


# PROSPECTUS OF KDS Accessories Limited

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 **KDS Accessories Limited**

Manager to the Issue

 **Alliance Financial Services Limited**




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Manager to the Issue

 **Alliance Financial Services Limited**

"If you have any query about this document, you may consult issuer, issue manger and underwriters"



# PROSPECTUS OF KDS ACCESSORIES LIMITED

**Registered Office:** 255 Nasirabad I/A, Chittagong - 4211

**Corporate Office:** 191-192, Baizid Bostami Road, Nasirabad I/A, Chittagong 4210,

Phone: 880 31 681701 – 3, Fax: 880 31 682137

E-Mail: accessories@kdsgroup.net, www.kdsaccessories.com

Public offering of 12,000,000 ordinary shares of Tk. 10/- at an issue price of Tk. 20/- each, including a premium of Tk. 10/- per share totaling to Tk. 240,000,000

**Opening date for subscription** : 09 August 2015

**Closing date for subscription (Cut-off date)** : 20 August 2015

## Manager to the Issue



### Alliance Financial Services Limited

Rahman Chamber (3rd floor), 12-13 Motijheel C/A

Dhaka- 1000, Tel: 880-2-9515468, 9515469

Fax: 880-2-9515467, E-mail: info@allfin.org, Web: www.allfin.org

## UNDERWRITERS

<b>AIBL Capital Management Limited</b> Peoples Insurance Bhaban (7th Floor) 36, Dilkusha C/A, Dhaka - 1000	<b>Grameen Capital Management Limited</b> Grameen Bank Complex, First Building (2 <sup>nd</sup> Floor), Mirpur -2, Dhaka - 1216
<b>GSP Investments Limited</b> 1/C Paribag, Mymensingh Road, Dhaka - 1000.	<b>Janata Capital and Investment Limited</b> 57 Purana Paltan (1 <sup>st</sup> Floor), Dhaka - 1000.
<b>National Credit and Commerce Bank Limited</b> 7-8, Motijheel C/A, Dhaka - 1000	

## CREDIT RATING STATUS

<b>Name of the Rating Company</b>	<b>Credit Rating Information and Services Limited (CRISL)</b>		
<b>Date of Rating : 29 June 2014</b>	<b>Entity Rating</b>	Long Term	<b>A+</b>
<b>Date of Expire : 31 July 2015</b>		Short Term	<b>St-3</b>

Issue date of the Prospectus: 14 July 2015

The issue shall be placed in "N" Category

"CONSENT OF THE SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGERS, UNDERWRITER AND/OR AUDITOR"

## AVAILABILITY OF PROSPECTUS

Prospectus of KDS Accessories Limited may be obtained from the Issuer Company, Issue Manager, Underwriters and the Stock Exchanges as follows:

Name & Address	Contact Person	Telephone Number
<b>The Issuer</b>		
<b>KDS Accessories Limited</b> Registered Office: 255 Nasirabad I/A, Chittagong-4211 Corporate Office: 191-192, Baizid Bostami Road, Nasirabad I/A, Chittagong 4210, Bangladesh.	Mr. Biplob Kanti Banik ACA Chief Financial Officer	Tel: 880 31 681701- 3 Fax: 880 31 682137 E-mail: accessories@kdsgroup.net
<b>Manager to the Issue</b>		
<b>Alliance Financial Services Ltd.</b> Rahman Chamber (3 <sup>rd</sup> floor) 12-13 Motijheel C/A, Dhaka - 1000	Mr. Muhammad Nazrul Islam FCMA Managing Director & CEO (Current Charge)	Tel: 880-2-9515468-9 Fax: 880-2-9515467 E-mail: info@allfin.org
<b>Underwriters</b>		
<b>AIBL Capital Management Limited</b> Peoples Insurance Bhaban (7th Floor) 36, Dilkusha C/A, Dhaka - 1000	Mr. Md. Golam Sarwar Bhuiyan Chief Executive Officer	Tel: 880-2-9551962,9564563 Fax: 880-2-7170391 E-mail: cml@al-arafahbank.com
<b>Grameen Capital Management Ltd.</b> Grameen Bank Complex, First Building (2 <sup>nd</sup> Floor), Mirpur -2, Dhaka -1216	Mr. Md. Anwar Hossain Managing Director	880-2-9004922,9005257 Fax: 880-2-8057618 E-mail: gramcap@yahoo.com
<b>GSP Investments Limited</b> 1/C Paribag, Mymensingh Road, Dhaka-1000.	Mr. Shahansha Reza Senior Manager Officer	Tel: 880-2- 9674425 Fax: 880-2- 9674379 E-mail: shahan@gspmerchantbank.com
<b>Janata Capital and Investment Ltd.</b> 57 Purana Paltan (1 <sup>st</sup> Floor), Dhaka -1000.	Mr. Swapan Kumar Saha First Assistant General Manager	Tel: 880-2-7117179,7114375 Fax: 880-2-7110496 E-mail: info@jcil.com.bd
<b>National Credit and Commerce Bank Ltd.</b> 7-8, Motijheel C/A, Dhaka -1000	Mr. A. K. Mostafa Kamal Vice President	Tel: 880-2-9561902-4 Fax: 880-2-9566290 E-mail: nccbl@bdmail.net
<b>Stock Exchanges</b>		
<b>Dhaka Stock Exchange Limited.</b> 9/F, Motijheel C/A, Dhaka - 1000	DSE Library	Tel: 880-2-9564601-7 880-2-7175703-11
<b>Chittagong Stock Exchange Ltd.</b> CSE Building, 1080 Sheikh Mujib Road, Agrabad, Chittagong -4100	CSE Library	Tel: 880-31-714632-3 880-31-720871-3

Prospectus is also available on the websites [www.sec.gov.bd](http://www.sec.gov.bd), [www.kdsaccessories.com](http://www.kdsaccessories.com), [www.allfin.org](http://www.allfin.org), [www.dsebd.org](http://www.dsebd.org), [www.csebd.com](http://www.csebd.com) and Public Reference room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and study.

