Management Perception**

KDSAL owns modern technology with R & D infrastructure and able to adapt any new Inventions with moderate investments as it had been doing in the past. As part of this philosophy KDSAL is the first who has comprehensive Heat Transfer, Label printing facility in Bangladesh with the most advanced line of equipment & material meeting global standards & safety compliances.

The Company is aware of technological changes and has adopted new technology according to its needs. Furthermore, routine and proper maintenance of equipment carried out by the company ensures longer service life for the existing equipment and facilities.

#### **e. Labor unrest**

Smooth production is dependent on good relationship of the management with the factory workers and their ability to provide high-quality services. In the event of disagreements with the workers, the company may experience adverse impact.

##### **Management Perception**

KDSAL maintains good atmosphere at the work place and provides all sort of facilities to the workers as per law of the land as well as Service Rules. Moreover the company has satisfactory compensation and welfare policies for its human resources, which reduces the risk of labor unrest.

#### **f. Operational Risks**

##### **Rise in Input Costs may affect profitability**

Costs of the products of the company may increase due to various reasons, such as increased cost of raw materials and other variable costs that adversely affect the input costs. In case the company is unable to pass on such increase to the consumers because of competition or otherwise, it may affect the profitability of the Company.

##### **Management Perception**

The company constantly endeavors to procure raw materials at competitive prices using its long association with the suppliers and constant development of new sources for the same. Moreover it follows prudent pricing policy to keep the costs under check. Usually the burden of price fluctuation is reduced by increasing the prices of finished products. Profitability will depend upon the company's ability to pass on the burden of rise in the price of raw material to the consumers.

#### **g. Currency Fluctuation Risks**

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company.

##### **Management Perception**

Being a 100% export oriented company, the company can directly mitigate foreign currency risk exposure by tradeoff between import and export.

# REPORT OF THE AUDIT COMMITTEE

## THE AUDIT COMMITTEE

The Board of Directors of KDS Accessories Limited has constituted an Audit Committee in terms of the conditions of Bangladesh Securities and Exchange Commission's (BSEC) Guidelines. All Members of the Audit Committee are financially literate and are able to analyze and interpret financial statements to effectively discharge their

duties and responsibilities as Members of the Audit Committee. The Audit Committee assists 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.

### Audit Committee Comprises as follows:

Sl. No.	Name of the Members	Designation	Position
01	Mr. Muhammad Jamaluddin	Independent Director	Chairman
02	Mr. Khalilur Rahman	Chairman	Member
03	Ms. Tahsina Rahman	Director	Member
04	KDS Garment Industries Limited Represented by- Mr. Kamrul Hasan FCA	Director	Member
05	Mr. Manjure Khuda	Company Secretary	Member Secretary

## ACTIVITIES OF AUDIT COMMITTEE

The committee is reporting to the Board of Directors on performing of the clearly set forth responsibilities by the Board of Directors. Main activities of the audit committee are summarized below:

### 1. Overseeing and monitoring of financial reporting process adoption of reporting standards and control risk management process

Audit Committee is assisting in the oversight of the financial reporting process, including monitoring the adoption of reporting standards and internal control risks management process to ensure that appropriate financial reporting process and standards used and adequate activities/measures control to high risk areas are periodically evaluated and tested.

### 2. Review of Periodic Financial Statements

During the period, Audit Committee reviewed all periodical financial statements of the company. This review was made along with the Management and other stakeholders. Their review ensured that the financial statements are

prepared in compliance with legal and accounting standards requirements and that the financial statements were disclosed accurate, reliable and timely information of the company.

### 3. Review of Internal Control Assessment

During the period, the committee revised and reviewed the internal control system and internal audit plan with an emphasis on minimizing of defect, losses and fraud. The committee also reviewed that the internal control was both adequate and effective.

### 4. Review of internal Audit Report

During the period, the committee reviewed the activities of Internal Audit Department and take necessary actions on the basis of internal audit report.

### 5. Review the Related Party Transactions and Investment Activities of Subsidiary

The Committee also reviewed the related party's transactions submitted by management and investing activities and it appears that all the due procedures and policies have been followed.

## Meeting and attendance

During the reporting period under review, the Committee held four meetings. The attendance of the members at these meeting is as under:

Name of the Members	No of meeting held	Attended
Mr. Muhammad Jamaluddin	4	4
Mr. Khalilur Rahman	4	4
Ms. Tahsina Rahman	4	4
KDS Garment Industries Limited Represented by- Mr. Kamrul Hasan FCA	4	4
Mr. Manjure Khuda	4	4

## Reporting of the Committee

On discharging its responsibilities, the audit committee has ensured the followings:

- Financial statements have been prepared and presented in compliance with all laws, regulations & standards as applicable.
- Adequate risk controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the financial position of the Company is adequately managed.

Observations, findings and suggestions of the committee were communicated to the Board of Directors and the Board of Directors had taken appropriate measures on the report.

On behalf of the Committee



**Muhammad Jamaluddin**

Independent Director  
& Chairman of the Committee

# CORPORATE GOVERNANCE REPORT

Corporate governance refers to the structures and processes for the direction and control of companies. Sound corporate governance is a fundamental part of the culture of the company and ensures long-term success. Corporate governance concerns the relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders. Good corporate governance contributes to sustainable economic development by enhancing the performance of companies. The Board of Directors of KDS Accessories Limited is firmly committed to upholding principles of sound corporate governance. The main objective of corporate governance is a creation of lasting value for stakeholders. Transparency in the business transaction and disclosure of information to regulatory bodies as part of its legal obligations constitute sound corporate governance. Good corporate governance also means conformity to sound ethical principles and a code of conduct in business dealings.

## **Board of Directors**

Board of Directors is the representative and trustee of the shareholders of the company. The Board of Directors of KDS Accessories Limited comprises of five members including Chairman, Managing Director, two Directors and one independent director in compliance with the Corporate Governance Guidelines of BSEC. Board of Directors is performing the responsibilities, among others, setting the company's strategic objectives, providing leadership, supervision and safeguarding shareholders interest.

## **Audit Committee**

KDS Accessories Limited has an Audit Committee as a sub-committee of the Board of Directors.

in ensuring that the financial statements reflect the true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business. The committee submit their reports to the Board of Directors. Its duties and responsibilities are clearly outlined in writing. Audit Committee is reconstituted as per the guidelines of BSEC.

Audit Committee holds regular meetings on the following major issues:

- To review the financial statements and reporting process and monitor the choice of accounting policies and principles;
- To review the business risk management;
- To review the internal audit assessment;
- To oversee the good corporate practices;
- To review the adequacy or internal audit function etc.

A separate report of the audit committee is included in this Annual Report in Page : 86-87.

## **Chairman of the Board, Managing Director & CEO**

In KDS Accessories Limited, Chairman and Managing Director are two separate individuals selected from the Board of Directors. Both are performing defined responsibilities and focusing on the strategic value addition of the company. Managing Director is regularly reviewing the operation & guides the Chief Executive Officer (CEO) on strategic issues.

## **Directors' Report to Shareholders**

Board of Directors is reporting the performance annual achievements and status of the company's activities to the shareholders. They are also conveying the plan and outlook of the industry and company in their report.

### **Chief Financial Officer, Company Secretary and Head of Internal Audit**

The company has appointed a qualified Chartered Accountant as Chief Financial Officer and he is the Fellow Member of the Institute of Chartered Accountants of Bangladesh. The Company Secretary is also an experienced accounting professional have completed Chartered Accountancy Course and Post-Graduation. The CFO & Company Secretary regularly advise and assist the Board on financial strategy and compliance issues of the regulatory bodies. Chief Financial Officer and Company Secretary are also attending Board Meetings as per Corporate Governance Notification of the BSEC. Company's internal audit department is also headed by a professional expertise having experiences in the field of internal audit. Board of Directors clearly defined respective roles, responsibilities and duties of the CFO, Company Secretary and in-charge of Internal Audit and Compliance Department.

### **Internal Audit and Control**

KDS Accessories Limited established an Internal Audit Department consisting of professional and knowledgeable employees. Internal Audit Department directly reports to the Board of Directors.

Internal Audit department regularly conducts their audit based on a yearly Internal Audit Plan and checks, verifies and reviews the compliance of Internal Control Procedure and other regulatory requirements.

### **External Auditors**

External Auditors of KDS Accessories Limited is appointed in every Annual General Meeting (AGM) by the Shareholders of the company as per Companies Act 1994. The company also conforms to the requirement of Bangladesh Securities and Exchange Commission in appointing external auditors. External Auditors are not engaged to perform any of the tasks other than external/statutory audit.

### **Key Management Committee**

There are other sub-committees to the Board of Directors to assist the Board of Directors in making and formulating company's strategic objectives and policies. These committee members regularly sit for discussing and reviewing the activities of the company.

### **Certification on the Compliance of Corporate Governance Guidelines of BSEC**

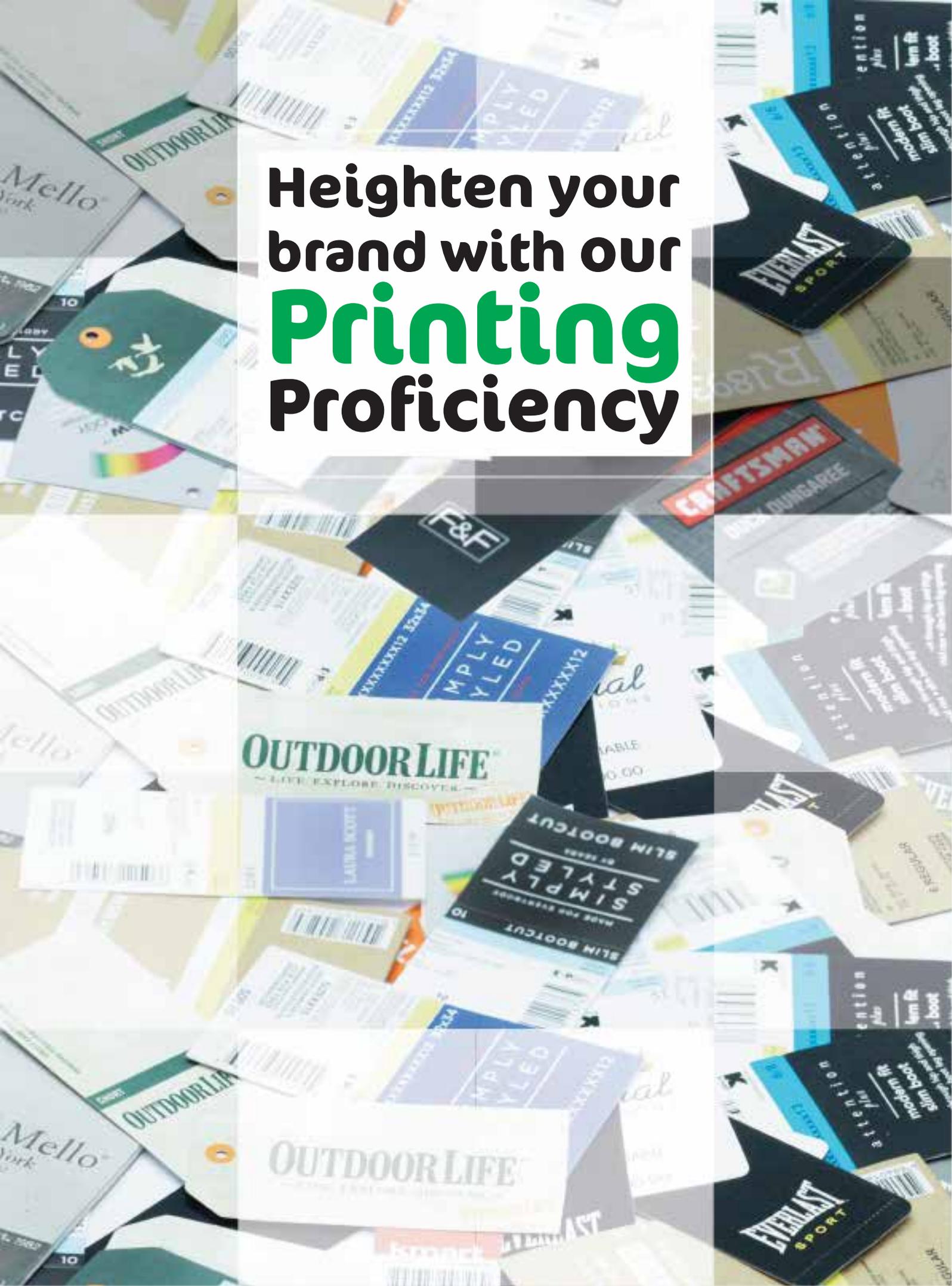
A certificate regarding compliance of conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission issued by Shafiq Basak & Co., Chartered Accountants is included in the Annual Report in **Annexure -B, Page :68.**

# CERTIFICATE OF BAPLC



**Complementing  
the apparel luxury  
and comfort through our  
Elastic & Narrow Fabric**





Heighten your  
brand with our  
**Printing**  
Proficiency

# VALUE ADDED STATEMENT

## A. Value Added:

Revenue & Other Income

Less: Paid to suppliers for materials & other services

## B. Distribution as follows:

Employees Benefits (Wages, salaries, bonus, & others)

Finance Provider

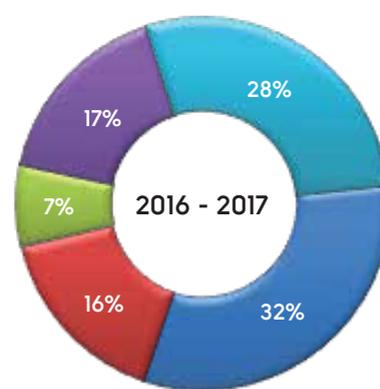
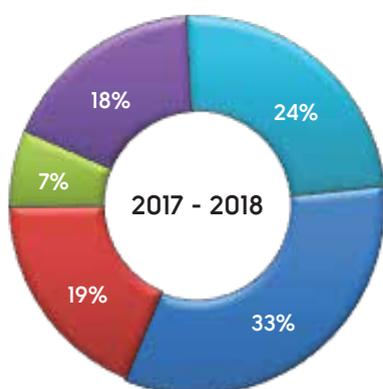
Duty, Taxes & Other related expenses

## Retained for Re-Investment & Future Growth

Depreciation

Retained Profit

2017 - 2018		2016 - 2017	
Amount in Tk.	%	Amount in Tk.	%
2,131,219,251		1,608,689,128	
1,578,876,333		1,164,734,645	
<b>552,342,918</b>		<b>443,954,483</b>	
182,962,578	33%	141,568,624	32%
102,452,340	19%	71,406,024	16%
36,643,403	7%	31,485,964	7%
<b>322,058,321</b>	<b>58%</b>	<b>244,460,612</b>	<b>55%</b>
97,299,769	18%	73,905,520	17%
132,984,828	24%	125,588,351	28%
<b>230,284,597</b>	<b>42%</b>	<b>199,493,871</b>	<b>45%</b>
<b>552,342,918</b>	<b>100%</b>	<b>443,954,483</b>	<b>100%</b>



- Employee Benefits
- Finance Provider
- Duty, Taxes & Others
- Depreciation
- Retained Earnings

- Employee Benefits
- Finance Provider
- Duty, Taxes & Others
- Depreciation
- Retained Earnings



