

Directors' Report to Shareholders for the year ended on 30th June, 2025

Dear esteemed shareholders,

Assalamu Alaikum,

I am pleased to welcome you to the 48th Annual General Meeting of our company. This year we are holding our AGM through Hybrid System. In term of section 184 of the Companies Act, 1994 and the Rule 12 and the schedule thereunder of the Bangladesh Securities and Exchange Rules, 1987, I am pleased to present, on behalf of the Board of Directors, the Report of the Directors on the activities of the company together with the Auditors' Report thereon for the year ended on 30th June, 2025 for your kind consideration and approval.

GLOBAL AND NATIONAL ECONOMY

The global and national garments industry operated in a complex and evolving economic environment influenced by inflationary pressures, shifting consumer preferences, supply chain disruptions, and increased sustainability requirements. Globally, the garments sector faced mixed economic conditions. Retailers continued to follow cautious purchasing strategies, resulting in tighter order volumes, reduced inventory levels, and shorter production cycles for manufacturers.

Sectoral performance during this period, however, was significantly impacted by increased production costs driven by inflation and exchange rate adjustments. The industry also experienced several macroeconomic and operational challenges, including rising costs of imported raw materials, higher fuel, electricity, transportation expenses, and frequent disruptions caused by irregular gas and power supply. These constraints collectively affected production efficiency and timely shipment schedules.

Overall, the Financial Year 2024–2025 was marked by substantial challenges for both the global and national garments sector. However, the continued adaptability, commitment to compliance, and sustained global demand for competitive sourcing enabled Bangladesh's RMG industry to navigate the difficult economic landscape.

INDUSTRY OUTLOOK AND POSSIBLE FUTRUE DEVELOPMENT:

Ready Made Garments Industry (RMGI) is the main stay of Bangladesh economy at present. This industry was born in Bangladesh during 1976-78 when late M. Noorul Quader, the founder Chairman and Managing Director of Desh Garments Limited when he signed contract with Daewoo Corporation of South Korea for providing technical and marketing collaboration for setting up of garments factory in Bangladesh. This was the first contract in the private sector of Bangladesh with any foreign company. Mr. Quader, under that contract got 128 young Bangladeshis including eleven young ladies adequately trained for 6 months in all aspects of garments making and its business at Daewoo's factory at Busan, South Korea. Thus he brought the technical knowhow of garments in Bangladesh and built up his factory at Kalurghat Heavy Industrial Area, Chattagram. The factory started operations from 1980, but were almost without work upto 1982 because of non-availability of raw materials as sufficient foreign currency for importing raw materials was not available. Mr. Quader using his personality and influence over civil administration had been able to introduce Back to Back Letter of Credit (BBLC) System for non-funded import of raw materials, and Customs Bonded Warehousing System (Duty Free Import) for storing and using of imported raw materials without payment of custom

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duty for two years. His these three contributions namely (i) making technical knowhow available, (ii) allowing non-funded opening of Back to Back Letter of Credit (BBLC) for procurement of raw materials, and(iii)allowing of Customs Bonded Warehouse Facilities drastically reduced the investment requirement for operating and setting up a garments industry bringing it within the reach of the entrepreneurs coming out from middle income families spawned the growth of RMG factories in Bangladesh starting from only one factory in 1980,

The export of woven garments, which is the main export item of Desh Garments Ltd., has been increased in this financial year by 48.40% from BDT 589.72 million to BDT 875.14 million. The company plans to expand its capacity to enhance turnover and profitability for coming years 2025-2026.

CURRENCY RISK:

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

INTEREST RATE RISK:

The company has no foreign currency loan in its balance sheet and hence, it's not exposed to any foreign currency interest rate risk. The company has taken local working capital loan at a reasonable interest rate as fixed by Bangladesh Bank.

MARKET RISK:

Market Risk refers to the risk of average market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the products or services which would harm the performance of the company. On the other hand, strong marketing team and branch management have been built up which would help the company increase its customer base.

INSURANCE COVERAGE:

The company has comprehensive Insurance Covering all risk in general.

CHANGES IN GLOBAL POLICIES:

The performance of the company has been increased after pandemic due the rebound of global economy.

OPERATIONS:

We have successfully completed another year of operation. As said earlier, total revenue of the company after pandemic has been increased by 48.40% from BDT 589.72 million to BDT 875.14 million.