### NAME & ADDRESS OF THE AUDITOR Hoda Vasi Chowdhury & Co Chartered Accountants

Delwar Bhaban (4th floor), 104 Agrabad Commercial Area, Chittagong- 4100, Tel: 880-31-716305, 723391,  
Fax: 880-31-2512485, 710362, 710488. Email: [hvc@globalctg.net](mailto:hvc@globalctg.net)

## Definition and Elaboration of the Abbreviated Words and Technical Terms Used in the Prospectus

Term	Description
• AGM	Annual General Meeting
• Bankers to the Issue	Banks so named in the prospectus to collect money as subscription against security
• BO	Beneficiary Owners
• RJSC	Registrar of Joint Stock Companies & Firms
• CDBL	Central Depository Bangladesh Limited
• CIB	Credit Information Bureau of Bangladesh Bank
• CSE	Chittagong Stock Exchange Limited
• DSE	Dhaka Stock Exchange Limited
• EGM	Extra Ordinary General Meeting
• EPS	Earnings Per Share
• Initial Public Offering	Means first offering of security by an issuer to the general public
• KDSAL	KDS Accessories Limited
• Manager to the Issue	Alliance Financial Services Limited
• NAV	Net Asset Value
• Non-Resident Bangladeshi (NRB)	An expatriate Bangladeshi or who has dual citizenship or possesses a foreign passport bearing an endorsement from the concerned Bangladesh Embassy to the effect that no visa is required for him to travel Bangladesh
• Offering Price	Price of the share of KDS Accessories Limited
• Prospectus	A document prepared for the purpose of communicating to the general public an issuer's plan to offer for sale of its security under the prescribed Regulations;
• Public Issue	Public issue of security through initial public offering or repeat public offering
• RMG	Readymade Garments
• R & D	Research & Development
• BSEC	Bangladesh Securities and Exchange Commission
• Securities	Shares of KDS Accessories Limited.
• VAT	Value Added Tax



# KDS Accessories Limited

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# SECTION I STATUTORY CONDITION

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## Disclosure in respect of issuance of security in demat form

As per provision of the Depository Act, 1999 and regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Limited (CDBL) system and any further issuance of shares (right/bonus) will be issued in dematerialized form only.

## Conditions under Section 2CC of the Securities and Exchange Ordinance, 1969

### PART-A

1. The company shall go for Initial Public Offer (IPO) for 12,000,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk. 20.00 per share each including a premium of Tk. 10.00 per share totaling to Tk. 240,000,000.00 (Taka twenty four crore) only following Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within **05 (Five) working days** of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission (BSEC), in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue manager, within **5 (Five) working days** from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to BSEC, the stock exchanges and the issue manager a diskette containing the text of the vetted prospectus in "MS-Word" format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue manager. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until **25 (Twenty five) days** after the prospectus has been published.
4. The company shall submit **40 (Forty)** copies of the printed prospectus to the Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper
5. The issuer company and the issue manager shall ensure transmission of the prospectus and abridged version of the prospectus for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus to the said Embassies and Missions within **05 (Five) working days** of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the BSEC jointly by the issuer and the Issue Manager within **02 (Two) working days** from the date of said dispatch of the prospectus.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 2** above, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for traveling to Bangladesh.
8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to BSEC, to the stock exchanges and shall also submit copy of the listing application to BSEC.

9. The following declaration shall be made by the company in the prospectus, namely: -

**“Declaration about Listing of Shares with the stock exchange (s):**

None of the stock exchange(s), if for any reason, grants listing within **75 (Seventy Five) days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within **15 (Fifteen) days** from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **75 (Seventy Five) days**, as the case may be.

In case of non-refund of the subscription money within the aforesaid **15 (Fifteen) days**, the Directors of the company, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of **2% (Two Percent)** per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within **07 (Seven) days** of expiry of the aforesaid **15 (Fifteen) days** time period allowed for refund of the subscription money.”

10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus.

11. The IPO shall stand cancelled and the Issuer shall inform the stock exchanges within **2 (two) working days** of receiving the verification report and information from CDBL to release the application money, if any of the following events occur:

(a) Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or

(b) At least 50% of the IPO is not subscribed.

12. **20% of total public offering shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী, 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 60% shall be open for subscription by the general public. In case of under-subscription under any of the 20% and 10% categories mentioned above, the**

**unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the manager to the issue shall jointly conduct an open lottery of all the applicants added together.**

13. All the applicants shall first be treated as applied for one minimum market lot of **250 shares worth Taka 5,000/- (Taka five thousand only)** If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer and the issue manager shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges and the applicants, if there be any.

14. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case, an applicant submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**

15. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**

16. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**

17. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.

18. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be

taken up by the underwriter(s) (subject to Para -11 above). The issuer must notify the underwriters to take up the underwritten shares within **10 (Ten) days** of the closing of subscription on full payment of the share money within **15 (Fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue manager, other underwriters, issuer or the sponsor group.

19. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in period of 3 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons (other than Directors and those who hold 5% or more shares in the company), who have subscribed to the shares of the company within immediately preceding two years of according consent shall be subject to a **lock-in period of 01 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.

20. If any existing sponsor or director of any company transfers any share to any person, other than existing shareholders, within preceding 12 (twelve) months of submitting any application for raising of capital or initial public offering (IPO), all shares held by those transferee shareholders shall be subject to a **lock-in period of 3 (three) years** from the date of issuance of prospectus for IPO.

21. **In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with BSEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the Commission jointly by the issuer and Issue Manager, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/ Directors/ Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with lock-in confirmation with BSEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to BSEC.**

22. **The Company shall not declare any benefit/dividend other than cash based on the financial statements for the period ended on 31 December 2014 before listing of its capital with stock exchange(s).**

23. Updated Corporate Governance Guideline of the Commission has to comply with and a compliance report thereof shall be submitted to the Commission before 07 (seven) days of opening of subscription.

## **PART-B** **Application Process**

### **Step-1 (Applicant)**

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25<sup>th</sup> (twenty fifth) working day** from the date of publication of abridged version of prospectus.

2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain

the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:

a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/ Merchant Banker. No margin facility, advance or deferred payment is permissible for

this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.

b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

## Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:

a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;

b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the **first banking hour of next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker's own portfolio, the application amount should also be transferred to the "Public Issue Application Account";

c. instruct the banker to block the account for an

amount equivalent to the aggregate application money and to issue a certificate in this regard.

4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.

5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.

6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within **03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.

7. On the next working day, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.

8 The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

## Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.

10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.

11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.

12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.

13. The Issuer and issue manager shall arrange posting the lottery result on their websites **within 06 (six) hours** and on the websites of the Commission and Exchanges **within 12 (twelve) hours** of lottery.

14. **Within 02 (two) working days** of conducting lottery, the Issuer shall:

a. send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.

b. send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.

c. issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.

d. send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

#### **Step-4 (Intermediary)**

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:

a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective

Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;

b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;

16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Bankers shall request its banker to:

a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;

b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful (other than NRB and foreign) applicants who are subject to penal provisions to the respective 'Escrow' account of the Issuer opened for subscription purpose.