**ENHANCE YOUR BRAND  
SOPHISTICATION  
PRINTED FABRIC LABEL**

# AWARD & RECOGNITION







# GOLD CERTIFICATE OF COMPLIANCE

## KDS Accessories Ltd.

**WRAP #:** 18937  
**Certification Period:** July 9, 2018 to July 9, 2019  
**Facility Address:** 191/192 Bayzid Bosami Road  
Nasirabad I/A  
Bayzid Bosami, Chittagong  
Bangladesh  
**Production Processes:** Corrugated Carton, Corrugated Board, Rotary, Slotting, Printing, Finishing (Gum Testing & Binding), Design, Finishing (Die Cutting, Laminating, Punching, Binding), Final Checking, Screen Printing, Design Develop, Film Output, Exposing, Screen Setting, Sample Develop, Production, Quality, Packing, and Delivery  
**Sample Size:** 25  
**Average Weekly Hours in Periods Reviewed:** September 2017: 56    December 2017: 58    April 2018: 53

*Please refer to the full audit report for details.*



Avedis H. Seferian  
President & CEO



Charles C. Masten  
Chairman

Subject to the terms and conditions of the WRAP Certification Program and full compliance with the WRAP Production Principles

# GOLD CERTIFICATE OF COMPLIANCE

## KDS Accessories Ltd. Unit-2

**WRAP #:** 19524  
**Certification Period:** January 25, 2018 to January 25, 2019  
**Facility Address:** 6 No. West Dogory  
Mirzapur, Gazipur Sadar  
Bangladesh  
**Production Processes:** Corrugated Board, Rotary, Slotting, Printing, Finishing, Gum Pasting, Binding, Delivery, Design, Printing, Die Cutting, Laminating, Punching, Binding, Final Checking, Packing, Chemical Stock / Warehouse, Mixing Process, Rod, Sheet Casting, Curing, Drying, Diatron, Turning, Polishing, Delivery, Raw Material, Warping, Weaving, and QC  
**Sample Size:** 30  
**Average Weekly Hours in Periods Reviewed:** September 2017: 55    October 2017: 56    November 2017: 58

*Please refer to the full audit report for details.*



Avedis H. Seferian  
President & CEO



Charles C. Masten  
Chairman

Subject to the terms and conditions of the WRAP Certification Program and full compliance with the WRAP Production Principles



KDS Accessories Ltd. (PKG) FFC ID 9441  
191-192 Balizid Bostami Road, Nasirabad 1/A, Chittagong  
Chittagong, Bangladesh 4210

27 December 2017

Subject: CAP Closure Verification Visit (CCVV) Results

Dear Mr. Salim Rahman, Managing Director

Congratulations! On behalf of the Alliance for Bangladesh Worker Safety, I am writing regarding the results of the CAP Closure Verification Visit of KDS Accessories Ltd. (PKG) FFC ID 9441 conducted by Alliance on 31 October 2017. A second onsite visit was conducted on 26 December to verify completion of remediation non-compliances noted during the first inspection. Your CAP Closure Verification Visit Final Training Assessment was completed on 25 September 2017. Based on the findings of that visit, your factory's status has been rated as "Substantial Completion". This means that your factory has substantially completed the initial Corrective Action Plan (CAP) and currently is in good standing with respect to required training. This also represents the starting point for creating a sustainable culture of safety within your factory.

The CAP Closure Verification Visit was conducted to confirm the completion of corrective actions to remediate noncompliance with the Alliance Standard in each of three critical areas: structural integrity, electrical safety and fire safety that were identified during initial inspections; the structural integrity inspection was conducted on 26 March 2014, the fire and electrical safety inspections were conducted on 24 May 2014 by Bureau Veritas. Additionally, during this visit an assessment of implementation and impact of Basic Fire Safety and Helpline training to all workers was performed. This was documented in the Corrective Action Plan (CAP) for your factory approved by the Alliance on 01 March 2015.

Remediation Verification Visits (RVV) to assess your progress addressing items in the CAP were conducted by the Alliance on the following dates:

Visit Type	Date
RVV 1	20 May 2015
RVV 2	24 December 2015
RVV 3	07 August 2016
PCCVV	20 September 2017
CCVV-1	31 October 2017
CCVV-2	26 December 2017

**Training:**

Total Employees trained on the date of Final Training Assessment (CCVV):

Training Type	Number of Employees received training	Completion Date
Initial	464	28 December 2014
Refresher	320	24 November 2016

Visit Type	Date
Final Training Assessment (CCVV)	25 September 2017

The CAP Closure verification visit results apply to of KDS Accessories Ltd. (PKG) FFC ID 9441 as it currently exists with the following details:

Building Area (sq. ft.)	<ol style="list-style-type: none"> <li>1. Building-01 (Office Building): 22,498 sq. ft.</li> <li>2. Building-02 (Packaging Warehouse Building): 31,360 sq. ft.</li> <li>3. Building-03 &amp; Building-04 (Packaging Building): 12,716 sq. ft.</li> <li>4. Building-05 (HR Building): 6,345 sq. ft.</li> <li>5. Building-06 &amp; Building-07 (Thread &amp; Store Building): 19,500 sq. ft.</li> <li>6. Shed-01A (Packaging Store): 3,800 sq. ft.</li> <li>7. Shed-01B (Packaging Store): 3,900 sq. ft.</li> <li>8. Shed-02A (Boiler Shed): 2,240 sq. ft.</li> <li>9. Shed-02B (Warehouse Shed): 4,800 sq. ft.</li> <li>10. Shed-03 (Packaging Shed): 27,710 sq. ft.</li> <li>11. Shed-04 (Utility Shed): 4,480 sq. ft.</li> <li>12. Shed-06 (Thread Production Shed): 12,960 sq. ft.</li> <li>13. Shed-07 (Storage Shed): 2,250 sq. ft.</li> </ol>
Building Height (ft.)	<ol style="list-style-type: none"> <li>1. Building-01 (Office Building): 57'-0"</li> <li>2. Building-02 (Packaging Warehouse Building): 56'-0"</li> <li>3. Building-03 &amp; Building-04 (Packaging Building): 51'-10"</li> <li>4. Building-05 (HR Building): 30'-0"</li> <li>5. Building-06 &amp; Building-07 (Thread &amp; Store Building): 33'-6"</li> <li>6. Shed-01A (Packaging Store): 17'-1"</li> <li>7. Shed-01B (Packaging Store): 15'-6"</li> <li>8. Shed-02A (Boiler Shed): 16'-6"</li> <li>9. Shed-02B (Warehouse Shed): 16'-3"</li> <li>10. Shed-03 (Packaging Shed): 35'-0"</li> <li>11. Shed-04 (Utility Shed): 16'-0"</li> <li>12. Shed-06 (Thread Production Shed): 18'-10"</li> <li>13. Shed-07 (Storage Shed): 25'-5"</li> </ol>

Construction Type (Material)	<ol style="list-style-type: none"> <li>1. Building-01 (Office Building): 5-Storey RCC building</li> <li>2. Building-02 (Packaging Warehouse Building): 3-Storey RCC building</li> <li>3. Building-03 &amp; Building-04 (Packaging Building): 4-Storey RCC building</li> <li>4. Building-05 (HR Building): 2-Storey RCC building</li> <li>5. Building-06 &amp; Building-07 (Thread &amp; Store Building): 2-Storey RCC building</li> <li>6. Shed-01A (Packaging Store): Single Storey Shed</li> <li>7. Shed-01B (Packaging Store): Single Storey Shed</li> <li>8. Shed-02A (Boiler Shed): Single Storey Shed</li> <li>9. Shed-02B (Warehouse Shed): Single Storey Shed</li> <li>10. Shed-03 (Packaging Shed): Single Storey Shed</li> <li>11. Shed-04 (Utility Shed): Single Storey Shed</li> <li>12. Shed-06 (Thread Production Shed): Single Storey Shed</li> <li>13. Shed-07 (Storage Shed): Single Storey Shed</li> </ol>
Occupancy Description	Industrial building (G2)

The CAP Closure Verification Visit of KDS Accessories Ltd. (PKG) FFC ID 9441 revealed that all NC's listed in the CAP have been remediated.

For details of the Alliance Follow-up Spot Check (after CCVV report) refer to Appendix B.

This remediation assessment does not establish the extent to which the factory complies with all relevant provisions of the Ready-made Garment Industry Guidelines and Harmonized Standard, the Bangladesh National Building Code, Fire Service Rules, labor law, or other regulatory mandates. Your factory remains responsible for compliance with all relevant laws and regulations adopted and enforced by the Government of Bangladesh.

The Alliance is focused on systemic and sustainable improvements in fire, structural and electrical safety along with the maintenance of worker training within Bangladesh's garment factories. The Alliance commends you on completing all critical items listed in your approved CAP. This completion required a great deal of effort and you should be proud of your accomplishment.

Your investments have helped create a safer workplace for your employees. These efforts also help build a positive image of the Bangladesh apparel industry that benefits your business.

CAP completion is only the first step in building a sustainable culture of continuous improvement of workplace safety.

The Alliance expects all factories to sustain their commitment to safety through ongoing efforts to maintain the investments already made. Appendix C, ALLIANCE FACTORY MAINTENANCE EXPECTATIONS outline these expectations.

Please note that if your factory undergoes either a vertical or horizontal expansion, all documentation must be updated with accurate information and a new inspection must be conducted. Our team is here to assist you with any questions you may have about the CAP Closure verification visit results or requirements for continued compliance.

- Remediation Coordinator Name: Mehdi Hasan Khan
- Remediation Coordinator E-mail: mhkhan@fbws.org
- Remediation Coordinator Phone Number: 01938886910

Again, thank you for your commitment to the Alliance mission and your efforts to complete remediation.

Sincerely,

Paul Rigby  
Deputy Director & CSO  
Alliance for Bangladesh Worker Safety



**Transforming Bangladesh**  
**Economy**

# AUDITORS' REPORT & FINANCIALS 2017-2018

KDS ACCESSORIES LIMITED  
AS AT 30 JUNE 2018



# AUDITORS' REPORT

## TO THE SHAREHOLDERS OF KDS ACCESSORIES LIMITED

We have audited the accompanying financial statements of KDS Accessories Limited ("the Company") which comprise the statement of financial position as at 30 June 2018, 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 (BFRS), 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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 our 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 of financial statements that give a true and fair view 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.

The financial statements of the Company's associate, SKYS Securities Limited (SKYSSL), was not audited by us. Our opinion, in so far as it relates to the amounts included in respect of the company's associate, is based on the audited financial statements and reports issued by associate's auditor.

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

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 30 June 2018, and of its financial performance and its cash flows for the period from 01 July 2017 to 30 June 2018 in accordance with Bangladesh Financial Reporting Standards (BFRS), the Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations.

### Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Securities and Exchange Rules 1987, 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;
- (c) the statement of financial position, and the 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.

Chattogram, 20 August 2018

  
**Hussain Farhad & Co.**  
Chartered Accountants

**KDS ACCESSORIES LIMITED**  
**Statement of Financial Position**  
**As at 30 June 2018**

	Note(s)	30 June 2018	30 June 2017
		Taka	Taka
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	1,371,421,690	1,295,466,955
Intangible assets	5	1,662,505	2,726,992
Capital work-in-progress	6	14,529,904	88,327,777
Investment in associate	7	48,265,804	48,297,694
Other investment	8	4,920,847	4,713,519
<b>Total Non-current Assets</b>		<b>1,440,800,750</b>	<b>1,439,532,937</b>
<b>Current Assets</b>			
Inventories	9	667,063,710	455,064,873
Trade receivables	10	1,128,378,143	845,978,918
Other receivables	11	373,446	2,125,996
Advances, deposits and prepayments	12	58,349,397	82,639,393
Due from affiliated company	13	421,112,376	205,826,629
Short term investment	14	8,820,656	8,443,638
Cash and cash equivalents	15	6,082,955	5,609,269
<b>Total Current Assets</b>		<b>2,290,180,683</b>	<b>1,605,688,716</b>
<b>Total Assets</b>		<b>3,730,981,433</b>	<b>3,045,221,653</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	16	600,600,000	572,000,000
Share premium		120,000,000	120,000,000
Revaluation reserve		214,391,703	214,391,703
Retained earnings		559,538,849	512,354,021
<b>Total Shareholders' Equity</b>		<b>1,494,530,552</b>	<b>1,418,745,724</b>
<b>Non-current Liabilities</b>			
Long term borrowings	17.01	113,581,686	178,540,034
Defined benefit obligation- gratuity	18	66,478,037	59,715,197
Deferred tax liability	19	43,999,854	40,424,331
<b>Total Non-current Liabilities</b>		<b>224,059,577</b>	<b>278,679,562</b>
<b>Current Liabilities</b>			
Trade and other payables	20	937,557,390	532,569,135
Current portion of long term borrowings	17.01	90,559,800	103,185,860
Current portion of lease finance	21.01	-	646,529
Current tax liability	22	36,859,697	32,093,217
Due to affiliated company	23	39,918,292	-
Short term bank loan	24	842,600,806	617,937,369
Provision for WPPF and Welfare Fund	25	64,895,319	61,364,257
<b>Total Current Liabilities</b>		<b>2,012,391,304</b>	<b>1,347,796,367</b>
<b>Total Equity and Liabilities</b>		<b>3,730,981,433</b>	<b>3,045,221,653</b>
<b>Net Assets Value Per Share</b>	34.03	<b>24.88</b>	<b>24.80</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
 Managing Director

  
 Director

  
 Company Secretary

Signed in terms of our annexed report of same date

Chattogram, 20 August 2018

  
 Hussain Farhad & Co.  
 Chartered Accountants

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

	Note(s)	01 July 2017 to 30 June 2018 Taka	01 July 2016 to 30 June 2017 Taka
Revenue	26	2,070,885,808	1,585,937,175
Cost of goods sold	27	(1,693,676,814)	(1,252,576,655)
<b>Gross Profit</b>		<b>377,208,994</b>	<b>333,360,520</b>
Operating expenses	28	(120,943,556)	(95,224,565)
Selling and distribution expenses	29	(44,518,310)	(32,407,569)
<b>Operating Profit</b>		<b>211,747,128</b>	<b>205,728,386</b>
Finance cost	30	(102,452,340)	(71,406,024)
Finance income	31	58,508,370	20,850,219
<b>Profit before other income</b>		<b>167,803,158</b>	<b>155,172,581</b>
Other income	32	1,856,963	1,711,651
Profit/(loss) from investment in associates	7.02	(31,890)	190,083
<b>Profit before income tax and distribution of WPPF and Welfare Fund</b>		<b>169,628,231</b>	<b>157,074,315</b>
Workers' Profit Participation and Welfare Fund	25	(8,481,412)	(7,853,716)
<b>Profit before income tax</b>		<b>161,146,819</b>	<b>149,220,599</b>
Provision for income tax:			
-Current tax	22	(24,586,468)	(18,154,988)
-Deferred tax	19	(3,575,523)	(5,477,260)
<b>Profit after Income Tax</b>		<b>132,984,828</b>	<b>125,588,351</b>
<b>Other Comprehensive Income</b>			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
<b>Other Comprehensive Income - net of tax</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income</b>		<b>132,984,828</b>	<b>125,588,351</b>
<b>Earnings Per Share (Basic)</b>	34.01	<b>2.21</b>	<b>2.20</b>
<b>Restated Earnings Per Share (Basic)</b>	34.01		<b>2.09</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