Gross profit in percentage has been 9.23% (BDT 80.79 million) in the year 2024-2025 which is an improvement in operation as compared to last year's gross profit of 9.66% (BDT 56.98 million).

Product-wise performances during the year 2024-25:

Name of Product	Capacity	Net Output	Revenue (in million BDT)
		2024-25	2024-25
Woven Shirts	24 lac pcs with daily 10 hrs. work shirt	14,90114	875.14

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FINANCIAL RESULT:

Summarized comparative results for the years 2024-2025 and 2023-2024 are given below:

Figure in BDT	Yr- 2024-2025	Yr-2023-2024
Turnover	875,138,479	589,719,173
Cost of Goods Sold	(794,347,236)	(532,742,634)
Gross Profit	80,791,243	56,976,539
Operating Profit	53,304,616	35,370,622
Other Income	3,318,362	5,092,517
Net Profit Before Tax	14,925,788	10,897,233
Net Profit After Tax	6,016,568	8,870,528
Earnings Per Share (EPS Restated)	0.73	0.59
Net Assets Value (NAV)	157.02	18.44
Face Value of Share	10.00	10.00
Net Operating Cash Flows per Share (Restated)	(5.98)	(0.22)

Board Meeting and Attendance:

Seven(8) board meetings were held during the year 2024-2025. The attendance record of the directors is as follows:

Name of Directors	Position	No. of Meetings	Attended
Mrs. Rokeya Quader	Chairman	08	08
Mr. Omar Quader Khan	Managing Director	08	08
Ms. Vidiya Amrit Khan	Deputy Managing Director	08	08
Mr. Abdul-Muyeed Chowdhury	Independent Director	08	02
Mr. Sajed Ahammad Sami	Independent Director	08	08
Mr. Md. Waliuzzaman, FCA	Independent Director	08	01

Status of Shareholding

The Pattern of shareholding as on 30.06.2025 are as follows:

Sl. No.	Name-wise details	No. of Shareholding	Percentage %	Remarks
	Parent/Subsidiary/Associate Company			
i)	Directors, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children:			
	Directors:			
	Mrs. Rokeya Quader	603,717	7.28	
	Mr. Omar Quader Khan	2,884,685	34.804	
	Ms. Vidiya Amrit Khan	1,063,363	12.83	

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Mr. Sajed Ahammad Sami	-	Independent Director
Mr. Abdul-Muyeed Chowdhury	-	Independent Director
Mr. Waliuzzaman, FCA	-	Independent Director
Company Secretary (CS)	-	-
Chief Financial Officer (CFO)	-	-
Head of Internal Audit (HIA)	-	-

ii) Executives (Top five salaried persons) other than CEO, CS, CFO, HIA)

Mr. Osman Guni	-	-
Mr. Md. Zafrul EnayetUllah	-	-
Mr. Md. Nowsharat Shah	-	-
Mr. Mohammad Kamal Hossain	-	-
Mr. Md. Nazmul Hossain	-	-

Shareholders holding 10% or more voting right

Sl. No.	Name of shareholders	No. of Shareholding	Percentage %
1.	Mr. Omar Quader Khan	2,884,685	34.804
2.	Ms. Vidiya Amrit Khan	1,063,363	12.83

The Directors also report that-

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

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

REVALUTION OF ASSETS:

Revaluation of land has been conducted by A Quasem and Co., Chartered Accountants as on April 15, 2025 appointment by the Board of Directors, fair value of the land have been determined at Tk. 1,200,000,000.00.

FIXED ASSET REGISTER:

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

AUDITORS QUALIFIED OPINION:

Workers' Profit Participation & Welfare Fund is created regularly.. Worker Profit Participation & Welfare Fund during the financial year, but did not contribute any fund to the Bangladesh Workers' Welfare Foundation which is to be done accordingly from coming years.

DIVIDEND PAYABLE:

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

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The Board of Directors did not declare Bonus shares or Stock dividend as interim dividend.

EXTRA-ORDINARY GAIN OR LOSS

As per IAS 1: Presentation of Financial Statements, no item of income and expenses are to be presented as extra-ordinary gain or loss in the financial statements. Accordingly, no extra-ordinary gain or loss has been recognized in the financial statements.