17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account

18. Simultaneously, the stockbrokers/Merchant Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.

19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days drafts from the date of lottery.

## Miscellaneous:

20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.

21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.

22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.

23. The Issuer shall pay the costs related to data transmission, if claimed by the Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.

24. The Stockbrokers/Merchant Bankers shall be

entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.

25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.

26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.

27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission.

## PART-C

1. The issuer and the issue manager shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.

2. The issue manager shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by BSEC. If any discrepancy/ inconsistency is found, both the issuer and the issue manager shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to BSEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with BSEC.

3. Both the issuer company and the issue manager shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.

4. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.

**5. The company shall furnish status report on utilization of Public Offering proceeds audited by foreign affiliated auditors and authenticated by the board of directors to the Commission and the stock exchanges within 15 (Fifteen) days of the closing of each month until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.**

**6. While auditing the utilization of IPO proceeds, the auditors will perform their jobs under the followings terms of references (TOR) and confirm the same in their report/certificate:**

(a) Whether IPO proceeds have been utilized for the purposes/heads as specified in the prospectus;



(b) Whether IPO proceeds have been utilized in line with the conditions (if any) of the Commission's consent letter;

(c) Whether utilization of IPO proceeds have been completed within the time schedule/ implementation schedule as specified in the published prospectus;

(d) Whether utilization of IPO proceeds is accurate and for the purpose of the company as mentioned/ specified in the published prospectus; and

(e) The auditors should also confirm that: (i) assets have been procured / imported / constructed maintaining proper/ required procedure as well as at a reasonable price; and (ii) auditors' report has been made on verification of all necessary documents/papers/ vouchers in support of IPO proceeds making reconciliation with Bank Statement.

7. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).

8. Proceeds of the Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the shareholders meeting under intimation to BSEC and stock exchanges.

9. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations.

10. The financial statements should be prepared in accordance with Bangladesh Accounting Standards(BAS) and Bangladesh Financial Reporting Standards (BFRS) as required by the Securities and Exchange Rules, 1987.

11. If any quarter or half-year of the financial year ends after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit/submit the said quarterly/half yearly financial statements in accordance with the Commission's Notification SEC/CMRRCD/2008-183/admin/03-34 dated September 27, 2009 and the section 13 of the Securities and Exchange Rules, 1987.

12. In the event of arising issues concerning Price Sensitive Information as defined under the সিকিউরিটিজ ও এক্সচেঞ্জ কমিশন (সুবিধাভোগী ব্যবসা নিষিদ্ধকরণ) বিধিমালা 1995 after publication of the abridged version of prospectus and before listing of its securities with any exchange, the company shall disseminate/transmit-submit the information as price sensitive in accordance with the Commission's Notification No. SEC/S-RMI/200-953/1950 dated October 24, 2000.

13. No issuer of a listed security shall utilize more than 1/3rd (one-third) of the fund raised through IPO for the purpose of loan repayment.

## PART-D

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.

2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

## PART-E

1. As per provision of the Depository Act, 1999 & regulations made there under, shares will only be issued in dematerialized condition. All transfer/ transmission/ splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/ bonus) will be made in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account

2. The company and the issue manager shall ensure due compliance of all the above conditions and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2006.

## General information

i. Alliance Financial Services Limited (AFSL) has prepared the prospectus based on information provided by KDS Accessories Limited (KDSAL) (the Issuer Company) and also upon several discussions with the Chairman, Managing Director, Directors and concerned executives of the issuer company. The Directors of KDS Accessories Limited and Alliance Financial Services Limited collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material aspects and that there are no other material facts, the omission of which would make any statement herein misleading.

ii. No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information

and representation must not be relied upon as having been authorized by the issuer company or issue manager.

iii. The Issue as contemplated in this prospectus is made in Bangladesh and is subject to the exclusive jurisdiction of the Courts of Bangladesh. Forwarding this prospectus to any person resident outside Bangladesh in no way implies that the issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

iv. A copy of this prospectus may be obtained from the Corporate Head Office of KDS Accessories Limited, Alliance Financial Services Limited, the Underwriters and the Stock Exchanges where the securities will be listed.



## SECTION II DECLARATIONS AND DUE DILIGENCE CERTIFICATES

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## **Declaration about the Responsibility of the Directors, including the CEO of the Company “KDS Accessories Limited” in respect of the Prospectus**

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/  
S.M Shameem Iqbal  
Chairman

Sd/  
Salim Rahman  
Managing Director

Sd/  
Khalilur Rahman  
Director

Sd/  
Tahsina Rahman  
Director

### **Consent of the Director(s) to Serve as Director(s)**

We hereby agree that we have been serving as Director(s) of “KDS Accessories Limited” and shall continue to act as a Directors of the Company.

Sd/  
S.M Shameem Iqbal  
Chairman

Sd/  
Salim Rahman  
Managing Director

Sd/  
Khalilur Rahman  
Director

Sd/  
Tahsina Rahman  
Director

## **Declaration about Filing of Prospectus with the Registrar of Joint Stock Companies & Firms**

A dated and signed copy of the Prospectus has been filed for registration with the Registrar of Joint Stock Companies & Firms, Government of the People's Republic of Bangladesh, as required under Section 138(1) of the Companies Act, 1994 on or before the date of publication of the prospectus

### **Due Diligence Certificate of Manager to the Issue**

**Subject: Public offer of 12,000,000 ordinary shares of Tk. 10/- at an issue price of Tk. 20/- each, including a premium of Tk. 10/- per share totaling to Tk. 240,000,000 of KDS Accessories Limited.**

We, the under-noted Manager to the Issue to the above-mentioned forthcoming issue, state as follows:

1. We, while finalizing the draft prospectus pertaining to the said issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies; independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

#### **WE CONFIRM THAT:**

- a) The draft prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the issue;
- b) All the legal requirements connected with the said issue have been duly complied with;  
and
- c) The disclosures made in the draft prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

#### **For Manager to the Issue**

Sd/-  
Tapan K Podder  
Managing Director  
Alliance Financial Services Limited  
18 April 2013

## Due Diligence Certificate of the Underwriter(s)

**Subject: Public offer of 12,000,000 ordinary shares of Tk. 10/- at an issue price of Tk. 20/- each, including a premium of Tk. 10/- per share totaling to Tk. 240,000,000 of KDS Accessories Limited.**

We, the under-noted Underwriter(s) to the above-mentioned forthcoming issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft prospectus, other documents and materials as relevant to our underwriting decision: and
2. On the basis of such examination and the discussions with the issuer company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