  
 Managing Director

  
 Director

  
 Company Secretary

Signed in terms of our annexed report of same date

Chattogram, 20 August 2018

  
 Hussain Farhad & Co.  
 Chartered Accountants

**KDS ACCESSORIES LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2018**

Amount in Taka

Particulars	Share Capital	Share Premium	Revaluation Reserve	Retained Earnings	Total Equity
Balance as on 01 July 2016	520,000,000	120,000,000	214,391,703	464,765,670	1,319,157,373
Bonus share for the year 2015	52,000,000	-	-	(52,000,000)	-
Cash dividend for the year 2015	-	-	-	(26,000,000)	(26,000,000)
Net Profit after tax for the year	-	-	-	125,588,351	125,588,351
<b>Balance as at 30 June 2017</b>	<b>572,000,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>512,354,021</b>	<b>1,418,745,724</b>
Balance as on 01 July 2017	572,000,000	120,000,000	214,391,703	512,354,021	1,418,745,724
Bonus share for the year 2016-2017	28,600,000	-	-	(28,600,000)	-
Cash dividend for the year 2016-2017	-	-	-	(57,200,000)	(57,200,000)
Net Profit after tax for the year	-	-	-	132,984,828	132,984,828
<b>Balance as at 30 June 2018</b>	<b>600,600,000</b>	<b>120,000,000</b>	<b>214,391,703</b>	<b>559,538,849</b>	<b>1,494,530,552</b>

  
 Managing Director

  
 Director

  
 Company Secretary

**KDS ACCESSORIES LIMITED**  
**Statement of Cash Flows**  
**For the year ended 30 June 2018**

	Note(s)	01 July 2017 to 30 June 2018 Taka	01 July 2016 to 30 June 2017 Taka
<b>A. Operating activities</b>			
Received from customers		1,824,323,485	1,469,978,953
Received from other sources		3,298,500	918,300
Paid to suppliers		(1,483,747,345)	(1,118,781,086)
Paid for operating expenses		(71,193,514)	(108,959,922)
<b>Cash generated by operations</b>	33.00	<b>272,681,126</b>	<b>243,156,245</b>
Interest paid (net)		(66,360,542)	(59,368,222)
Income Tax Paid		(21,280,367)	(23,340,871)
<b>Net cash flows from operating activities</b>		<b>185,040,217</b>	<b>160,447,152</b>
<b>B. Investing activities</b>			
Acquisition of property, plant and equipment		(98,400,681)	(165,353,810)
Addition to intangible assets		-	(1,082,985)
Proceed from sale of non-current assets		305,500	10,000
Increase in investments		(584,346)	(607,170)
<b>Net cash flows from investing activities</b>		<b>(98,679,527)</b>	<b>(167,033,965)</b>
<b>C. Financing activities</b>			
Dividend Paid		(57,158,688)	(25,826,133)
Receipt / (Repayment) of long term loans		(77,584,407)	104,834,478
Repayment of lease finance		(646,529)	(3,674,765)
Receipt of short term borrowings		224,663,437	294,643,821
Short term loan paid to affiliated companies		(175,367,455)	(371,724,532)
<b>Net cash flows from financing activities</b>		<b>(86,093,642)</b>	<b>(1,747,131)</b>
<b>D. Net changes of cash and cash equivalents (A+B+C)</b>		<b>267,048</b>	<b>(8,333,944)</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>		<b>5,609,269</b>	<b>14,017,276</b>
<b>F. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>206,638</b>	<b>(74,063)</b>
<b>G. Cash and cash equivalents at the end of the year (D+E+F)</b>		<b>6,082,955</b>	<b>5,609,269</b>
<b>Net operating cash flows per share</b>	34.04	<b>3.08</b>	<b>2.81</b>

  
Managing Director

  
Director

  
Company Secretary

**KDS ACCESSORIES LIMITED**  
Notes to the Financial Statements  
As at and for the year ended 30 June 2018

**1.00 REPORTING ENTITY**

**1.01 Formation and Legal Status**

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 as a private limited company by shares (Registration no- C-H-C-862/154 of 1991) under Companies Act 1913 (since replaced and substituted by the Companies Act 1994) with the Registrar of Joint Stock Companies & Firms. The company was converted from Private Limited Company to Public Limited Company through an Extra-Ordinary General Meeting held on 17 April 2012 and was subsequently approved by RJSC on 26 November 2012. The Company commenced its commercial production on 01 July 1991. Its Head Office is located at 255, Nasirabad I/A, Chittagong and factory is located at 191-192 Baizid Bostami Road, Nasirabad I/A, Chattogram and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009. The Company is listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) as a publicly quoted company. Trading of the shares of the company started in two stock exchanges from 15 October 2015.

The name KDS Packaging Industries Ltd. was changed to KDS Accessories Limited pursuant to the Special Resolution in the Extra Ordinary General Meeting held on 22 April 2010. The change of name was certified by the Registrar of Joint Stock Companies & Firms on 11 May 2010 pursuant to the provision of section 11, sub-section (7) of the Companies Act 1994 (Act XVIII of 1994). The company refixed the face value of its shares from Tk. 100 to Tk. 10 each and enhanced its Authorized Share Capital from Tk. 200,000,000 to Tk. 2,000,000,000 with approval of the shareholders through an Extra-Ordinary General Meeting held on 10 August 2010.

**1.02 Nature of Business**

The principal activities of the Company are producing different types of standard cartons, display cartons, woven labels, smart labels, offset, silk screen, web, thermal printing, button, cold peel, hot peel, puff, glitter, hanger, image and sublimation transfers and marketing thereof.

**1.03 Description of Associates**

**(i) Formation and Legal Status of SKYS Securities Limited**

SKYS Securities Limited is an associate of the company having 46.69% holding in paid up capital. It was incorporated on 17 June 1997, vide the certificate CH-2675 of 1997 and commenced operation on 01 January 2006. Paid up capital at the reporting date stands at Tk. 50,132,000 (50,132 shares @ Tk. 1,000 each).

**(ii) Nature of Business**

The principal activities of the company is stock broking as member of Chittagong Stock Exchange Limited (CSE) an allied service under Securities & Exchange Commission's Rules and Regulations.

**2.00 BASIS OF FINANCIAL STATEMENT PREPARATION AND PRESENTATION**

**2.01 Statement of Compliance**

The financial statements of the company under reporting have been prepared on a going concern basis following accrual basis of accounting except for cash flow statement in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standard (BASs) and Bangladesh Financial Reporting Standard (BFRS)

**2.02 Basis of Reporting**

The financial statements are prepared and presented for external users by the company in accordance with identified financial reporting framework. Presentation has been made in compliance with the requirements of BAS 1 "Presentation of Financial Statements". The financial statements comprise of:

- a) A statement of Financial Position as at 30 June 2018;
- b) A statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018;
- c) A statement of Changes in Equity for the year ended 30 June 2018;
- d) A statement of Cash Flows for the year ended 30 June 2018; and
- e) Notes, comprising a summary of significant accounting policies and explanatory information.

### 2.03 Regulatory Compliances

As required, KDS Accessories Limited complies with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

- a) The Income Tax Ordinance 1984
- b) The Income Tax Rules 1984
- c) The Value Added Tax Act 1991
- d) The Value Added Tax Rules 1991
- e) Securities and Exchange Commission Rules 1987
- f) The Customs Act 1969
- g) The Labour Act 2006 (as amended in 2013)

### 2.04 Authorization for Issue

The financial statements were authorized for issue by the Board of Directors on 20 August 2018.

### 2.05 Basis of Measurement

The financial statements have been prepared on going concern basis under the historical cost convention except for land and land development of property, plant and equipment which is measured at revalued amount.

### 2.06 Functional and Presentation Currency

The financial statements are expressed in Bangladesh Taka which is both functional currency and reporting currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

### 2.07 Cash Flows Statement

Statement of Cash Flows is prepared principally in accordance with BAS-7 "Statement of Cash Flows" and the cash flows from operating activities have been presented under direct method. A reconciliation of net income or net profit with cash flows from operating activities making adjustments for non-cash items, for non-operating items and for the net changes in operating accruals as per requirement of Securities and Exchange Rules 1987.

### 2.08 Going Concern

The company has adequate resources to continue its operation in foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the financial statements. The current revenue generations and resources of the company provide sufficient fund to meet the present requirements of its existing business and operation.

### 2.09 Reporting Period

The financial statements of the company covers one year from 01 July 2017 to 30 June 2018.

### 2.10 Application of Accounting Standards

The financial statements have been prepared in compliance with requirement of BASs (Bangladesh Accounting Standards) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as applicable in Bangladesh. The following BASs and BFRSs are applied to preparation of the financial statements for the year under report:

#### Accounting Standards

BAS-1	Presentation of Financial Statements
BAS-2	Inventories
BAS-7	Statement of Cash Flows
BAS-8	Accounting Policies, Changes in Accounting Estimates and Errors
BAS-10	Events after the Reporting Period
BAS-12	Income Taxes

## Accounting Standards

BAS-16	Property, Plant and Equipment
BAS-17	Leases
BAS -19	Employee Benefits
BAS-21	The Effects of Changes in Foreign Exchange Rate
BAS-23	Borrowing Costs
BAS-24	Related Party Disclosures
BAS-26	Accounting and Reporting by Retirement Benefit Plans
BAS-28	Investments in Associates and Joint Ventures
BAS-33	Earnings Per Share
BAS-34	Interim Financial Reporting
BAS-36	Impairment of Assets
BAS-37	Provisions, Contingent Liabilities and Contingent Assets
BAS-38	Intangible Assets
BFRS-7	Financial Instruments: Disclosures
BFRS- 13	Fair Value Measurement

### 2.11 Standards adopted but not yet effective

The Institute of Chartered Accountants of Bangladesh (ICAB) has adopted following new standards and amendments to the standards:

- (a) BFRS 9 Financial instruments
- (b) BFRS 15 Revenue from contracts with customers

The above are effective for the annual reporting periods beginning on or after 01 January 2018, with early adoption permitted. The company is assessing the potential impact on its financial statements resulting from the application of BFRS 9 and BFRS 15.

### 2.12 Use of Estimates and Judgements

The preparation of these financial statements is in conformity with BAS and BFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note: 4	Property, plant and equipment
Note: 5	Intangible assets
Note: 9	Inventories
Note: 10	Trade receivables
Note: 18	Defined benefit obligation- gratuity
Note: 19	Deferred tax liability
Note: 22	Current tax liability

### 2.13 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of KDS Accessories Limited is responsible for the preparation and presentation of financial statements of the Company.

### 2.14 Comparative Information

Comparative information has been disclosed in respect of the year ended on 30 June 2018 in accordance with BAS - 1 "Presentation of Financial Statements", for all numeric information in the financial statements.

## 3.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The specific accounting policies selected and applied by the company's directors for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements", in preparation

and presentation of financial statements have been consistently applied throughout the period and were also consistent with those used in earlier periods.

For a proper understanding of the financial statements, these accounting policies are set out below in one place as prescribed by the BAS-1 "Presentation of Financial Statements". The recommendations of BAS-1 relating to the format of financial statements were also taken into full consideration for fair presentation.

Set out below is an index of the significant accounting policies, the details of which are available on the following:

3.01	Consistency
3.02	Property, Plant and Equipment
3.03	Intangible Assets
3.04	Capital Work-in-Progress
3.05	Leasehold Assets
3.06	Investment in Associates
3.07	Inventories
3.08	Financial Instruments
3.09	Impairment
3.10	Share Capital
3.11	Revaluation Reserve
3.12	Employee Benefits
3.13	Taxation
3.14	Loans and Borrowings
3.15	Provisions, Contingent Liabilities and Contingent Assets
3.16	Revenue Recognition
3.17	Operating Income
3.18	Finance Income and Cost
3.19	Foreign Currency Transaction / Translation
3.20	Related Party Transactions
3.21	Earnings Per Share (EPS)
3.22	Measurement of Fair Values
3.23	Events after the Reporting Period

### **3.01 Consistency**

Unless otherwise stated, the accounting policies and methods of computation used in preparation of Financial Statements for the year ended 30 June 2018 are consistent with those policies and methods adopted in preparing the financial statements for the year ended 30 June 2017.

### **3.02 Property, Plant and Equipment**

#### **i) Recognition and Measurement**

Property, plant and equipment are stated at cost less accumulated depreciation except land and land development which are carried at revalued amount and subsequent impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of asset. The cost of self constructed asset includes the cost of material and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

#### **ii) Pre-Operating Expenses and Borrowing Costs**

Interest and other incurred by the company in respect of borrowing of fund are recognized as expenses in the year in which they incurred unless the activities that are necessary to prepare the qualifying assets for its intended use are in progress. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS-23 "Borrowing Costs".

#### **iii) Subsequent Costs and Maintenance Activities**

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing

part of such an item when the cost is incurred, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repair and maintenance is normally charged off as revenue expenditure in the year in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

#### **iv) Revaluation of Property, Plant & Equipment**

Financial statement of the company has been prepared on historical cost price basis. However, the prices of land have been increased substantially during the last few years due to high inflationary trend. In this circumstance, management of KDS Accessories Limited has decided to determine fair market value of the land through revaluation. Syful Shamsul Alam & Co, Chartered Accountants had revalued the lands of the company as on 31 December 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.

#### **v) Depreciation**

Land is held on a freehold basis and is not depreciated considering the unlimited life. In respect of all other property, plant and equipment, depreciation is recognized in statement of profit or loss and other comprehensive income on straight line method over the estimated useful lives of property, plant and equipment.

Depreciation is charged on addition from the month (date of service) of acquisition/addition upto the month of disposal. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. After considering the useful life of assets as per BAS-16 "Property, plant and equipment", the annual depreciation have been applied equal allocation of total cost over useful life of assets which is considered reasonable by the management.

#### **vi) Impairment of Assets**

The company reviews the recoverable amount of its assets at each reporting date. If there exists any indication that the carrying amount of assets exceeds the recoverable amount, the company recognizes such impairment loss in accordance with BAS-36 "Impairment of Assets".

#### **vii) Retirement and Disposals**

An asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. On disposal of property, plant & equipment, the cost and accumulated depreciation are eliminated. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the assets and is recognized as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

### **3.03 Intangible Assets**

#### **i) Recognition and Measurement**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per BAS 38 Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

#### **ii) Amortization**

Amortization is recognized in the statement of profit or loss and other comprehensive income on straight line method at the rate of 20% to 33.33% per annum. Amortization is charged on addition from the month (date of service) of acquisition/addition .

#### **iii) Subsequent Cost**

Subsequent cost is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in profit or loss and other comprehensive income as incurred.

### 3.04 Capital Work-in-Progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of property, plant and equipment that were not ready for use at the end of 30 June 2018 and these are stated at cost.

### 3.05 Leasehold Assets

Assets held under finance leases are recognized as assets of the company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in the statement of profit or loss and other comprehensive income.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets

### 3.06 Investment in Associates

The company's investment in associates is accounted for in the financial statements using the Equity Method in accordance with BAS 28: 'Investment in Associates & Joint Ventures'. Investment in an associate is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition which is classified as non-current assets in the statement of financial position. The investor's share of investee's profit or loss is recognized in the investor's profit or loss. Adjustment after the date of acquisition to the carrying amount has been made for changes in the investor's proportionate interest in the investee that arising from the revaluation of property, plant & equipment and from foreign currency translation differences. The investor's share of those changes is recognized in other comprehensive income of the investor.

The excess of company's share of net assets' value of associates over cost of investments has been recognized in the statement of profit or loss and other comprehensive income as share of associate's profit or loss during the year following the provisions of BAS 28.

Unrealized gains and losses arising from transactions with associate are eliminated against the investment to the extent of the company's interest in investee.

### 3.07 Inventories

#### i) Nature of Inventories

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares and goods in transit.

#### ii) Valuation of Inventories

Inventories are measured at lower of cost or net realizable value in accordance with the Para of 21 and 25 of BAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

Category	Valuation method
i) Raw materials	Valued at Cost or Net Realisable Value whichever is lower.
ii) Finished goods	Valued at Cost or Net Realisable Value whichever is lower.
iii) Goods-in-transit	Valued at Cost.
iv) Stores and spares	Based on weighted average method

### 3.08 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.08.01 Financial Assets

The Company initially recognizes loans, receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets include Trade Receivables, Others Receivables, Advances, Deposits and Prepayments , Short Term Investments, and Cash and cash equivalents.