UTILIZATION OF PROCEEDS FROM PUBLIC ISSUES, RIGHTS ISSUES AND/OR THROUGH ANY OTHER INSTRUMENTS

During the period there was no such event of raising fund from public issue.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

No significant variations have occurred between quarterly and final financial results of the company during the year under report.

FAIR PRESENTATION OF STATE OF AFFAIRS AND COMPLIANCE OF ACCOUNTING POLICIES, STANDARDS ETC.

The members of the Board, in accordance with the Bangladesh Securities and Exchange Commission's Notification no: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June, 2018, are pleased to make the following declarations in their report:

- i) The financial statements prepared by the management of Desh Garments Limited present fairly 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) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) Minority shareholders have been duly protected as have effective means of redress.
- vii) There is no significant doubt upon the company's ability to continue as a going concern.
- viii) Significant deviations from last year in operating results of the Company are highlighted and the reasons have been explained in Operation and Financial Results section.

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LAST FIVE YEARS KEY OPERATING AND FINANCIAL DATA

Directors are pleased to present the Key Operating and Financial Data for the 5(five) years Annual Report.

THE CERTIFICATE REGARDING COMPLIANCE WITH THE CONDITIONS OF THE CORPORATE GOVERNANCE CODE

As per the Corporate Governance Code prescribed by the BSEC, the report and compliance certificate of conditions of the Corporate Governance Code has been annexed in Annual Report.

DIVIDEND:

The Profit after Tax earned during the financial year under the report is BDT 60,16,568.00. Considering the retained earnings, the directors, recommended 3% cash dividend for General Shareholders other than sponsors & directors which is subject to approval by shareholders at the forthcoming Annual General Meeting (AGM) and authorized the Financial Statements for time.

DIRECTOR'S REMUNERATION:

The Company did not pay any remuneration to the Directors and also Managing Director during the year under the report. Only Independent Directors are given allowance of BDT 5,000.00 per meeting.

RETIREMENT OF DIRECTOR BY ROTATION:

Mrs. Rokey Quader has retired by rotation as per Article 122 of the Articles of Association of the Company according to her being eligible and seek for re-election as per Article 124.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis has been highlighted in the Directors Report and Financial Data.

APPOINTMENT OF AUDITORS:

M/s. Shafiq Basak & Co., Chartered Accountants retire at this Annual General Meeting and M/s. Shafiq Basak & C., Chartered Accountants have expressed their willingness as per their offer letter No. SB/DGL-206/2025-11 dated November 23, 2025 to be the Financial Auditors for the year 2025-2026. The Auditors are required to be appointed at this Annual General Meeting and their remuneration for the year ended 30th June, 2026 is to be fixed accordingly.

APPOINTMENT OF COMPLIANCE AUDITORS:

Mrs. Jasmin Akter of M/s. Jasmin & Associates, Chartered Secretaries have expressed their willingness as per their offer letter No. Ref: J&A/CS/EO1/25-560 dated 04/09/2025 to be the Compliance Auditors for the year 2025-2026. The Compliance Auditors are required to be appointed at this Annual General Meeting and their remuneration for the year ended 30th June, 2026 is to be fixed accordingly.

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Related Party Disclosure:

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

Sl.	Name	Position	Short term employee benefit	Long term employee benefit	Other Long term benefit	Termination benefit	Share based payment
1	Dr. K. Moulic	Company Secretary	No	No	No	No	No
2	Mr. Nazmul Huda Mullick	Chief Financial Officer (Acting)	No	No	No	No	No
3	Mr. Osman Guni	General Manager	No	No	No	No	No
4	Mr. Md. Zafrul Enayet Ullah	DGM, Commercial	No	No	No	No	No
5	Mr. Nowsharat Shah	DGM, Merchandising & Marketing	No	No	No	No	No

MANAGEMENT APPRECIATION:

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

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

The status of compliance as required in pursuance of notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 as latest amended by notification No.BSEC/CMRRCD/2006-158/207/Admin/80 dated June03, 2018 of Bangladesh Securities and Exchange Commission is given in Annexure-02 and the audit committee report for the year 2024-2025 is also enclosed vide Annexure-03. The company has already formed remuneration committee as per latest BSEC Corporate Governance Guidelines the Committee has started working on total activities, policy during the financial year, annual report.

Thanking you,



Rokeya Quader

Chairman

Dated :28/10/2025