### WE CONFIRM THAT:

- (a) All information as are relevant to our underwriting decision have been received by us and the draft prospectus forwarded to the Commission has been approved by us.
- (b) We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- (c) This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/ -  
Managing Director & CEO  
GSP Finance Company (Bangladesh) Limited

Sd/ -  
Chief Executive Officer  
AIBL Capital Management Limited

Sd/ -  
Managing Director  
Grameen Capital Management Limited

Sd/ -  
Chief Executive  
Janata Capital and Investment Limited

Sd/ -  
Acting Managing Director & CEO  
National Credit and Commerce Bank Limited

The background of the entire page is a close-up, high-angle shot of a large pile of fabric scraps. The scraps are primarily white with red text printed on them, and some are solid red with white text. The text on the scraps is the name 'MERON' in a bold, sans-serif font, oriented in various directions. The pile is dense and textured, with many scraps overlapping and partially obscured by others. The lighting is bright, creating strong highlights and shadows that emphasize the three-dimensional quality of the fabric pieces.

**SECTION III**  
**RISK FACTORS & MANAGEMENT'S**  
**PERCEPTION ABOUT THE RISKS**

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An investment in equity carries risks. Investors should carefully consider all the information in this Prospectus, 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 this Prospectus 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 in this Prospectus 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 equipments carried out by the company ensures longer service life for the existing equipment and facilities.



#### **e. Potential or Existing Government Regulations**

Government of Bangladesh played an important role by regulating the policies and regulations governing the private sector during last 30 years. Liberalization policies of the government may not continue at same pace in long run. Protests against privatization may slow down the pace of liberalization and deregulation.

Unstable domestic and international political environment could have an impact on the economic performance in both the short term and long term. The Government has traditionally exercised and continues to exercise significant influence on many aspects of the Bangladesh economy. KDSAL business, the market price and liquidity may be affected by changes in interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting Bangladesh.

#### **Management Perception**

Unless there is any change in policy that may bring any adverse effect in the industry as a whole the business of the company is expected not to be affected significantly. As a developing country, economy of Bangladesh is growing over the period and the demand of garments accessories is also increasing to meet the demand of garments industry. Garments being the most important sector for sourcing of foreign currency; it is highly unlikely that the government will initiate any fiscal measure having adverse effect on the growth of the industry.

#### **f. Potential Changes in Global or National Policy**

Main products of the Company are primarily based on imported raw materials. Financial and operating performance of the company may be adversely affected due to unfavorable change in global and/or national policy.

#### **Management Perception**

Any change in the global and/or national policy will affect the industry as a whole. Financial and operational strength of the company is capable in handling reasonable threats. The company has adequate system and procedures in place to face any such event.

#### **g. History of Non-operation**

If a company faces non-operative for some period in its operating life, then the risk of becoming non-operative in future for the same reason or other probable reasons should be considered carefully.

#### **Management Perception**

There is no history of KDS Accessories Limited being non-operative at any point of time.

#### **h. 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**

KDS 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.

#### **i. Operational Risks**

##### **i) 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.

##### **ii) Starting operation within expected time**

As per current status of work, the company expects to start its operation with new plants within 12 to 24 months. If KDSAL fails to achieve the target, the productivity and profitability of the company will be affected.

## Management Perception

The management is aware of the impact of delay in commencement of operation and hence the management is working hard to achieve the target.

### J. Mutation of Land

The company owns 969 decimals of land which includes 74.50 decimal muted in it's previous name "KDS Packaging industries Limited". After changing the name of the company as KDS Accessories Limited, the company is yet to complete mutation in the name of new company. In case of failure to transfer the company will face problem as the plant is on the said land.

## Management Perception

Changes in mutation of land is a simple formality after change in name of a company. The company is in process to mute the land in the name of KDS Accessories Ltd. and in this regard, company filed an application with Public Works Department for its necessary approval. There are no substantial risks to continue operation on said land as this land was handed over by a long term lease by the Government.



**SECTION - IV**  
**CAPITAL STRUCTURE &**  
**PURPOSE OF PUBLIC OFFERING**

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## Capital Structure

	No of shares	Amount (Tk.)
<b>Authorized Capital</b>	<b><u>200,000,000</u></b>	<b><u>2,000,000,000</u></b>
<b>Paid up share Capital prior to IPO</b>	<b>40,000,000</b>	<b>400,000,000</b>
<b>Proposed IPO ( Offer price at Tk. 20 each )</b>	12,000,000	120,000,000
<b>Total Share Capital after IPO will be</b>	<b>52,000,000</b>	<b>520,000,000</b>

## Use of IPO Proceeds and Utilization Plan

The objective behind the IPO is to raise fund for setting up Packaging Unit - 3 of the company by establishing different types of corrugated carton manufacturing plant at 6, Dogory, Gazipur Sadar, Gazipur, Dhaka. Projected capacity of the production will be 9,360,000 Pcs per year. Main objective of this expansion is to meet the demand of Garments Industries nominated by world retailers like Wal-Mart, H & M, George etc. The project will be equipped with complete State-of- the-art machineries from abroad. Estimated cost for implementation of the project stands at Tk. 280.92 Million, of which Tk. 150 million will be arranged through IPO proceeds and balance will be arranged through equity and bank debt.

Total fund raised through IPO will be Tk. 240 million. Tk. 150 million of this fund will be utilized for proposed expansion, balance Tk. 70 million will be utilized for repayment of bank loan and remaining Tk. 20 million will be utilized for IPO expenses. Summarized allocation of IPO fund is as follows:

SI No.	Particulars	Amount (BDT)	Implementation Schedule
1	Packaging Unit - 3	150,000,000	Within six months of receiving IPO Fund
2	Repayment of Bank loan	70,000,000	Immediately on availability of IPO Fund
3	IPO Expenses	20,000,000	Immediately on availability of IPO Fund
	<b>Total</b>	<b>240,000,000</b>	

There is no other contract on which the proceeds of IPO will be utilized.

Sd/ -  
Biplob Kanti Banik ACA  
Chief Financial Officer

Sd/ -  
Salim Rahman  
Managing Director



# SECTION - V DESCRIPTION OF BUSINESS

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## Company profile

KDS Accessories Limited (formerly KDS Packaging Industries Ltd) was incorporated on 21 April 1991 as a private limited company under the companies Act, 1913 (since replaced and substituted by the Companies Act 1994) with the Registrar of Joint Stock Companies & Firms, Chittagong (Registration no-C-H-C-862/154 of 1991). The company commenced its commercial production on 01 July 1991.