### **Loans and Receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost.

Loans and receivables comprise cash and cash equivalents, loans, trade receivables, other receivables and deposits.

#### **a) Trade and Other Receivables**

Trade receivable consists of due proceeds against sales through L/C with a tenure of 30 days to 180 days and realizable at the maturity date. Trade receivable is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition these are carried at cost less impairment losses due to un-collectability of any amount so recognized.

Other receivables is initially recognized at cost which is the fair value of the consideration given in return. After initial recognition, these are carried at cost less impairment losses, if any, due to un-collectability of any amount so recognized.

#### **b) Advances, Deposits and Prepayments**

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, Inventory or Expenses.

#### **Deposits are measured at payment value.**

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to profit or loss.

#### **c) Cash and Cash Equivalents**

According to BAS-7 "Statement of Cash Flows " cash comprises cash in hand and bank deposit and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. BAS-1 "Presentation of Financial Statements" provides that cash and cash equivalent are not restricted in use. Considering the provision of BAS 7 and BAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

### **Available-for-sale**

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale and are not classified in any other categories of financial assets. Generally available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction costs and subsequent to initial recognition at fair value and changes therein other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Financial assets which are not traded in the market have been valued at cost unless any indication of impairment in value of such financial assets exist. Cumulative gain/losses recognized in the other comprehensive income are reclassified from equity to profit or loss upon derecognition or reclassification.

### **3.08.02 Financial Liabilities**

The company initially recognizes all financial liabilities on the trade date which is the date the company becomes a party to the contractual provisions of the instrument.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value less directly attributable transaction cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost.

Other financial liabilities comprise loans and borrowings, bank overdrafts and trade and other payables.

#### **a) Trade and Other Payables**

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits.

### **3.09 Impairment**

#### **i) Financial Assets**

Financial assets are not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

#### **ii) Non-financial Assets**

The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. An impairment loss is recognized if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

### **3.10 Share Capital**

Paid-up-capital represents total amount contributed by the shareholders and bonus shares issued by the company to the ordinary shareholders. Incremental costs directly attributable to the issue of ordinary shares are recognized as expenses as and when incurred. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the company, ordinary shareholders rank after all other shareholders. Creditors are fully entitled to any proceeds of liquidation before all shareholders.

### **3.11 Revaluation Reserve**

Revaluation reserve relates to the revaluation of land and land development.

### **3.12 Employee Benefits**

#### **i) Short Term Employee Benefits**

Salaries, bonuses and allowances are accrued in the financial year in which the associated services are rendered by the employees of the Company.

#### **ii) Workers' Profit Participation & Welfare Fund**

The Company maintains a Worker's profit participation & welfare fund at 5% of net profit before tax as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006 (As amended in 2013).

#### **iii) Defined Contribution Plan**

The company maintains an unrecognized provident fund for its officers only. Both the employees and company contribute 10% of basic salary to the fund.

#### **iv) Defined Benefit Plan - Gratuity**

The company maintains a Gratuity scheme for its officers only. Officers are entitled to gratuity when their length of service reaches five years. Provision has been made in the books on monthly basis based on the rules of the scheme.

### 3.13 Taxation

#### i) Current Tax

Income Tax is calculated and provision is made in accordance with BAS 12 'Income taxes'. As per 6th schedule Part A Para 28 of Income Tax Ordinance, 1984 provision for income has been made at the rate of 25% on operational income after deducting 50% of income as export rebate resulting in an effective tax rate of 12.50% on operational income. Besides this the company charged tax at a rate of 25% on other income of this company.

#### ii) Deferred Tax

Deferred tax liabilities are the amount of income taxes payable in the future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the Statement of Financial Position date. The impact of changes on the account in the deferred tax assets and liabilities has also been recognized in the statement of profit or loss and other comprehensive income as per BAS-12 "Income Taxes".

The deferred tax asset/income or liability/expenses does not create a legal liability/recoverability to and from the income tax authority.

Deferred tax on revaluation surplus of lands has not been recognized in the financial statements on the ground that income tax payable at source on capital gain during registration of sale of land are generally borne by the buyer. Hence, possibility of having any income tax implications on land is very remote.

### 3.14 Loans and Borrowings

Principal amount of the loans and borrowings are stated at their outstanding amount. Borrowings repayable within twelve months from the balance sheet date are classified as current liabilities whereas borrowings repayable after twelve months from the balance sheet date are classified as non-current liabilities. Accrued interest and other charges are classified as current liabilities.

### 3.15 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized in the statement of financial position when the company has a legal or contractual obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingencies arising from claims, litigations, assessments, fine, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. In accordance with BAS 37 "Provisions, Contingent Liabilities and Contingent Assets", contingent liabilities and commitments are disclosed in the financial statements.

### 3.16 Revenue Recognition

In compliance with the requirements of BAS 18 "Revenue", revenue is recognized only when:

- (i) The products are invoiced and dispatched to the customers (i.e. significant risk and reward associated with ownership are transferred to the customers);
- (ii) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

### 3.17 Operating Income

Operating income includes gain / (loss) on sale of property, plant and equipment and rental income. Operating income is recognized as revenue on accrual basis.

### 3.18 Finance Income and Cost

#### 3.18.01 Finance Income

Interest income on Fixed Deposit Receipts (FDR) and Short Term Deposits (STD) is accrued on a time basis by

reference to the principal outstanding at the effective interest applicable.

### 3.18.02 Finance Cost

Interest expenses except expenses related to acquisition/construction of assets, incurred during the period are charged to Statement of Profit or Loss and Other Comprehensive Income on accrual basis.

### 3.19 Foreign Currency Transaction / Translation

Transactions in foreign currencies are translated into Bangladesh Taka at the Exchange rate prevailing on the date of transactions in accordance with BAS - 21 "The Effects of Changes in Foreign Exchange Rate." Monetary assets and liabilities in foreign currencies at the Statement of Financial Position date are translated into Bangladesh Taka at the rate of exchange prevailing at the Statement of Financial Position date. All exchange differences are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

### 3.20 Related Party Transactions

The objective of BAS-24 "Related Party Disclosure" is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions.

Interest income/expenses on amount due to/due from affiliated companies has been recognized periodically.

### 3.21 Earnings Per Share (EPS)

The company calculates its earnings per share in accordance with Bangladesh Accounting Standard BAS-33 "Earnings Per Share" which has been reported on the face of Statement of Profit or Loss and Other Comprehensive Income.

#### i) Basic Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

#### ii) Diluted Earnings Per Share:

No diluted earnings per share was required to be calculated for the year under review as there was no scope for dilution of Earnings Per Share for the year.

### 3.22 Measurement of Fair Values

When measuring the fair value of an asset or liability, the entity uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1:	Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2:	Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### Property, Plant and Equipment

The fair value of land of property, plant and equipment has been determined based on the current cost method and net realizable value method as applicable.

### 3.23 Events after the Reporting Period

Events after the reporting period that provide additional information about the company's position at the date of Statement of Financial Position or those that indicate the going concern assumption is not appropriate are reflected in the Financial Statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.



4.00 Property, plant and equipment - at revalued model

	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture	Computer Equipment	Motor Vehicle	Total
<b>At cost</b>										
Balance as on 01 July 2016	419,730,792	662,200,892	42,090,876	283,184,812	25,373,716	39,345,281	12,648,668	22,807,619	60,622,097	1,568,004,753
Addition during the year	-	183,529,035	-	73,275,673	898,526	2,047,809	1,129,308	1,536,333	5,804,950	268,221,634
Disposal/Adjustment during the year	-	-	-	-	-	-	(276,500)	-	(133,500)	(410,000)
<b>Balance as at 30 June 2017</b>	<b>419,730,792</b>	<b>845,729,927</b>	<b>42,090,876</b>	<b>356,460,485</b>	<b>26,272,242</b>	<b>41,393,090</b>	<b>13,501,476</b>	<b>24,343,952</b>	<b>66,293,547</b>	<b>1,835,816,387</b>
Balance as on 01 July 2017	419,730,792	845,729,927	42,090,876	356,460,485	26,272,242	41,393,090	13,501,476	24,343,952	66,293,547	1,835,816,387
Addition during the year	-	25,275,329	8,613,654	86,387,636	2,011,929	46,379,001	1,020,787	2,510,218	-	172,198,554
Disposal/Adjustment during the year	-	-	-	-	(120,000)	-	-	-	(1,346,385)	(1,466,385)
<b>Balance as at 30 June 2018</b>	<b>419,730,792</b>	<b>871,005,256</b>	<b>50,704,530</b>	<b>442,848,121</b>	<b>28,164,171</b>	<b>87,772,091</b>	<b>14,522,263</b>	<b>26,854,170</b>	<b>64,947,162</b>	<b>2,006,548,556</b>
<b>Accumulated depreciation</b>										
Balance as on 01 July 2016	-	239,254,162	14,144,838	118,836,031	14,951,102	20,486,695	8,906,616	19,966,095	31,211,577	467,757,116
Charged for the year	-	45,983,109	1,231,629	9,603,696	2,183,336	4,475,147	1,442,319	1,469,617	6,557,114	72,945,967
Adjustment for disposal during the year	-	-	-	-	-	-	(231,162)	-	(122,489)	(353,651)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>285,237,271</b>	<b>15,376,467</b>	<b>128,439,727</b>	<b>17,134,438</b>	<b>24,961,842</b>	<b>10,117,773</b>	<b>21,435,712</b>	<b>37,646,202</b>	<b>540,349,432</b>
Balance as on 01 July 2017	-	285,237,271	15,376,467	128,439,727	17,134,438	24,961,842	10,117,773	21,435,712	37,646,202	540,349,432
Charged for the year	-	55,717,642	1,301,426	17,934,737	2,282,029	8,612,701	1,294,200	1,822,876	7,269,671	96,235,282
Adjustment for disposal during the year	-	-	-	-	(111,464)	-	-	-	(1,346,384)	(1,457,848)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>340,954,913</b>	<b>16,677,893</b>	<b>146,374,464</b>	<b>19,305,003</b>	<b>33,574,543</b>	<b>11,411,973</b>	<b>23,258,588</b>	<b>43,569,489</b>	<b>635,126,866</b>
<b>Carrying amount</b>										
As at 30 June 2017	419,730,792	560,492,656	26,714,409	228,020,758	9,137,804	16,431,248	3,383,703	2,908,240	28,647,345	1,295,466,955
As at 30 June 2018	419,730,792	530,050,343	34,026,637	296,473,657	8,859,168	54,197,548	3,110,290	3,595,582	21,377,673	1,371,421,690

Note(s)	Allocation Basis	01 Jul 2017 to 30 Jun 2018 Taka	01 Jul 2016 to 30 Jun 2017 Taka
27.02	80%	76,988,226	58,356,774
28.00	20%	19,247,056	14,589,193
		<b>96,235,282</b>	<b>72,945,967</b>

**Depreciation allocated to:**

Factory Overhead  
Operating Expenses

**4.01 Property, plant and equipment - at cost model**

	Amount in Taka									
	Land and Land development	Plant and Machineries	Administrative Building	Factory Building	Office Equipment	Electric Installation	Furniture & Fixture	Computer Equipment	Motor Vehicle	Total
<b>At cost</b>										
Balance as on 01 July 2016	205,339,089	662,200,892	42,090,876	283,184,812	25,373,716	39,345,281	12,648,668	22,807,619	60,622,097	1,353,613,050
Addition during the year	-	183,529,035	-	73,275,673	898,526	2,047,809	1,129,308	1,536,333	5,804,950	268,221,634
Disposal/Adjustment during the year	-	-	-	-	-	-	(276,500)	-	(133,500)	(410,000)
<b>Balance as at 30 June 2017</b>	<b>205,339,089</b>	<b>845,729,927</b>	<b>42,090,876</b>	<b>356,460,485</b>	<b>26,272,242</b>	<b>41,393,090</b>	<b>13,501,476</b>	<b>24,343,952</b>	<b>66,293,547</b>	<b>1,621,424,684</b>
Balance as on 01 July 2017	205,339,089	845,729,927	42,090,876	356,460,485	26,272,242	41,393,090	13,501,476	24,343,952	66,293,547	1,621,424,684
Addition during the year	-	25,275,329	8,613,654	86,387,636	2,011,929	46,379,001	1,020,787	2,510,218	-	172,198,554
Disposal/Adjustment during the year	-	-	-	-	(120,000)	-	-	-	(1,346,385)	(1,466,385)
<b>Balance as at 30 June 2018</b>	<b>205,339,089</b>	<b>871,005,256</b>	<b>50,704,530</b>	<b>442,848,121</b>	<b>28,164,171</b>	<b>87,772,091</b>	<b>14,522,263</b>	<b>26,854,170</b>	<b>64,947,162</b>	<b>1,792,156,853</b>
<b>Accumulated depreciation</b>										
Balance as on 01 July 2016	-	239,254,162	14,144,838	118,836,031	14,951,102	20,486,695	8,906,616	19,966,095	31,211,577	467,757,116
Charged for the year	-	45,983,109	1,231,629	9,603,696	2,183,336	4,475,147	1,442,319	1,469,617	6,557,114	72,945,967
Adjustment for disposal during the year	-	-	-	-	-	-	(231,162)	-	(122,489)	(353,651)
<b>Balance as at 30 June 2017</b>	<b>-</b>	<b>285,237,271</b>	<b>15,376,467</b>	<b>128,439,727</b>	<b>17,134,438</b>	<b>24,961,842</b>	<b>10,117,773</b>	<b>21,435,712</b>	<b>37,646,202</b>	<b>540,349,432</b>
Balance as on 01 July 2017	-	285,237,271	15,376,467	128,439,727	17,134,438	24,961,842	10,117,773	21,435,712	37,646,202	540,349,432
Charged for the year	-	55,717,642	1,301,426	17,934,737	2,282,029	8,612,701	1,294,200	1,822,876	7,269,671	96,235,282
Adjustment for disposal during the year	-	-	-	-	(111,464)	-	-	-	(1,346,384)	(1,457,848)
<b>Balance as at 30 June 2018</b>	<b>-</b>	<b>340,954,913</b>	<b>16,677,893</b>	<b>146,374,464</b>	<b>19,305,003</b>	<b>33,574,543</b>	<b>11,411,973</b>	<b>23,258,588</b>	<b>43,569,489</b>	<b>635,126,866</b>
<b>Carrying amount</b>										
As at 30 June 2017	205,339,089	560,492,656	26,714,409	228,020,758	9,137,804	16,431,248	3,383,703	2,908,240	28,647,345	1,081,075,252
As at 30 June 2018	205,339,089	530,050,343	34,026,637	296,473,657	8,859,168	54,197,548	3,110,290	3,595,582	21,377,673	1,157,029,987

		Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>5.00</b>	<b>Intangible assets</b>			
	Software	5.01	1,662,505	2,726,992
			<b>1,662,505</b>	<b>2,726,992</b>
<b>5.01</b>	<b>Intangible assets schedule</b>			
	<b>Cost</b>			
	Opening balance		6,355,893	5,272,908
	Add: Addition during the year		-	1,082,985
	Closing balance		<b>6,355,893</b>	<b>6,355,893</b>
	<b>Accumulated amortization</b>			
	Opening balance		3,628,901	2,669,348
	Add: Charged during the year		1,064,487	959,553
	Closing balance		<b>4,693,388</b>	<b>3,628,901</b>
	<b>Carrying amount</b>		<b>1,662,505</b>	<b>2,726,992</b>
<b>6.00</b>	<b>Capital work-in-progress</b>			
	Opening balance		88,327,777	191,195,601
	Add: Expenditure incurred during the year	6.01	70,377,202	142,722,150
			<b>158,704,979</b>	<b>333,917,751</b>
	Less: Adjustment made during the year	6.01	(544,969)	(2,608,500)
	Less: Capitalized during the year	6.01	(143,630,106)	(242,981,474)
	Closing balance		<b>14,529,904</b>	<b>88,327,777</b>

**6.01 Details of capital work-in -progress**

Particulars	Opening Balance	Additions during the year	Adjusted during the Year	Capitalized during the Year	Balance as on 30 June 2018	Balance as on 30 June 2017
Land and land development	12,847,598	-	-	-	12,847,598	12,847,598
Administrative building	389,563	7,832,641	-	(8,222,204)	-	389,563
Factory building	30,567,964	44,709,332	(544,969)	(74,732,327)	-	30,567,964
Plant & machinery	8,272,395	14,247,209	-	(20,837,298)	1,682,306	8,272,395
Electric equipment and installations	36,250,257	3,588,020	-	(39,838,277)	-	36,250,257
	<b>88,327,777</b>	<b>70,377,202</b>	<b>(544,969)</b>	<b>(143,630,106)</b>	<b>14,529,904</b>	<b>88,327,777</b>

Factory building includes Tk. 544,969 for fire door purchase which was transferred to KDS Thread Limited against due from affiliated company and the consideration amount subsequently received by the Company.

		Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>7.00</b>	<b>Investment in associate</b>			
	SKYS Securities Limited	7.01	48,265,804	48,297,694
			<b>48,265,804</b>	<b>48,297,694</b>
<b>7.01</b>	<b>Movement of investment in associates</b>			
	Investment in equity share		23,405,000	23,405,000
	<b>Share of profit/(loss)</b>			
	Opening balance		24,892,694	24,702,611
	Share of profit/(loss) for the year	7.02	(31,890)	190,083
			<b>24,860,804</b>	<b>24,892,694</b>
			<b>48,265,804</b>	<b>48,297,694</b>
<b>7.02</b>	<b>Share of profit/(loss) of associates (Net of tax)</b>			
	Net profit attributable to the shareholders' of associate		(68,302)	407,118
	<b>Ownership</b>		<b>46.69%</b>	<b>46.69%</b>
	Net profit / (Loss) attributable to KDS Accessories Limited		(31,890)	190,083
			<b>(31,890)</b>	<b>190,083</b>



## Finished goods

Product name	Unit	Opening balance	Production	Available for sale	Sales	Closing balance
Carton	Pcs	160,542	28,056,047	28,216,589	(28,132,739)	83,850
Label	Pcs	506,141	84,551,555	85,057,696	(84,654,121)	403,575
Elastics and Narrow Fabrics	Yards	907,227	20,367,440	21,274,667	(20,587,167)	687,500
Offset Printing	Pcs	231,004	142,034,113	142,265,117	(142,125,796)	139,321
Heat Transfer Printing	Pcs	32,282	19,663,593	19,695,875	(19,669,984)	25,891
Button	GG	7,523	189,998	197,521	(189,726)	7,795
Gum Tape	Rolls	5,001	380,875	385,876	(382,129)	3,747
Hanger	Pcs	-	21,873,908	21,873,908	(21,405,398)	468,510
		<b>1,849,720</b>	<b>317,117,529</b>	<b>318,967,249</b>	<b>(317,147,060)</b>	<b>1,820,189</b>

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>10.00 Trade receivables</b>			
Opening balance		845,978,918	718,558,677
Add: Addition during the year	26.00	2,070,885,808	1,585,937,175
Add: Foreign currency fluctuation gain/(loss)	10.02	35,836,902	11,462,019
		<b>2,952,701,628</b>	<b>2,315,957,871</b>
Less: Realized during the year		(1,824,323,485)	(1,469,978,953)
		<b>1,128,378,143</b>	<b>845,978,918</b>

**10.01** Trade receivables have been stated at their nominal value. Trade receivables are accrued in the ordinary course of business. These are carried at invoice amount. All receivables are secured by Letter of Credit (L/C) and have been considered as good and realizable. Therefore, no amount was written off as bad debt and no debt was considered as doubtful to provide for.

**10.02** Foreign currency fluctuation gain/(loss) arises due to translation of foreign currency denominated trade receivables at the reporting date.

	30 June 2018 Taka	30 June 2017 Taka
<b>10.03 Trade receivables include affiliated companies</b>		
KDS Apparels Limited	650,123	7,708,594
KDS Fashion Limited	41,474,135	27,772,260
KDS Garment Industries Limited	14,777,008	40,443,299
KDS Logistics Limited	740,828	137,503
KDS IDR Limited	35,514,830	9,748,232
KDS Textile Mills Ltd.	-	81,863
KYCR Coil Industries Ltd.	172,451	164,864
	<b>93,329,376</b>	<b>86,056,615</b>

	30 June 2018 Taka	30 June 2017 Taka
<b>10.04 Ageing of trade receivables</b>		
Dues within 3 Months	513,906,467	469,095,311
Dues over 3 Months but within 6 months	614,471,676	376,883,607
	<b>1,128,378,143</b>	<b>845,978,918</b>

	30 June 2018 Taka	30 June 2017 Taka
<b>10.05 Trade receivables - classification by security and related party:</b>		
Receivable considered good and secured	1,128,378,143	845,978,918
Receivable considered good without security	-	-
Receivable considered doubtful or bad	-	-
Receivable due by directors or other officers	-	-
Receivable due from companies under same management	93,329,376	86,056,615
Maximum receivable due by directors or officers at any time	-	-

	30 June 2018 Taka	30 June 2017 Taka
<b>11.00 Other receivables</b>		
Rent receivable	-	1,738,500
Accrued interest income on FDR	373,446	387,496
	<b>373,446</b>	<b>2,125,996</b>

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>12.00 Advances, deposits and prepayments</b>			
Advances	12.01	44,732,285	69,008,587
Security deposits	12.02	11,694,449	11,694,449
Prepayments	12.03	1,922,663	1,936,357
		<b>58,349,397</b>	<b>82,639,393</b>
<b>12.01 Advances</b>			
Against salary and allowances		783,229	876,301
Against advertisement		500,000	599,999
Against income tax	12.01.01	19,650,619	18,190,240
For unallocated revenue expenses		-	4,299,997
Others		23,798,437	45,042,050
		<b>44,732,285</b>	<b>69,008,587</b>
<b>12.01.01 Advance income tax</b>			
Opening balance		18,190,240	21,835,016
Add: Paid/deducted during the year		19,615,367	18,190,240
Less: Adjusted during the year		(18,154,988)	(21,835,016)
Closing balance		<b>19,650,619</b>	<b>18,190,240</b>
<b>12.02 Security deposits</b>			
T & T		20,000	20,000
Titas Gas Transmission & Distribution Company Limited		1,260,200	1,260,200
Gazipur Palli Bidyut Samity		9,065,088	9,065,088
Karnaphuli Gas Transmission Limited		549,161	549,161
Central Depository Bangladesh Limited (CDBL)		500,000	500,000
Gulshan Club Limited		300,000	300,000
		<b>11,694,449</b>	<b>11,694,449</b>
<b>12.03 Prepayments</b>			
Insurance premium		1,687,098	1,753,389
Prepaid interest on export bills discounting		235,565	182,968
		<b>1,922,663</b>	<b>1,936,357</b>
<b>12.04</b>			
The directors consider that all the above advances, deposits and prepayments are either adjustable or recoverable in cash or in kind and for that no provision against them are required at this stage.			
<b>13.00 Due from affiliated companies</b>			
KDS Poly Industries Limited		421,112,376	205,370,667
KDS Thread Limited		-	455,962
		<b>421,112,376</b>	<b>205,826,629</b>
<b>13.01</b>			
The amount represent short term loan provided to KDS Poly Industries Limited as and when required to meet funding requirement. All transactions were done through banking channel and interests were charged on outstanding balances.			
<b>14.00 Short term investment</b>			
Investment in Fixed Deposit Receipts		8,820,656	8,443,638
		<b>8,820,656</b>	<b>8,443,638</b>
Above Fixed Deposits maintained with Bank Asia Limited, Agrabad Branch, Chittagong have been kept as lien. The rate of interest is 4.5% per annum.			
	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>15.00 Cash and cash equivalents</b>			
Cash in hand	15.01	917,833	439,432
Cash at bank	15.02	5,165,122	5,169,837
		<b>6,082,955</b>	<b>5,609,269</b>
<b>15.01 Cash in hand</b>			
Head office		538,420	191,422
Dhaka office		346,807	202,944
Gazipur factory office		32,606	45,066
		<b>917,833</b>	<b>439,432</b>

15.02 Cash at Bank			30 June 2018	30 June 2017
Name of Banks	Branch	Account Type	Taka	Taka
Bank Asia Limited	MCB Banani	SND	1,220	1,193
Bank Asia Limited	Agrabad	USD	1,571	3,488
Bank Asia Limited	Agrabad	Retention Quota	209,781	200,649
Bank Asia Limited	MCB Banani	Retention Quota	495,763	6,408
Bank Asia Limited	MCB Banani	RAD	715	684
Bank Asia Limited	MCB Banani	RAD	2,164,001	3,137,842
Bank Asia Limited	MCB Banani	SND	283,137	-
Commercial Bank of Ceylon	Motijheel	Current	-	1,029
Dutch Bangla Bank Limited	Jubilee Road	Current	5,421	-
HSBC	Agrabad	Current	2,116	146,303
Mutual Trust Bank Limited	Oxygen Mor	SND	-	775
Mutual Trust Bank Limited	Motijheel	Escrow	120,653	119,104
Mutual Trust Bank Limited	Motijheel	Escrow-USD	642,647	1,156,200
Mutual Trust Bank Limited	Motijheel	Escrow-GBP	14,061	14,807
NCC Bank Limited	Baridhara	Current	13,495	115,985
Southeast Bank Limited	Agrabad	Current	-	2,234
Standard Chartered Bank	Agrabad	Current	776,209	-
Standard Chartered Bank	Agrabad	Current	351,338	261,803
Standard Chartered Bank	Agrabad	Current	81,962	-
Trust Bank Limited	Dewan Bazar	Current	1,032	1,333
			<b>5,165,122</b>	<b>5,169,837</b>
16.00 Share capital				
<b>Authorized Capital</b>				
200,000,000 Ordinary Shares of Tk. 10 each			2,000,000,000	2,000,000,000
			<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>Issued, subscribed and paid-up Capital</b>				
2,100,000	Ordinary Shares of Tk. 10 each for consideration other than cash (Assets Acquisition)		21,000,000	21,000,000
1,000	Ordinary Shares of Tk. 10 each as at 18 May 1992 for consideration other than cash (Bonus share)		10,000	10,000
10,505,000	Ordinary Shares of Tk. 10 each as at 30 June 2010		105,050,000	105,050,000
17,522,340	Ordinary Shares of Tk. 10 each as at 6 March 2012		175,223,400	175,223,400
9,871,660	Ordinary Shares of Tk. 10 each as at 8 June 2013		98,716,600	98,716,600
12,000,000	Ordinary Shares of Tk.10 each issued through IPO		120,000,000	120,000,000
5,200,000	Ordinary Shares of Tk. 10 each as at 01 Septemter 2016 (Bonus share)		52,000,000	52,000,000
2,860,000	Ordinary Shares of Tk. 10 each as at 07 November 2017 (Bonus share)		28,600,000	-
<b>60,060,000</b>	<b>Ordinary Shares of Tk. 10 each</b>		<b>600,600,000</b>	<b>572,000,000</b>

#### 16.01 Shareholding position

Name of the shareholders	30 June 2018		30 June 2017	
	Percentage of holding	Number of shares	Percentage of holding	Number of shares
Mr. Khalilur Rahman	46.92%	28,181,046	46.92%	26,839,092
Mr. Salim Rahman	16.16%	9,703,245	16.16%	9,241,186
Mr. S. M. Shameem Iqbal	5.38%	3,233,925	5.38%	3,079,929
Ms. Hasina Iqbal	4.62%	2,772,144	4.62%	2,640,138
Ms. Tahsina Rahman	3.84%	2,308,899	3.84%	2,198,952
Ms. Tahmina Rahman	0.00%	366	0.00%	349
KDS Garments Inds. Limited	2.01%	1,208,180	2.01%	1,150,648
General Public (IPO)	21.07%	12,652,195	21.07%	12,049,706
	<b>100%</b>	<b>60,060,000</b>	<b>100%</b>	<b>57,200,000</b>

## 16.02 Classification of shares by holding

Slab by number of shares	No. of Shareholders	No. of Shares	Holding (%)
Less than 500	2,076	345,263	0.57%
From 500 to 5,000	1,343	2,220,393	3.70%
From 5,001 to 10,000	178	1,246,409	2.08%
From 10,001 to 20,000	91	1,271,461	2.12%
From 20,001 to 30,000	27	655,111	1.09%
From 30,001 to 40,000	17	603,530	1.00%
From 40,001 to 50,000	6	259,258	0.43%
From 50,001 to 100,000	22	1,565,744	2.61%
From 100,001 to 1,000,000	22	5,693,572	9.48%
Above 1,000,000	5	46,199,259	76.92%
	<b>3,787</b>	<b>60,060,000</b>	<b>100%</b>

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>17.00 Long term borrowings</b>			
Opening balance		281,725,894	176,891,416
Add: Received during the year		-	203,375,000
Add: Interest applied		23,390,381	18,400,066
Add: Bank charges		118,150	54,000
		<b>305,234,425</b>	<b>398,720,482</b>
Less: Paid during the year		(101,092,939)	(116,994,588)
Closing balance		<b>204,141,486</b>	<b>281,725,894</b>
<b>17.01 Current/non-current classification</b>			
Due within one year		90,559,800	103,185,860
Due after one year		113,581,686	178,540,034
		<b>204,141,486</b>	<b>281,725,894</b>
<b>17.02 Details of long term borrowings</b>			
Bank Asia Limited - Agrabad	17.03	21,387,546	34,024,883
Bank Asia Limited - MCB Banani	17.04	37,207,792	44,494,327
Trust Bank Limited	17.05	96,368,698	125,852,618
Industrial Promotion & Development Company (IPDC)	17.06	-	11,195,340
NCC Bank Limited	17.07	4,694,290	5,614,490
Southeast Bank Limited	17.08	44,483,160	60,544,236
		<b>204,141,486</b>	<b>281,725,894</b>
<b>17.03 Bank Asia Limited, Agrabad, Chittagong.</b>			
Total sanctioned amount	Tk. 6.50 Crore		
Purpose	Machinery Import		
Interest rate	11% (Revised from time to time)		
Tenure	Five years		
Payment method	The loan is repayable in equal monthly installment.		
Securities	i) Hypothecation of stocks, plant and machinery, book debts and receivables. ii) Two undated cheques with borrower declaration covering LC and term loan limit.		
<b>17.04 Bank Asia Limited, MCB Banani, Dhaka.</b>			
Total sanctioned amount	Tk. 7.30 Crore		
Purpose	Construction of factory building, utility building.		
Interest rate	11% (Revised from time to time)		
Tenure	Seven years		
Payment method	The loan is repayable in equal monthly installment.		
Securities	i) Personal Guarantee of all directors of the company. ii) Post dated cheques.		
<b>17.05 Trust Bank Limited, Dewan Bazar, Nawab Sirajuddowla Road, Chittagong</b>			
Total sanctioned amount	Tk. 30.00 Crore		
Purpose	Working Capital		
Interest rate	12% (Revised from time to time)		
Tenure	Four years		
Payment method	The loan is repayable in 48 (Forty Eight) equal monthly installment.		
Securities	i) Personal guarantee of all directors of KDS Accessories Limited. ii) Corporate guarantee of KDS Accessories Limited. iii) Hypothecation on all fixed and floating assets including plant & machinery, RM,WIP,FG and an IGPA. iv) Post dated MICR cheque and one undated cheque.		

**17.06 Industrial Promotion & Development Company of Bangladesh Limited, Head Office, Gulshan, Dhaka**

Total sanctioned amount	Tk. 7.5 Crore
Purpose	Working Capital
Interest rate	9.50% (Revised from time to time)
Tenure	Three years
Payment method	The loan is repayable in 36 (Thirty Six) equal monthly installment.
Securities	i) Corporate guarantee of KDS Garment Industries Limited and KYCR Coil Industries Limited. ii) Post dated cheques. iii) Demand promissory note, letter of continuity, undertaking etc.

**17.07 NCC Bank Limited, Baridhara, Dhaka**

Total sanctioned amount	Tk. 55.75 Lac
Purpose	Motor Vehicle
Interest rate	11.50% (Revised from time to time)
Tenure	Five years
Payment method	The loan is repayable in 60 (Sixty) equal monthly installment.
Securities	i) Personal guarantee of directors of KDS Accessories Limited. ii) Ownership of the vehicle in the name of NCC Bank Ltd. iii) Registration of the vehicle in the name of NCC Bank Ltd./A/C-KDS Accessories Ltd.

**17.08 Southeast Bank Limited, Agrabad Branch, Chittagong**

Total sanctioned amount	Tk. 6 Crore
Purpose	Retrofitting Works
Interest rate	12% (Revised from time to time)
Tenure	Three years
Payment method	The loan is repayable in 36 (Thirty Six) equal monthly installment.
Securities	i) 36 (Thirty Six) nos undated cheques. ii) Personal guarantee of directors of KDS Accessories Limited. iii) Hypothecation of machinery and equipment, furniture, fixture, stocks of Raw Materials, Work In Process, Finished Goods. iv) Mortgage of 01 (one) acre land along with factory building of KDS Thread Limited shall remain tag against this facility of KDS Accessories Limited.

	Note(s)	30 June 2018 Taka	30 June 2017 Taka
<b>18.00 Defined benefit obligation- gratuity</b>			
Opening balance		59,715,197	49,199,971
Add: Provision made during the year	27.02 & 28	8,375,464	10,688,117
		68,090,661	59,888,088
Less: Paid during the year		(1,612,624)	(172,891)
Closing balance		<b>66,478,037</b>	<b>59,715,197</b>

**19.00 Deferred tax liability**

Deferred tax liability has been calculated below at the applicable tax rate on the difference between the carrying value of property, plant and equipment and intangible assets as per financial statements and tax written down value and financial position method for gratuity obligation and investment in associates.

	30 June 2018 Taka	30 June 2017 Taka
Opening balance	40,424,331	34,947,071
<b>Provided during the year</b>		
Taxable/(deductible) temporary difference of PPE and intangible asset (excluding land)	4,427,256	6,753,972
Provision for Gratuity	(845,355)	(1,314,403)
Investments in associates	(6,378)	37,691
	<b>3,575,523</b>	<b>5,477,260</b>
<b>Adjusted during the period</b>		
Closing balance	<b>43,999,854</b>	<b>40,424,331</b>

Reconciliation of deferred tax liabilities /(assets) are as follows :

	Carrying Amount Taka	Tax Base Taka	Tax Rate Percentage	Taxable / (Deductible) Temporary Difference Taka	Deferred tax liabilities/ (assets) Taka
Property, plant & equipment	953,353,403	567,577,995	12.50%	385,775,408	48,221,926
Gratuity	(66,478,037)	-	12.50%	(66,478,037)	(8,309,755)
Investment in associates	48,265,804	23,405,000	15% - 20%	24,860,804	4,087,683
<b>Net taxable temporary difference</b>				<b>344,158,175</b>	<b>43,999,854</b>

		30 June 2018	30 June 2017
	Note(s)	Taka	Taka
<b>20.00 Trade and other payables</b>			
Trade payable	20.01	815,590,719	457,037,721
For revenue expenses	20.02	117,965,152	71,332,339
For other finance	20.03	4,001,519	4,199,075
		<b>937,557,390</b>	<b>532,569,135</b>
<b>20.01 Trade payable</b>			
Liability for imported goods		797,026,915	431,822,729
Liability for local goods		18,563,804	25,214,992
		<b>815,590,719</b>	<b>457,037,721</b>
<p>Liability for imported goods includes foreign currency translation loss of Tk. 20,095,733 (foreign currency translation loss for the corresponding year 2016-2017 was of Tk. 2,503,590) arising due to translation of trade payables in foreign currency at the reporting date.</p>			
<b>20.02 For revenue expenses</b>			
Audit fee		270,000	247,500
C & F charges		11,073,238	998,000
Electricity bill		482,145	342,490
Employee salaries and director's remuneration		25,454,954	14,881,776
Gas charges		1,661,952	1,075,637
Insurance expenses		4,036,602	1,348,339
Provident fund		65,302,885	48,369,624
Rent expenses		9,506,806	3,965,217
Telephone & mobile bill		176,570	103,756
		<b>117,965,152</b>	<b>71,332,339</b>
<b>20.03 For other Finance</b>			
IPO over subscription money payable		619,875	1,168,103
Staff income tax		1,274,210	995,785
Supplier income tax		229,123	978,333
Tax & VAT on rent expenses		1,385,348	487,843
Tax & VAT on audit fee		71,250	65,000
VAT payable-others		206,534	330,144
Unclaimed dividend		215,179	173,867
		<b>4,001,519</b>	<b>4,199,075</b>
<b>21.00 Lease finance</b>			
Opening balance		646,529	4,321,294
Less: Paid during the year		(646,529)	(3,674,765)
Closing balance		<b>-</b>	<b>646,529</b>
<b>21.01 Long term borrowings -Maturity analysis</b>			
Due within one year		-	646,529
Due after one year		-	-
		<b>-</b>	<b>646,529</b>
<b>21.02 Details of lease finance</b>			
Industrial Promotion & Development Company (IPDC)	21.03	-	646,529
		<b>-</b>	<b>646,529</b>
<b>21.03 Industrial Promotion &amp; Development Company of Bangladesh Limited, Head Office, Gulshan, Dhaka</b>			
Total sanctioned amount	Tk. 34.90 Lac		
Purpose	Lease for Motor Vehicle		
Interest rate	9.50% (Revised from time to time)		
Payment method	The loan is repayable in 60 (Sixty) equal monthly installments.		
Tenure	Five years		

	30 June 2018	30 June 2017
	Taka	Taka
<b>22.00 Current tax liability</b>		
Opening balance	32,093,217	40,923,876
Add: Provision made during the year	24,586,468	18,154,988
	56,679,685	59,078,864
Less: Paid/adjusted during the year	(19,819,988)	(26,985,647)
	<b>36,859,697</b>	<b>32,093,217</b>
<b>23.00 Due to affiliated company</b>		
KDS Thread Limited	39,918,292	-
	<b>39,918,292</b>	-

**23.01** The amount represent short term loan received from KDS Thread Limited as and when required to meet funding requirement. All transactions were done through banking channel and interest was charged on outstanding balances.

	Note(s)	30 June 2018	30 June 2017
		Taka	Taka
<b>24.00 Short term bank loan</b>			
Bank Overdraft	24.01	31,083,819	72,144,340
Loan Against Trust Receipt (LATR)	24.02	110,838,032	24,499,402
Local Documentary Bill Purchase (LDBP)	24.03	320,172,498	256,317,586
Demand Loan and Time Loan	24.04	380,506,457	264,976,041
		<b>842,600,806</b>	<b>617,937,369</b>
<b>24.01 Bank Overdraft</b>			
Bank Asia Limited		28,483,690	18,804,639
Southeast Bank Limited		2,600,129	49,399,895
Standard Chartered Bank		-	3,939,806
		<b>31,083,819</b>	<b>72,144,340</b>
<b>24.02 Loan Against Trust Receipt (LATR)</b>			
Standard Chartered Bank		80,263,002	24,499,402
Southeast Bank Limited		29,695,417	-
Bank Asia Limited		879,613	-
		<b>110,838,032</b>	<b>24,499,402</b>
<b>24.03 Local Documentary Bill Purchase (LDBP)</b>			
Bank Asia Limited		260,552,663	218,060,771
Standard Chartered Bank		59,619,835	38,256,815
		<b>320,172,498</b>	<b>256,317,586</b>
<b>24.04 Demand Loan and Time Loan</b>			
Bank Asia Limited		229,281,457	61,331,022
NCC Bank Limited		-	203,645,019
Ducth Bangla Bank Limited		151,225,000	-
		<b>380,506,457</b>	<b>264,976,041</b>
<b>25.00 Provision for WPPF and Welfare Fund</b>			
Opening balance		61,364,257	49,777,247
Add: Provision made during the year		8,481,412	7,853,716
Add: Interest during the year	28.00	6,892,528	3,733,294
Less: Paid during the year		(11,842,878)	-
		<b>64,895,319</b>	<b>61,364,257</b>

As per provision of Workers! Profit Participation Fund (WPPF) and Welfare Fund (WF) of Labor Act 2006, the company has been maintaining provision of WPP & WF since 2010. Subsequently Workers Participation Committee (WPC) was formed and approval of Office of The Joint Director of Labor, Chittagong Division was also obtained. Meantime the company has credited interest on the non-distributed WPP & WF fund till 30 June 2018 with a view to protecting the interest of the workers. However, during the year the Company has distributed WPPF and Welfare Fund for the year 2010 and 2011. The Company expects to distribute the remaining fund gradually.

	Notes	01 July 2017 to 30 June 2018		01 July 2016 to 30 June 2017	
		USD	Taka	USD	Taka
<b>26.00 Revenue</b>					
Export sales	26.01	26,436,512	2,070,885,808	20,395,427	1,585,937,175
		<b>26,436,512</b>	<b>2,070,885,808</b>	<b>20,395,427</b>	<b>1,585,937,175</b>

26.01 Details of export sales during the year are as follows :

Product name	01 July 2017 to 30 June 2018		01 July 2016 to 30 June 2017	
	(%)	Taka	(%)	Taka
Carton	77.07%	1,596,128,495	78.91%	1,251,430,301
Label	2.95%	61,178,765	3.19%	50,661,298
Elastics and Narrow Fabrics	5.79%	119,909,951	5.87%	93,113,538
Offset Printing	4.80%	99,313,875	5.16%	81,887,656
Heat Transfer Printing	0.99%	20,484,094	0.56%	8,900,588
Button	4.88%	100,994,947	5.81%	92,209,901
Gum Tape	0.77%	15,867,839	0.49%	7,733,893
Hanger	2.75%	57,007,842	0.00%	-
	<b>100%</b>	<b>2,070,885,808</b>	<b>100%</b>	<b>1,585,937,175</b>

	Note(s)	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
		Taka	Taka
<b>27.00 Cost of goods sold</b>			
Raw materials consumed	27.01	1,395,532,530	1,015,887,523
Factory overhead	27.02	301,552,422	243,815,457
<b>Cost of Production</b>		<b>1,697,084,952</b>	<b>1,259,702,980</b>
Add: Opening work-in-process		18,432,284	23,404,318
Less: Closing work-in-process	9.00	(27,448,184)	(18,432,284)
<b>Cost of goods manufactured</b>		<b>1,688,069,052</b>	<b>1,264,675,014</b>
Goods used for sample making	29.00	(1,325,455)	(5,889,231)
Opening finished goods		1,686,743,597	1,258,785,783
		17,054,285	10,845,157
<b>Cost of goods available for sale</b>		<b>1,703,797,882</b>	<b>1,269,630,940</b>
Closing finished goods	9.00	(10,121,068)	(17,054,285)
		<b>1,693,676,814</b>	<b>1,252,576,655</b>
<b>27.01 Raw materials consumed</b>			
Opening inventory		307,994,045	256,709,571
Add: Purchases during the year		1,556,417,129	1,067,171,997
Total materials available		1,864,411,174	1,323,881,568
Less: Closing inventory	9.00	(468,878,644)	(307,994,045)
		<b>1,395,532,530</b>	<b>1,015,887,523</b>
<b>27.02 Factory overhead</b>			
Salary, wages and others		110,082,498	80,940,554
Ansar/security cost		3,197,895	3,074,055
Depreciation	4.00	76,988,226	58,356,774
Electricity expenses		16,090,823	1,396,020
Fuel expenses		11,417,629	4,718,891
Gas and furnace oil expenses		33,671,757	47,447,929
Generator running expenses		1,830,669	1,465,410
Gratuity	18.00	1,675,093	2,137,623
Insurance premium		2,088,987	1,991,060
Labour charges		3,740,975	2,438,606
Printing and processing charges		2,689,955	2,284,474
Repair and maintenance		5,166,800	4,333,337
Stores and spares consumption	27.03	22,400,411	25,125,338
Telephone expenses		1,245,215	840,150
Testing fee		1,451,329	1,147,367
Uniform and liveries		924,189	1,041,432
Vehicle maintenance expenses		6,219,681	4,543,853
Water and sanitation expenses		670,290	532,584
		<b>301,552,422</b>	<b>243,815,457</b>

	Note(s)	01 July 2017 to 30 June 2018 Taka	01 July 2016 to 30 June 2017 Taka
<b>27.03 Stores and spares consumption</b>			
Opening inventory		43,169,743	36,245,572
Add: Purchases during the year		32,155,637	32,049,509
Total spare parts available		75,325,380	68,295,081
Less: Closing inventory	9.00	(52,924,969)	(43,169,743)
		<b>22,400,411</b>	<b>25,125,338</b>
<b>28.00 Operating expenses</b>			
Salaries and wages		52,019,667	40,988,462
Director's remuneration		2,500,000	2,500,000
Audit fee		341,250	312,500
Amortization	5.00	1,064,487	959,553
Depreciation	4.00	19,247,056	14,589,193
Consultancy fee		251,000	152,695
Electricity expenses		2,839,557	246,357
Entertainment		1,842,474	801,190
Fuel expenses		2,014,876	832,745
Gratuity	18.00	6,700,371	8,550,494
Group insurance		587,833	566,368
Guest house expenses		357,466	342,600
Insurance expenses		1,807,532	1,548,707
Interest on non-payment of WPP and WF	25.00	6,892,528	3,733,294
Internet expenses		1,953,836	1,783,092
Medical expenses		190,117	311,520
Miscellaneous expenses		1,043,420	782,505
Newspaper expenses		27,610	24,637
Office maintenance		720,290	2,124,270
Postage and parcel expenses		461,183	238,810
Printing and stationeries		1,790,233	2,089,255
Professional fees		410,420	21,000
Rent expenses - Dhaka office		6,708,240	4,800,000
Rent, rates, license, renewal and others fee		2,900,386	1,951,771
Repair and maintenance		911,788	764,707
Security cost - Ansar cost		564,334	542,480
Staff fooding		1,894,427	1,565,430
Staff training expenses		29,840	69,708
Telephone		1,245,215	840,150
Travelling and conveyance		935,044	686,199
Vehicle maintenance expenses		691,076	504,873
		<b>120,943,556</b>	<b>95,224,565</b>

**28.01** Director's remuneration has only been paid to Managing Director and no other benefits have been paid.

<b>29.00 Selling and distribution expenses</b>			
Salary, wages and allowances		12,447,949	8,916,491
Advertisement expenses		2,943,194	3,124,299
Carriage outward		25,351,432	12,309,670
Employee reward		37,000	35,000
Sales promotion expenses		2,413,280	2,132,878
Sample expenses	27.00	1,325,455	5,889,231
		<b>44,518,310</b>	<b>32,407,569</b>