Head office of the company is located at 255 Nasirabad Industrial Area, Chittagong 4211. Bangladesh. Subsequently the company established its 2nd unit in Mirjapur, Gazipur at Dhaka in the year 2009. KDS Packaging Industries Limited was changed to KDS Accessories Limited pursuant to the Special Resolution in the Extra Ordinary General Meeting held on 22 April, 2010 and certified by the Register 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 re-fixed 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 2,000,000,000 as per approval of the shareholders in an Extra Ordinary General Meeting held on 10 August 2010.

## Nature of Business

KDS Accessories Limited is the largest garments accessories producing company in Bangladesh. Since beginning, the company tried and accomplishes to provide the best quality of its services to its clients without any topsy-turvy state of affairs.

The Company is engaged in production of different types of textile accessories like cartons, labels, tags, printings, narrow fabrics, elastics, heat transfer printing and button.

## Products & Services of the Company

### • Packaging

The company is one of the first corrugated carton manufactures in Bangladesh by deploying state of the art, fully automatic board plants along with other advanced machineries. In order to meet continuous demand of customers as well as world class service, KDSAL has two plants in strategic locations of Bangladesh. In addition of carton, back board, neck board, Bottom Board, Divider, Card Board, Sticker, Top Bottom, also manufactures by the company.

KDSAL packaging is very familiar in producing cartons for renowned retailers like Wal-Mart, George UK, ZARA, K-Mart, C & A, JCP, CSI, Marks & Spencer, Tesco, H&M, Levies, GAP, American Eagle, Nike, POLO, Promodoro, IKEA etc.

### • Heat Transfer Label

Transfer label are rapidly gaining popularity worldwide in comparison to traditional garment labels for apparels and related applications. It conveys the brand image effectively carry important information & care instructions, while being comfortable to the user. KDS is the first and has a comprehensive Heat Transfer Label printing facility in Bangladesh with the most advanced line of equipment & material meeting global standards & safety compliances.

KDSAL Heat Transfer Printing is very familiar in producing printed items of the renowned retailers like Wal-Mart, Tesco, Matrix, TARGET, CHAPS-USA, Adidas etc.

### • Labels & Tags

KDSAL Labels & Printing unit is one of the fastest growing contributors in KDSAL Business portfolio. This setup is with very high specifications precision machines like Sulzer Ruti of Switzerland & Dornier of Germany. This state of

the art Machines display a high precision of quality. The product line includes RFID Labels, DR Security labels, Security Ink Printing, Organic, Cotton Ribbon and Polyester Ribbon printing. The unit also produce narrow fabrics and elastics.

KDSAL Label Printing is very familiar in producing woven label, printed label & smart label items of the renowned retailers like Tesco, TARGET, JC Penny, ASMARA, George etc.

- **Offset Printing**

KDSAL Printing unit installed world renowned 5 colors Heidelberg Machine from Germany and other advance machineries which is established its demand and quality to market.

KDSAL Printing is very familiar in printing offset, silk screen, web and thermal items of the renowned retailers like Tesco, GARAN, US POLO, WALMART, George etc.

- **Button**

With a vision to be one stop trim and accessories solution for the country's growing RMG industry, KDS Accessories Limited has recently introduced "Button" item with its product line since 13 November, 2013. The product line includes Pearl Button, Horn Button, Chalk Button, Diffuser button, Fisheye button, Transparent Button etc. The company uses World famous BONETTI, Italy machines.

The company has the capacity of producing 30,000 grade gross (GG) Button per month, which include 16,000 GG for normal button and 14,000 GG leaser button and operating at gradually increasing capacity to its maximum capacity.

#### **Company Information**

• Date of incorporation as Private Limited Company	21 April 1991
• Date of Commencement of business as private Limited Company	01 July 1991
• Conversion from private Limited Company to Public Limited Company	17 April 2012
• Authorized Capital	TK. 2,000,000,000
• Issued, Subscribed & Paid - up - Capital	Tk. 400,000,000
• Date of change in denomination of face value of share s to Tk. 10 (from Tk. 100)	10 August 2010

## **The Group Overview**

KDS Group is one of the most renowned business and industrial conglomerates of Bangladesh, based mainly in the port city of Chittagong but with extensive operations in Dhaka as well. It has also established offices and agencies in India and Hong Kong and is currently expanding into Europe and North America, thereby paving the path into becoming a Bangladeshi based multinational. The group was founded in 1983, through the establishment of one of the first garments industries of Bangladesh, and over the last 30 years, through innovation, dynamism, untiring effort and dedication, the business in terms of assets and revenues have grown exponentially by sometimes over 500% a year. The fields of business have also extended from being just apparel exports to a whole array of other industries.

KDSAL values human capital and is therefore committed to attract, groom and nurture talent through industry leading compensations and benefit packages apart from invests in training its potential employees under local as well as foreign trainers. KDSAL has engaged the internationally renowned organizational development consultants “Ernst & Young” to develop upgraded Human Resource Management practices such as, appraisal through the Balance Score Card method, talent mapping through Boston Matrix, etc.

The Group adheres to international compliance requirements closely, and has taken many social initiatives for the betterment of the lives of its workforce going even beyond foreign requirements.

### **Industries in which KDSL is involved**

- Apparel
- Textiles
- Apparel Trims & Packaging
- Steel
- Information and Communication Technologies
- Logistics
- Shipping
- IT Training Services
- Banking
- Insurance
- Investment Management
- Shares and securities trading
- Other trading operations

### **Project Expansion**

The company is in the process of implementing one new project. The plant will locate at 6, Dogory, Gazipur Sadar, Gazipur, and Dhaka. Key Information of this proposed plant is as follows:

#### **Packaging Unit - 3**

At present the Company has two packaging units in operation and manufacturing different types of corrugated boxes along with other accessories items, including different types of carton and other packaging materials. As a part of integrated business units, the company is also involved in exporting its products in addition to in-house and domestic supply. Those are being supplied to chain retailer of USA and EU countries. The company now wishes to expand its Packaging Unit considering the growing market demand. Summary of the projects is as follows:



Nature of Products	Different Types of Corrugated Carton
Capacity of the project	9,360,000Pcs per year
Customers / Target group of Product Marketing	Garments Industries, Nominated buyers, Local Garments Retailers
Project Location	6, Dogory, Gazipur Sadar, Gazipur, Dhaka.
Building & Other Civil Construction	60,000 SFT (50 % Completed and another 50 % will be constructed on undertaking of Project)
Machinery & Equipments	Board Plant with Splicers , 3 Color High Speed Printing Machine , Auto Sticher , Mannual Rotary Machine , Long way tape 2 colour , Long way tape 1 colour , Combined Rotary Slotting Machine , Mannual Slotting Machine , Auto Glue Kitchen, Semi Auto Gluing Machine , Pallet Trucks , Automatic Strapping Machine , Boiler 4 ton, Generator 650 KW , Fork Lift
Raw Materials	Liner Paper - 200 ~ 250 GSM, SCF - 160 GSM, Liner Paper -200 ~ 250 GSM, Medium Paper - 180 GSM, Liner Paper -150 & 250 GSM, Fluting Paper - 140 GSM, Medium Paper - 115 GSM, Stitching Wire, Duplex Board - 300 ~ 500 GSM, White Liner Paper - 180 GSM etc.
Power Source	REB and Own Generator
Water source	Own deep Tube -well
Gas Source	Titas Gas Transmission And Distribution Co. Ltd & CNG
Cost of the Project	Tk. 280,920,160

### Source of funding

Description	Equity	IPO Fund	Bank Loan	Total
Factory Building construction	70,000,000	20,000,000	-	90,000,000
Plant & Machinery	-	129,000,000	60,920,160	189,920,160
Other Fixed Assets	-	1,000,000	-	1,000,000
<b>Total</b>	<b>70,000,000</b>	<b>150,000,000</b>	<b>60,920,160</b>	<b>280,920,160</b>

### Delivery

The finished products will be dispatched through own vehicle / hired vehicle as the company follows the CFR (Cost and Freight) policy.

## Project Implementation Schedule

SL	Activity	Duration	1st month	2nd month	3rd month	4th month	5th month	6th month
1	Factory Building Construction	60 Days						
2	Machinery Purchase and Arrival	60 Days						
3	Machinery Installation	30 Days						
4	Trial Production	07 Days						
5	Production Process Design	07 Days						
6	Standard Operating Process Design	07 Days						
7	Sourcing Raw Material	45 Days						
8	Commercial Production Start after Rectification	02 Days						
	Total	180Days						

## Accessories Market in Bangladesh

Even for a local outfitter, making a dress is not just about taking measurements or cutting and stitching fabric. There are a lot of nitty-gritty elements that are needed to deliver a finished garment.

Large-scale manufacturers spend 50 percent on fabric and 18 percent on accessories to make a finished garment. In the readymade garments sector, the items other than fabrics are called 'accessories'. Accessories are as important as the fabric itself. The garment accessories trade, therefore, has flourished worldwide along with the RMG sector.

In Bangladesh, the garments sector grew rapidly over the last several years for a lower cost of production, but growth of the accessories industry crystallized later. In the beginning, Bangladesh used to import almost all kinds of garment accessories. But as local companies thrived, dependency on imported accessories gradually subsided. The country initially imported accessories from countries like China, Hong Kong, Singapore, Japan and India, spending a large portion of profits. But now, the country is almost self-sufficient in garment accessories manufacturing, as the ancillary industries blossomed and flourished here, driven by high demand. Zippers, buttons, labels, hooks, hangers, elastic bands, thread, backboards, butterfly pins, clips, collar stays, collarbones and cartons are the major garment accessories produced in Bangladesh.

The use of high-end accessories also adds value to the garment. As a result, large manufacturers and exporters try to use sophisticated accessories to pull in better prices from international buyers. The import of accessories declined sharply as many local companies have developed the capacity to supply.

The accessory market is dominated by multinational companies operating in Bangladesh because in majority cases, garment buyers prefer accessories from them over the locally available items.

The local accessories suppliers, however, dominate the low-end RMG segment, because the low-end manufacturers cannot pay big bucks for almost the same quality of accessories just because they carry the names of global giants.

#### Relative Contribution of the services contribution more than 10% of the total revenue

Product	contribution to revenue (Tk.)	(%)
Carton	1,500,640,629	91.10
Label	81,101,523	4.92
Narrow Fabrics	1,933,674	0.12
Elastics	18,333,780	1.11
Offset Printing	33,788,388	2.05
Heat Transfer Printing	10,624,998	0.65
Button	833,371	0.05
<b>Total</b>	<b>1,647,256,363</b>	<b>100</b>

#### Associates, subsidiary/related holding company and their core areas of business

Name of the Company	Relationship	Core area of Business
SKYS Securities Limited	Associate	Member of Stock Exchange (CSE)

#### 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 and commenced operation on 1 January 2006. Paid in capital of the company stands at Tk. 50,132,000 (50,132 shares of Tk. 1,000 each).

KDS Accessories Limited does not have any subsidiary/related holding company.

#### Distribution of products or services

The company distributes its product to its customer from its factory through its own vehicle or rented vehicle. Major customers of the company are situated at EPZ area. So KDSAL can easily reach this area smoothly.

## Competitive Condition

SI No.	Name of the Company
1	Taehung Packaging Limited
2	Babylon Packaging Limited
3	MNU Packaging Limited
4	Olympic Accessories Limited

## Sources and availability material & principal suppliers Packaging

SI No.	Name of Suppliers	Address	Types of material
1	Firm Overseas and Packaging Ltd	Firm House, 61 Church Street, Hungerford Berkshire RG17 0JH, UK.	Liner Paper - 200 ~ 250 GSM, SCF - 160 GSM
2	Visy Paper Pte Ltd.	2 Southbank Boulevard Southbank, VIC 3006, Australia	Liner Paper -200 ~ 250 GSM, Medium Paper-180 GSM
3	CellMark Asia Pte Ltd.	271 Bukit Timah Road # 03 -13, Balmoral Plaza, Singapore 259708	Liner Paper -250 GSM
4	Sun Trade Company	Rm 902, Kumkang Livingstell, 400 -1, Sindorim -dong, Guro -Gu, Seoul, Korea.	Liner Paper - 150 GSM
5	Kokusai Pulp & Paper Co. Ltd.	6-24, Akashi -cho, Chuo -Ku, Tokyo, Japan, 104-0044.	Liner Paper - 150 GSM
6	Paccess Packaging L.L.C	700 NE Multnomah ST., Suite 1600, Portland or 97232 U.S.A.	Fluting Paper - 140 GSM
7	Lekok Paper SDN BHD	No. 1, Jalan T.T.C 1, Kawasan Perindustrian Cheng, 75250 Melaka, Malaysia.	Medium Paper - 115 GSM
8	Spark Trading Company	Unit 2, Enterprise Square Tower III, 9, Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.	Starch
9	Sumisho Paper Co. Ltd.	1-8-8, Harumi, Chuo -Ku, Tokyo, 104 -0053, Japan	Liner Paper - 150 GSM
10	Daiwa Trading Co. Ltd.,	79, Kyomachi, Chuo -Ku, Kobe, 651- 0191, Japan	Fluting Paper - 140 GSM
11	Packway Inc.	56, 35th Road, Taichung Ind. Park, Taichung, Taiwan.	PP Strap
12	Chemanex Exports (Pvt) Ltd.	P.O Box -188,52, Galle Face, Court - 2, Colombo 3, Srilanka	Stiching Wire
13	KleanNara Co. Ltd.	Floor-7, Choyang Bldg. 49 -17, Chungmu-ro 2-Ku, Seoul, Korea	Duplex Board - 300 ~ 500 GSM
14	Anam Trading	509 Hongwon Bldg., 287-7 Doksan, 4 -Dong, Kumcheon -Ku, Seoul, South Korea.	White Liner Paper - 180 GSM

**KDS Label, Dhaka.**

SI No.	Name of Suppliers	Address	Types of material
1	China Sagar Industrial Ltd.	Room-D717, Century Fortune Plaza, Xinyu Road, High Tech Zone, Jinan P.R, China 250101	Nylon Yarn
2	Areva Inds. PTE Ltd.	Block 420, Unit No. 12 - 319, Hougang AVE 10, Singapore 530420.	Polyester Yarn
3	Rubberflex SDN BHD.	21st Floor, U.B.N Tower, Box No. 48, No. 10, Jalan P. Ramlee 50250, Kuala Lumpur.	Rubber Thread
4	Billion Mayor Asia SDN BHD.	Plot 6107, Jalan, Haji Salleh, Off 51/2 Miles, Jalan Meru 41050 Klang - Malaysia.	Filament Yarn
5	Spark Trading Company	Unit 2, Enterprise Square Tower III, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.	Printing Ink

**KDS Offset Printing, Dhaka.**

SI No.	Name of Suppliers	Address	Types of material
1	Hansol Paper Co. Ltd.	23rd Fl., B -Pine Avenue Bldg., Eulji Street 100 (Euljiro 2 -Ga) Jung -Gu, Seoul, South Korea.	Duplex Board - 350~450 GSM & Art Card - 300 GSM

**Heat Transfer, Dhaka.**

SI No.	Name of Suppliers	Address	Types of material
1	Spark Trading Company	Unit 2, Enterprise Square Tower III, 9, Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.	Transfer Film
2	Xiamen Vsloar Logistics Co., Ltd.	Unit-34, 4/F, Bonded Goods Market Bldg., No. 88 Xiangyu Road, Xiamen, China.	Transfer Film

**Button, Dhaka.**

SI No.	Name of Suppliers	Address	Types of material
1	Eternal Chemical Co. Ltd.	578, Chien-Kung Road, Kaohsiung Taiwan, China	Polyester Resin, Flexible Resin, Styrene Monomer LQ, Cobalt PT 110, Tixotropic Agent, Pearl Essence ( White ) LQ, Paraffin Wax, Uvitex Powder LQ, Blue Toner LQ, Pigment

## Sources of and requirement for power, gas and water:

### Power Requirement & Supply

The company maintains one gas base generator with capacity of 525 KW as a main source of power and 2 diesel base generators with a capacity of 160 KW and 135 KW as alternative source of power in Gazipur Factory. Besides, the company has a REB line with 25 KW for general purpose.

Chittagong Factory is connected with a 550 KW PDB electricity line which is used jointly with two entities of the group namely KDS Cotton Poly Thread Industries Ltd and KDS Poly Industries Ltd and sharing the expenses according to the usage. Other than PDB connection, there is one standby Gas Generator of 805 KW owned by KDS Poly Industries Ltd from which KDS Accessories Limited is consuming 40% i.e.322 KW of electricity on the basis of proportionate usage & cost sharing agreement.

### GAS Requirement & Supply

Particulars	Requirement	Supply
	Total	Total
Mirjapur, Gazipur Factory	10,500 cft / hr	18,000 cft / hr
Chittagong Factory	73,559 cu.m / Month	211,910 cu.m/ Month

Gas is used only to run the above generators.

### Water Requirement & Supply

Source	Requirement	Available
Mirjapur, Gazipur Factory	1,000 ltr / hr	15,000 ltr / hr
Chittagong Factory	75 cu.m /day	240 cu.m /Day

### Customer providing 10% or more revenue

KDS Accessories does not have any single customer who provides 10% or more revenue of the company. However, top ten customers based on turnover as on 31 December 2013 are given follows:

SI No.	Customer Name	Sales (TK)
1	KDS Garment Inds. Ltd.	101,932,591.06
2	Youngone (CEPZ) Ltd.	65,783,145.20
3	KDS Fashion Ltd.	42,130,032.62
4	Sinha Industries Ltd.	35,140,121.89
5	Liberty knitwear Ltd.	36,769,938.75
6	Kenpark Bangladesh (Pvt) Ltd.	32,982,319.33
7	Karnaphuli Sports Wear Industries Ltd.	42,963,177.83
8	A.K.M Knit Wear Ltd.	31,389,436.73
9	Standard Stitches Ltd.	39,936,094.99
10	Chittagong Asian Apparels Ltd.	31,911,788.96

**Description of contract with principal customers or suppliers**

The company has no specific contact with its principal customers and suppliers

**Description of any material patents, trademarks, licenses or royalty agreements:**

The company has not entered into any such agreement.

**Number of employees:**

As on 31 December 2013, manpower position of the Company is as follows:

	31 December 2013	31 December 2012
No of Employees	650	632

**Production/Service rendering capacity and current utilization:**

Particulars	Unit	Installed Capacity/pcs	2013		2012	
			Actual Production /pcs	Capacity Utilization in %	Actual Production /pcs	Capacity Utilization in %
Carton	Pcs	25,500,000	22,416,800	87.91%	22,366,800	87.71%
Label	Pcs	175,964,208	75,441,745	42.87%	29,424,213	16.72%
Narrow Fabrics	Pcs	11,232,000	1,274,296	11.35%	714,051	6.36%
Elastics	Pcs	19,344,000	12,083,795	62.47%	684,649	3.54%
Offset Printing	Pcs	150,009,600	32,067,859	21.38%	9,736,341	6.49%
Heat Transfer Printing	Pcs	24,960,000	11,062,504	44.32%	6,560,770	26.29%
Button	GG	360,000	1,844	0.51%	-	0.00%

a) Commencement of Production of Button started from the end of December 2013.