	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
	Taka	Taka
<b>30.00 Finance cost</b>		
Interest on balance due to inter companies and bank loans	91,357,383	60,965,994
Bank charges and commission	11,094,957	10,440,030
	<b>102,452,340</b>	<b>71,406,024</b>
<b>31.00 Finance income</b>		
Interest earned from FDR	652,446	682,433
Interest earned from STD	33,181	101,609
Interest income from inter-company receivable	35,392,121	11,225,260
Gain/(Loss) on currency fluctuation	22,430,622	8,840,917
	<b>58,508,370</b>	<b>20,850,219</b>
<b>32.00 Other income</b>		
Rent income	1,560,000	1,758,000
Gain/(Loss) on Sale of Property, plant and equipment	296,963	(46,349)
	<b>1,856,963</b>	<b>1,711,651</b>
<b>33.00 Reconciliation of cash generated by operations</b>		
Profit before income tax	161,146,819	149,220,599
Depreciation charged	96,235,282	72,945,967
Amortization charged	1,064,487	959,553
(Gain)/loss on sale of property, plant and equipment	(296,963)	46,349
Profit/(loss) from investment in associates	31,890	(190,083)
Finance Income	(58,508,370)	(20,850,219)
Finance Cost	102,452,340	71,406,024
Increase in Inventory	(211,998,837)	(82,512,095)
Increase in Trade Receivables (after adjusting foreign currency fluctuation gain)	(246,562,323)	(115,958,222)
(Increase)/ Decrease in other receivables	1,738,500	(839,700)
(Increase) / Decrease in Advances, Deposits and Pre-payments	25,750,375	(19,953,872)
Increase in Trade and Other payables (after adjusting foreign currency fluctuation loss)	391,334,024	166,779,708
Increase in provision of WPPF and WF	3,531,062	11,587,010
Increase in the provision of gratuity	6,762,840	10,515,226
	<b>272,681,126</b>	<b>243,156,245</b>
<b>34.00 Earnings Per Share (EPS)</b>		
<b>34.01 Basic Earnings Per Share</b>		
The computation of EPS is given below:		
Total earnings attributable to the ordinary shareholders	132,984,828	125,588,351
Number of ordinary shares outstanding during the year	60,060,000	57,200,000
Weighted average number of ordinary shares outstanding during the year	60,060,000	57,200,000
<b>Basic Earnings Per Share</b>	<b>2.21</b>	<b>2.20</b>
<b>Restated Earnings Per Share (Basic)*</b>		<b>2.09</b>

\*EPS for the year 01 July 2016 to 30 June 2017 has been restated based on the new weighted average number of ordinary shares in accordance with para 64 of BAS 33.

#### 34.02 Diluted EPS

No diluted EPS was required to be calculated for the year since there was no scope for dilution of share during the year under review.

	30 June 2018	30 June 2017
	Taka	Taka
<b>34.03 Net Asset Value Per Share (NAV)</b>		
Total Assets	3,730,981,433	3,045,221,653
Less: Liabilities	2,236,450,881	1,626,475,929
Net Asset Value (NAV)	1,494,530,552	1,418,745,724
Number of ordinary shares outstanding during the year	60,060,000	57,200,000
<b>Net Assets Value (NAV) per share</b>	<b>24.88</b>	<b>24.80</b>

	01 July 2017 to 30 June 2018	01 July 2016 to 30 June 2017
	Taka	Taka
<b>34.04 Net operating cash flow per share</b>		
Net operating cash flows (from statement of cash flows)	185,040,217	160,447,152
Number of ordinary shares outstanding during the year	60,060,000	57,200,000
<b>Net operating cash flow per share</b>	<b>3.08</b>	<b>2.81</b>

Net operating cash flows of comparative period has been increased by Tk. 74,063 due to presenting effect of foreign exchange rate changes on cash and cash equivalents as separate line item as per para 28 of BAS 7.

#### 35.00 Contingent liabilities and commitment

Contingent liabilities and commitment at the reporting date are as follows

	30 June 2018	30 June 2017
	Taka	Taka
<b>35.01 Bank guarantee</b>		
Bank Asia Limited	6,036,100	6,136,100
EXIM Bank Limited	605,865	605,865
	<b>6,641,965</b>	<b>6,741,965</b>
<b>35.02 L/C liabilities</b>		
Bank Asia Limited	146,489,794	100,394,614
Standard Chartered Bank	156,653,544	70,325,585
Southeast Bank Limited	-	39,315,034
	<b>303,143,338</b>	<b>210,035,233</b>

#### 35.03 Capital expenditure commitment

There is no capital expenditure commitment as at 30 June 2018.

#### 36.00 Directors' interest in contracts with the company

There was no transaction resulting in Directors' interest with the company.

#### 37.00 Credit facility not availed

There was no credit facility available to the company under any contract, but not availed as on 30 June 2018 other than trade credit available in the ordinary course of business.

#### 38.00 Related party transactions

During the year the Company carried out a number of transactions with related parties in the normal course of business on an arms' length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of BAS-24: Related Party Disclosures.

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2017	Transaction during the year (Net)	Balance as on 30 June 2018
1	KDS Apparels Limited	Common directorship	Receivable against Sales	Dr. 7,708,594	(7,058,471)	Dr. 650,123
2	KDS Fashion Limited	Common directorship	Receivable against Sales	Dr. 27,772,260	13,701,875	Dr. 41,474,135
3	KDS Garment Inds. Ltd.	Common directorship	Receivable against Sales	Dr. 40,443,299	(25,666,291)	Dr. 14,777,008

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as on 01 July 2017	Transaction during the year (Net)	Balance as on 30 June 2018
4	KDS Logistics Limited	Common directorship	Receivable against Sales	Dr. 137,503	603,325	Dr. 740,828
5	KDS IDR Limited	Common directorship	Receivable against Sales	Dr. 9,748,232	25,766,598	Dr. 35,514,830
6	KDS Textile Mills Ltd.	Common directorship	Receivable against Sales	Dr. 81,863	(81,863)	Dr. -
7	KYCR Coil Ind. Limited	Common directorship	Receivable against Sales	Dr. 164,864	7,587	Dr. 172,451
8	KDS Poly Ind. Limited	Common directorship	Short Term Loan	Dr. 205,370,667	215,741,709	Dr. 421,112,376
9	KDS Thread Limited	Common directorship	Short Term Loan	Dr. 455,962	40,374,254	Cr. 39,918,292

### 39.00 Events after the reporting period

The Board of Directors at the meeting held on 20 August 2018 has recommended 10% cash and 5% stock dividend for the year ended 30 June 2018.

### 40.00 Employee position of KDS Accessories Limited

Number of employees whose monthly salary was below Tk. 5,300

Number of employees whose monthly salary was above Tk. 5,300

	30 June 2018	30 June 2017
Number of employees whose monthly salary was below Tk. 5,300	-	-
Number of employees whose monthly salary was above Tk. 5,300	1,208	1,114
	<b>1,208</b>	<b>1,114</b>

### 41.00 Quantitative information of production capacity for the year ended 30 June 2018

Particulars	01 July 2017 to 30 June 2018			01 July 2016 to 30 June 2017		
	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)
Carton	30,000,000	28,056,047	93.52%	30,000,000	29,271,182	97.57%
Label	175,964,208	84,551,555	48.05%	175,964,208	71,691,494	40.74%
Elastics and Narrow Fabrics	30,576,000	20,367,440	66.61%	30,576,000	22,089,283	72.24%
Offset Printing	150,009,600	142,034,113	94.68%	150,009,600	120,989,750	80.65%
Heat Transfer Printing	24,960,000	19,663,593	78.78%	24,960,000	8,336,303	33.40%
Button	360,000	189,998	52.78%	360,000	186,545	51.82%
Gum Tape	4,290,000	380,875	8.88%	4,290,000	234,602	5.47%
Hanger	45,000,000	21,873,908	48.61%	-	-	0.00%

For calculation of capacity utilization, weighted average of actual production capacity of each product has been considered.

### 42.00 Financial instruments- Financial risk management

Bangladesh Financial Reporting Standard BFRS 7 - Financial Instruments: Disclosures - requires disclosure of information relating to both recognized and unrecognized financial instruments, their significance and performance, accounting policies, terms and conditions, net fair values and risk information- the company's policies for controlling risks and exposures.

The management has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. This note presents information about the company's exposure to each of the following risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. The company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

#### 42.01 Credit risk

Credit risk is risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations which arises principally from the Company's receivables and investments.

##### (a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	30 June 2018	30 June 2017
	Taka	Taka
Investments in FDRs (Short term & long term)	13,741,503	13,157,157
Advances, deposits and prepayments	58,349,397	82,639,393
Trade and other receivables	1,128,751,589	848,104,914
Due from affiliated companies	421,112,376	205,826,629
Cash at bank	5,165,122	5,169,837
	<b>1,627,119,987</b>	<b>1,154,897,930</b>

##### (i) Trade and other receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry in which customers operate. However, based on the company's operations there is no concentration of credit risk.

##### Ageing of trade receivables

The ageing of gross value at the reporting date that was not impaired was as follows:

	30 June 2018	30 June 2017
	Taka	Taka
Dues within 3 Months	513,906,467	469,095,311
Dues over 3 Months but within 6 months	614,471,676	376,883,607
	<b>1,128,378,143</b>	<b>845,978,918</b>

The management believes that the amounts are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

##### (ii) Due from affiliated companies

The carrying amount represents amount paid to one of the inter companies to meet its operational finance from time to time. The outstanding balance is redeemable including 9.42% interest per annum and has no prescribed repayment schedule.

##### (iii) Cash and cash equivalents

The company held cash at bank of Tk. 5,165,122 at 30 June 2018 (2017: Tk. 5,169,837), which represents its maximum credit exposure on these assets. The balance with banks are maintained with both local branch of International banks and domestic scheduled banks.

##### (b) Credit exposure by credit rating

	As at 30 June 2018		
	Credit rating	Amount in Taka	(%)
Trade receivables	NR	1,128,378,143	94.57%
Other receivables	NR	373,446	0.03%
Advances, deposits and prepayments	NR	58,349,397	4.89%
Cash and cash equivalents			
Cash in hand		917,833	0.08%
Cash at Banks		5,165,122	0.43%
Bank Asia Limited	AA2	3,156,188	61.11%
Commercial Bank of Ceylon	AAA	-	0.00%
Dutch Bangla Bank Limited	AA+	5,421	0.10%
HSBC	AAA	2,116	0.04%
Mutual Trust Bank Limited	AA	777,361	15.05%
National Credit & Commerce Bank	AA	13,495	0.26%
Standard Chartered Bank	AAA	1,209,509	23.42%
Southeast Bank Limited	AA	-	0.00%
Trust Bank Limited	AA2	1,032	0.02%

## 42.02 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### Exposure to Liquidity risk

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount	Interest rate	Contractual cash flows			Total
			Within 12 months	1 to 5 years	More than 5 years	
<b>As at 30 June 2018</b>	<b>Taka</b>	<b>Percentage</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>	<b>Taka</b>
Long term borrowings	204,141,486	11.00%-12.00%	90,559,800	113,581,686	-	204,141,486
Trade and other payable	937,557,390	N/A	937,557,390	-	-	937,557,390
Short term bank loan	842,600,806	4.81%-12.00%	842,600,806	-	-	842,600,806
Due to affiliated company	39,918,292	9.42%	39,918,292	-	-	39,918,292
Provision for WPPF and Welfare Fund	64,895,319	11.25%	64,895,319	-	-	64,895,319
	<b>2,089,113,293</b>		<b>1,975,531,607</b>	<b>113,581,686</b>	<b>-</b>	<b>2,089,113,293</b>
<b>As at 30 June 2017</b>						
Long term borrowings	281,725,894	8.50%-9.75%	103,185,860	178,540,034	-	281,725,894
Lease finance	646,529	9.75%-10.00%	646,529	-	-	646,529
Trade and other payable	532,569,135	N/A	532,569,135	-	-	532,569,135
Short term bank loan	617,937,369	5.25%-9.00%	617,937,369	-	-	617,937,369
Due to affiliated company	-	9.00%	-	-	-	-
Provision for WPPF and Welfare Fund	61,364,257	7.50%	61,364,257	-	-	61,364,257
	<b>1,494,243,184</b>		<b>1,315,703,150</b>	<b>178,540,034</b>	<b>-</b>	<b>1,494,243,184</b>

## 42.03 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### (a) Currency risk exposure and its management

The company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the company.

As at 30 June 2018, the Company was exposed to foreign currency risk in respect of financial liabilities denominated in the following currencies:

#### (i) Exposure to currency risk

##### As at 30 June 2018

##### Foreign currency denominated assets

Cash and cash equivalents

Trade receivables

##### Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)

Liability for Accepted Bills for Payment (ABP)

##### Net exposure

	GBP	USD	Taka
Cash and cash equivalents	125	43,096	3,528,539
Trade receivables	-	13,836,642	1,128,378,143
	<b>125</b>	<b>13,879,738</b>	<b>1,131,906,682</b>
Liability for Local Documentary Bill Purchase (LDBP)	-	3,825,239	320,172,498
Liability for Accepted Bills for Payment (ABP)	16,779	9,499,962	797,026,915
	<b>16,779</b>	<b>13,325,201</b>	<b>1,117,199,413</b>
<b>Net exposure</b>	<b>(16,654)</b>	<b>554,537</b>	<b>14,707,269</b>

##### As at 30 June 2017

##### Foreign currency denominated assets

Cash and cash equivalents

Trade receivables

##### Foreign currency denominated liabilities

Liability for Local Documentary Bill Purchase (LDBP)

Liability for Accepted Bills for Payment (ABP)

##### Net exposure

	GBP	USD	Taka
Cash and cash equivalents	148	56,977	4,520,078
Trade receivables	-	10,698,935	845,978,918
	<b>148</b>	<b>10,755,912</b>	<b>850,498,996</b>
Liability for Local Documentary Bill Purchase (LDBP)	-	3,241,600	256,317,586
Liability for Accepted Bills for Payment (ABP)	-	5,461,180	431,822,729
	<b>-</b>	<b>8,702,780</b>	<b>688,140,315</b>
<b>Net exposure</b>	<b>148</b>	<b>2,053,132</b>	<b>162,358,681</b>

The company has translated all of its monetary items in foreign currency at the end of its accounting period by using two different rates since the bank offering two different rates for settling its assets and liabilities in foreign currency.

The following significant exchange rate is applied during the year:

	30 June 2018	30 June 2017
<b>US Dollar</b>		
For denoting asset in foreign currency	81.55	79.07
For denoting liabilities in foreign currency	83.70	80.50
<b>GBP</b>		
For denoting liabilities in foreign currency	112.05	100.00
<b>EURO</b>		
For denoting liabilities in foreign currency	-	87.00

Being a 100% export oriented company, the company can directly mitigate foreign currency risk exposure by tradeoff between import and export.

#### (ii) Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar against BD Taka at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	30 June 2018		30 June 2017	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
USD (2% movement)	916,373	(916,373)	3,246,877	(3,246,877)
GBP (2% movement)	(37,321)	37,321	296	(296)
EURO (2% movement)	-	-	-	-

#### (b) Transaction risk

Transaction risk is the risk that the company will incur exchange losses when the accounting results are translated into the home currency.

#### (c) Economic risk

Economic risk refers to the effect of exchange rate movements on the international competitiveness of the company.

#### (d) Interest risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimize the risks surrounding interest payments and receipts.

#### Exposure to interest rate risk

The interest rate profile of the company's interest-bearing financial instruments as reported to the management of the company is as follows.

	30 June 2018	30 June 2017
	Taka	Taka
<b>Fixed- rate instruments</b>		
Financial assets	434,853,879	218,983,786
Financial liabilities	(1,086,660,584)	(900,309,792)
	<b>(651,806,705)</b>	<b>(681,326,006)</b>
<b>Variable- rate instruments</b>		
Financial assets	-	-
Financial liabilities	-	-
	-	-

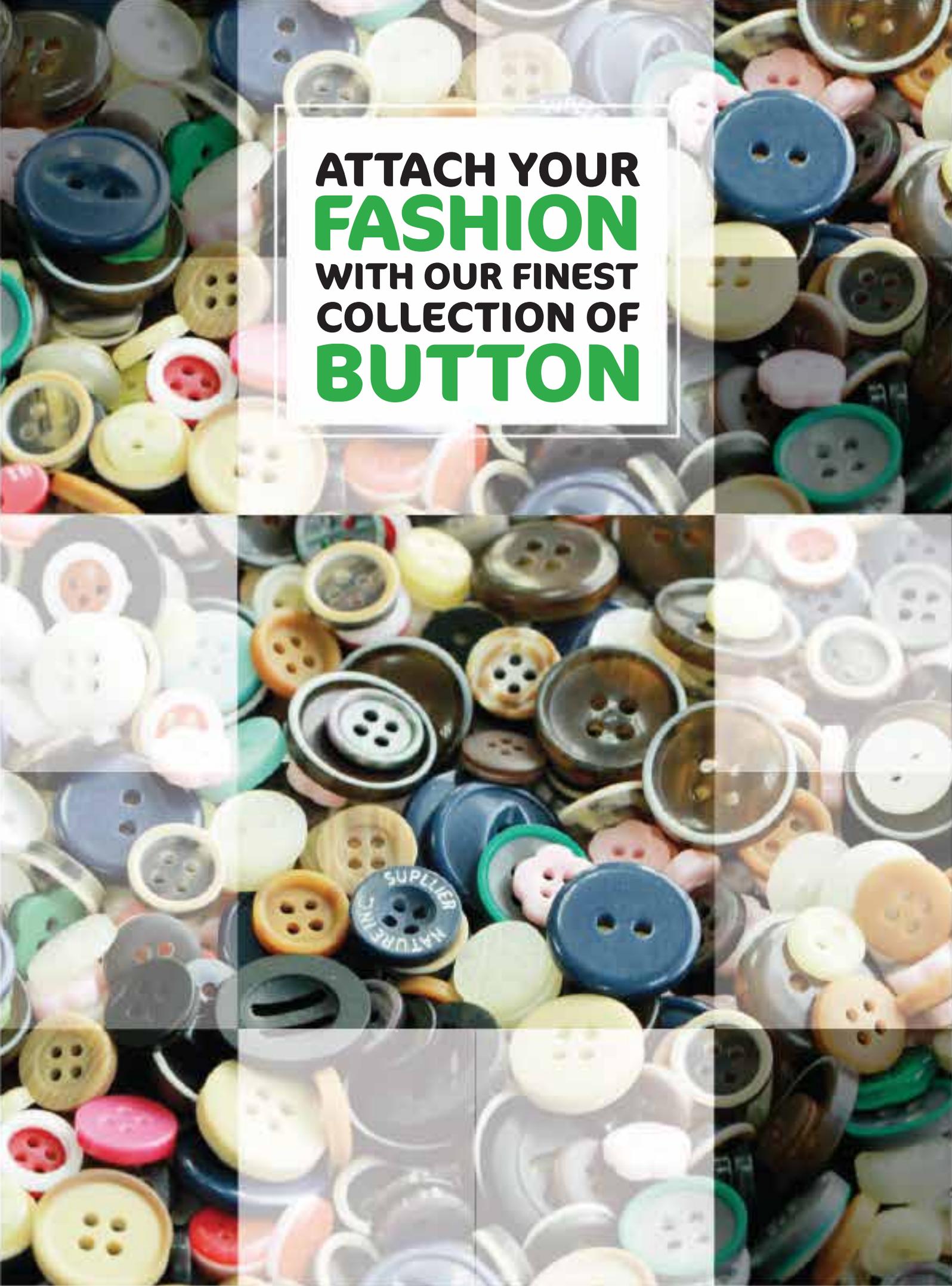
#### (e) Other market price risk

The company is exposed to equity price risk, which arises from available for sale equity and debt securities. Management of the company monitors its investment portfolio based on market indices and all buy and sell decisions are approved by the directors.

#### 43.00 Financial Instruments- Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Note ref.	Carrying amount					Total	
	Fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	Other financial liabilities		
	Taka	Taka	Taka	Taka	Taka	Taka	
<b>30 June 2018</b>							
<b>Financial assets not measured at fair value</b>							
Trade and other receivables	10 & 11	-	-	1,128,751,589	-	-	1,128,751,589
Due from affiliated companies	13	-	-	421,112,376	-	-	421,112,376
Investments in FDR	8 & 14	-	-	-	13,741,503	-	13,741,503
Cash at bank	15.02	-	-	5,165,122	-	-	5,165,122
		-	-	<b>1,555,029,087</b>	<b>13,741,503</b>	-	<b>1,568,770,590</b>
<b>Financial liabilities not measured at fair value</b>							
Long term borrowings	17	-	-	-	-	(204,141,486)	(204,141,486)
Trade and other payables	20	-	-	-	-	(937,557,390)	(937,557,390)
Due to affiliated company	23	-	-	-	-	(39,918,292)	(39,918,292)
Short term liabilities	24	-	-	-	-	(842,600,806)	(842,600,806)
		-	-	-	-	<b>(2,024,217,974)</b>	<b>(2,024,217,974)</b>
<b>30 June 2017</b>							
<b>Financial assets not measured at fair value</b>							
Trade and other receivables	10 & 11	-	-	848,104,914	-	-	848,104,914
Due from affiliated companies	13	-	-	205,826,629	-	-	205,826,629
Investments in FDR	8 & 14	-	-	-	13,157,157	-	13,157,157
Cash at bank	15.02	-	-	5,169,837	-	-	5,169,837
		-	-	<b>1,059,101,380</b>	<b>13,157,157</b>	-	<b>1,072,258,537</b>
<b>Financial liabilities not measured at fair value</b>							
Long term borrowings	17	-	-	-	-	(281,725,894)	(281,725,894)
Lease finance	21	-	-	-	-	(646,529)	(646,529)
Trade and other payables	20	-	-	-	-	(532,569,135)	(532,569,135)
Short term liabilities	24	-	-	-	-	(617,937,369)	(617,937,369)
		-	-	-	-	<b>(1,432,878,927)</b>	<b>(1,432,878,927)</b>



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FASHION  
WITH OUR FINEST  
COLLECTION OF  
BUTTON**



**GREAT CLOSURE  
STRENGTH  
SINCE PERMANENT BOND**

# EVENTS & IMAGE





Entrance of 26<sup>th</sup> AGM Venue



Shareholders are registering their presence at 26<sup>th</sup> AGM



Chairman & Managing Director entering at the 26<sup>th</sup> AGM Venue



Starting 26<sup>th</sup> AGM Proceedings



Chairman addressing at 26<sup>th</sup> AGM



Managing Director addressing at 26<sup>th</sup> AGM



Shareholders delivering their speech at 26<sup>th</sup> AGM



# GLIMPSE OF KDS ACCESSORIES'S PARTICIPATION AT GAPEXPO-2018





**WE WEAVE  
YOUR DREAMS  
ON OUR FINE  
WOVEN LABEL**

# TAG FREE LABELING WITH OUR HEAT TRANSFER PRINTING FACILITY



**Your Satisfaction create  
our benchmarking**









# THE 27<sup>TH</sup> ANNUAL GENERAL MEETING

Date : 25 October 2018, Time 11:00 AM

Venue : CBC Confidence Cement Convention Center  
Chittagong Boat Club, Airport Road, Patenga, Chattogram.

## Financial Results

Reporting period of 12 months from 01 July 2017 to 30 June 2018. During the period operational result of the company were announced as below:

2017-2018					
Particulars	1st Quarter 14 November 2017	2nd Quarter 30 January 2018	3rd Quarter 29 April 2018	4th Quarter 20 August 2018	Period ended result (2017-2018) 20 August 2018
Reporting Date	July-2017 August-2017 September-2017	October-2017 November-2017 December-2017	January-2018 February-2018 March-2018	April-2018 May-2018 June-2018	July - 2017 to June - 2018
Turnover in BDT (mn)	406.43	505.26	531.76	627.43	2,070.88
Net Profit in BDT (mn)	23.26	52.22	32.96	24.54	132.98
EPS in BDT	0.41	0.91	0.56	0.33	2.21
NAV per share in BDT	25.21	23.93	24.48	24.88	24.88
NOCFPS per share in BDT	1.46	2.94	2.48	3.08	3.08

## Record Date

The record date was 18 September 2018.

## Dividend

10% cash & 5% stock Dividend has been recommended on 20 August 2018 in the 120<sup>th</sup> BOD Meeting and after having approval of the shareholders at the 27<sup>th</sup> AGM, dividend will be distributed within 30 days from the date of AGM.

## Listing

The company's shares are listed at the Stock Exchanges at Dhaka and Chittagong of Bangladesh.

## Face Value Per Share: Tk. 10.00

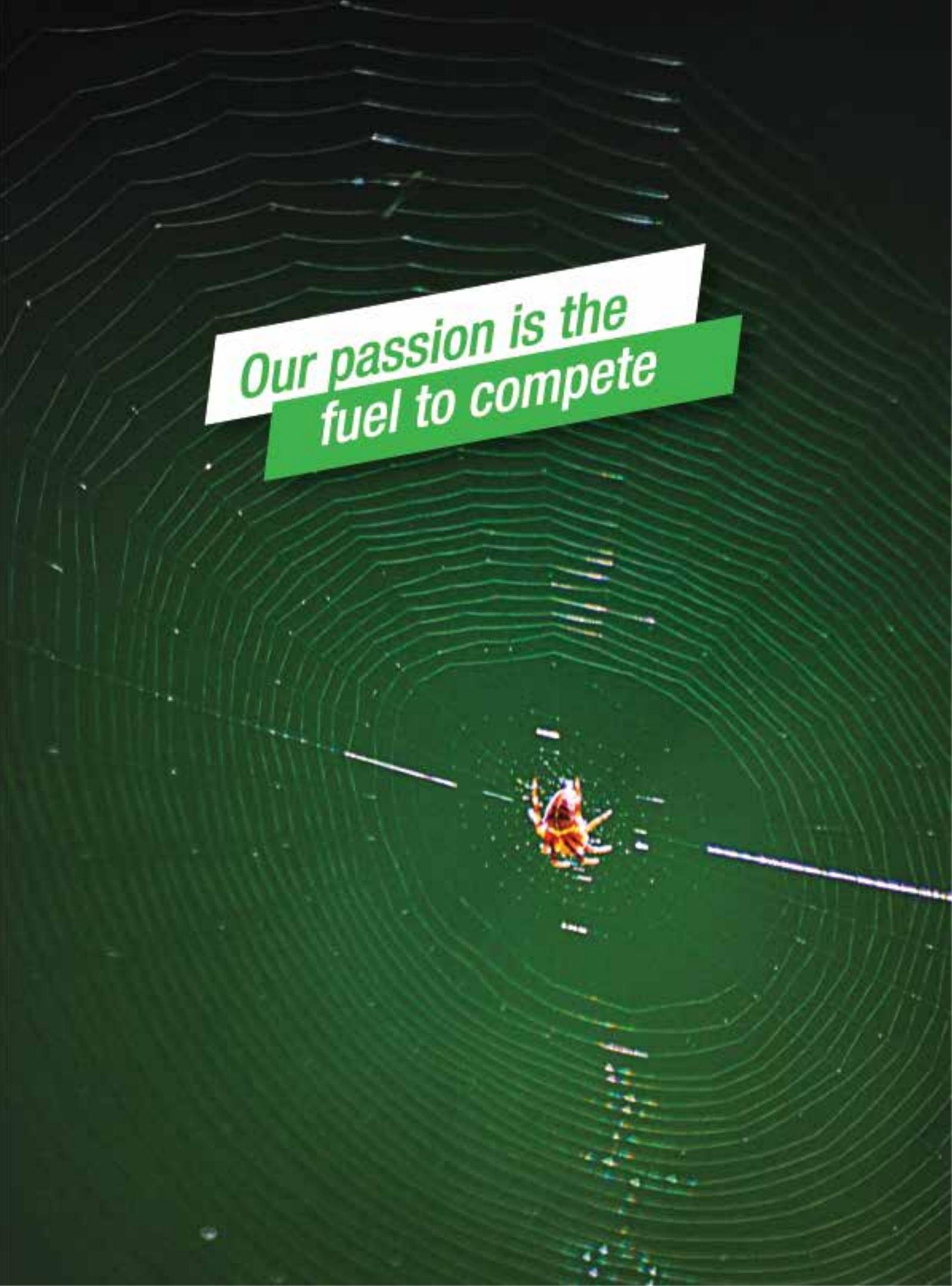
## Closing Price of Per Share

Closing Price of per share of your company before record date i.e on 18 September 2018 was Tk. 68.00

## Investor Correspondence

191-192 Baizid Boastami Road, Nasirabad I/A, Chattogram, Bangladesh.

T: +880 31 681701-3, 685207-9, Ext: 148, F: +880 31 682137, W: www.kdsaccessories.com

A close-up photograph of a spider on its web, set against a dark background. The web is illuminated, showing its intricate spiral pattern. The spider is positioned in the lower center of the frame. Overlaid on the upper part of the image is a white and green graphic containing a motivational quote.

**Our passion is the  
fuel to compete**



**PROXY FORM**

I/We.....of  
.....being a shareholder of KDS Accessories Limited, do hereby appoint  
Mr./Ms./Miss .....  
of .....  
as my/our proxy to attend and vote in my/our behalf at the 27<sup>th</sup> Annual General Meeting (AGM) of the Company to be held on 25 October 2018, Time 11:00 AM at CBC Confidence Cement Convention Center Chittagong Boat Club, Airport Road, Patenga, Chattogram and at any adjournment thereof or any poll that may be taken in consequence thereof and to vote on my/our behalf as he/she thinks appropriate on all resolutions.

As witness my/our hand this ..... day of .....2018.

Affix Revenue  
Stamp of Tk. 20.00

(Signature of Shareholder)

.....  
(Signature of Proxy)

Shareholders BO ID No:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

No. of Shares held: .....

Note :

1. The proxy form, duly filled and stemped must be deposited at the Corporate Office not later than 72 (Seventy Two) hours before the time fixed for the meeting.
2. Signature of the shareholder should agree with the specimen signature registered with the Company of BO Account/CDBL Record.

.....  
(Authorized Signature)  
KDS Accessories Limited

.....  
(Signature Verified)

**SHAREHOLDERS' ATTENDANCE SLIP**

I/We do hereby record my/our presence at the 27<sup>th</sup> Annual General Meeting of KDS Accessories Limited to be held on 25 October 2018, Time 11:00 AM at CBC Confidence Cement Convention Center Chittagong Boat Club, Airport Road, Patenga, Chattogram.

Name of the Shareholder/Proxy: .....

Shareholders BO ID No:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

.....  
(Authorized Signature)  
KDS Accessories Limited

.....  
(Signature of Share holder)

Note: Please present this attendance slip at the registration desk on the AGM date.





**CORPORATE OFFICE**

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