## **Factory visit report of KDS Accessories Limited**

### **Date of Visit:**

14 January 2014, Chittagong Factory

17 January 2014, Gazipur Factory

### **Team Members:**

From Alliance Financial Services Limited

1. Mr. Tapan K Podder, Managing Director,
2. Mr. Muhammad Nazrul Islam, General Manager
3. Mr. Suman Kundu, Senior Manager

From KDS Accessories Limited

1. Mr. Biplob Kanti Banik ACA, Chief Financial Officer
2. Mr. Anwar UI Azam, GM - HR & Compliance
3. Mr. Manjure Khuda, Company Secretary
4. Mr. Abul Kalam Shohel Parvez, AGM - Packaging unit - II
5. Mr. Mohammad Hashem, Manager - Offset, Woven Label, Heat Transfer
6. Mr. Samit Nandy, Manager - Packaging Unit - I
7. Mr. Abdur Rouf Mollah, AGM - Button

### **Location of the Factory:**

Chittagong Factory: 191-192, Baizid Bostami Road, Nasirabad I/A, Chittagong.

Gazipur Factory: 6, West Dogory, Mirzapur, Gazipur.

### **Factory building and Structures:**

Chittagong Factory

- i) A Steel structure used as Packaging Production floor
- ii) A four storied building adjacent to Steel Structure using for factory Management
- iii) A two storied building next to Packaging floor using for Printing operation
- iv) A three storied building situated left side of the Production floor
- v) A tin shed building using as ware house for raw materials and
- vi) A five stored building used as corporate head office.

### **Gazipur Factory**

- i) A Steel structure used as Packaging Production floor, Raw material Go-down and Finished goods store
- ii) A four storied building adjacent to Steel Structure used as Generator, Boiler and Heat transfer unit
- iii) Another four storied building next to utility building using for offset Printing, woven loom and warehouse.



**Plant & Machinery:**

Major Machineries include the following :

## Packaging

Type of Machine	No. of Machine	Location
Board Plant	2	Dhaka & Chittagong
Boiler	2	Dhaka & Chittagong
Forklift	5	Dhaka & Chittagong
Various Die Cutting	14	Dhaka & Chittagong
Ring crush Tester	2	Dhaka & Chittagong
Digital Busting Strength Tester	2	Dhaka & Chittagong
Box Compression Testing	1	Dhaka
Gas Base Generator	1	Dhaka
Diesel Base Generator	2	Dhaka
CNG Storage System along with Trailer	5	Dhaka

## Offset Printing

Type of Machine	No. of Machine	Location
Heidelberg Print master OP	5	Dhaka
Polar Cutting	2	Dhaka & Chittagong
Lamination Machine	2	Dhaka & Chittagong
Die Cutting Machine	3	Dhaka & Chittagong
Pressure Machine	2	Dhaka & Chittagong
Color Viewing Booth Machine	1	Dhaka

## Heat Transfer

Type of Machine	No. of Machine	Location
Silk Printing	4	Dhaka
Heat Transfer Machine	3	Dhaka
Exposure Machine	1	Dhaka
Conveying Drying Machine	1	Dhaka

## Label &amp; Tags

Type of Machine	No. of Machine	Location
Plane Needle, Kwang	6	Dhaka
Plane Needle, Yitai	7	Dhaka
Crochet	10	Dhaka
Jacquard Needle & Elastic	12	Dhaka
Air Jet Loom	2	Dhaka
Rapier Loom	2	Dhaka
Needle Loom	3	Dhaka
Swing Thread	1	Dhaka
Warping Machine	3	Dhaka
Tape Finishing and Label Finishing	2	Dhaka

## Button

Type of Machine	No. of Machine	Location
Mixer Machine ( different capacity)	3	Dhaka
Water Polishing Machine (Buratto 400)	10	Dhaka
Bonetti's Project - Laser - 108 (BPL - 108 FLEX)	5	Dhaka
TM.NOVA.IT Electra ready for BPL Flex	5	Dhaka
Centrifugal Casting Machines ( CYL 900 V)	6	Dhaka
Tube washing Machine	1	Dhaka

**Power:**

The company maintains one gas base generator with a capacity of 525 KW and 2 diesel base generator with a capacity of 160 KW and 135 KW in Gazipur Factory. Besides this the company has a stand by connecting line with REB for 25 KW.

The company has an agreement with its sister concern “KDS Poly Industries Limited” to use its Generator in Chittagong Factory. The capacity of the generator is 805 KW. Besides this the company has a standby PDB connection of 550 KW.

**Product:**

Packaging  
Master Carton, Back board, Neck board, Top-bottom carton, Bottom Board, Card Board, Divider, Sticker  
Heat Transfer Label  
Heat Transfer Label printing  
Labels & Tags  
Woven label, printed label & smart label  
Offset Printing  
Offset, silk screen, web and thermal printing  
Button  
Normal Buttons (Pearl, Chalk, Polyester horn), Laser Buttons

**Customer:**

100 % Export oriented Garments Industries.

**Finance & Accounts:**

The Company maintains accounting software namely “**Accounts Management System**”, developed by internal IT department. Management of the company is fully dependent on this software for internal and external reporting.

Besides this, the company also maintain as HRIS software to maintain Human resources and payroll of the organization

**Inventory:**

Basic raw materials: The following basic raw materials are usually used for production. All items are imported from abroad.

Liner Paper	Nylon Yarn	Transfer Film	White Liner Paper
Medium Paper	Polyester Yarn	Duplex Board	Printing Ink
Fluting Paper	Rubber Thread	Art Card	Pigment
Duplex Board	Filament Yarn	Polyester Resin	

**Rental Agreement:**

The Company made rental agreement with following sister concerns on 26-12-2013 with the following major terms and conditions:

<b>Name of the Company</b>	KDS Cotton Poly Thread Industries Ltd	KDS Poly Industries Ltd	SKYS Securities Limited
<b>Space</b>	3,500 sq meters	3,000 sq meters	660 sq meters
<b>Monthly Rent</b>	Tk. 70,000 (Tk. 20/ sq meter)	Tk. 60,000 (Tk. 20/ sq meter)	Tk. 19,800 (Tk. 30/ sq meter)
<b>Effective from</b>	01 January 2014	01 January 2014	01 January 2014

Sd/-

Tapan K Podder  
Managing Director  
Alliance Financial Services Limited



## SECTION - VI DESCRIPTION OF PROPERTY

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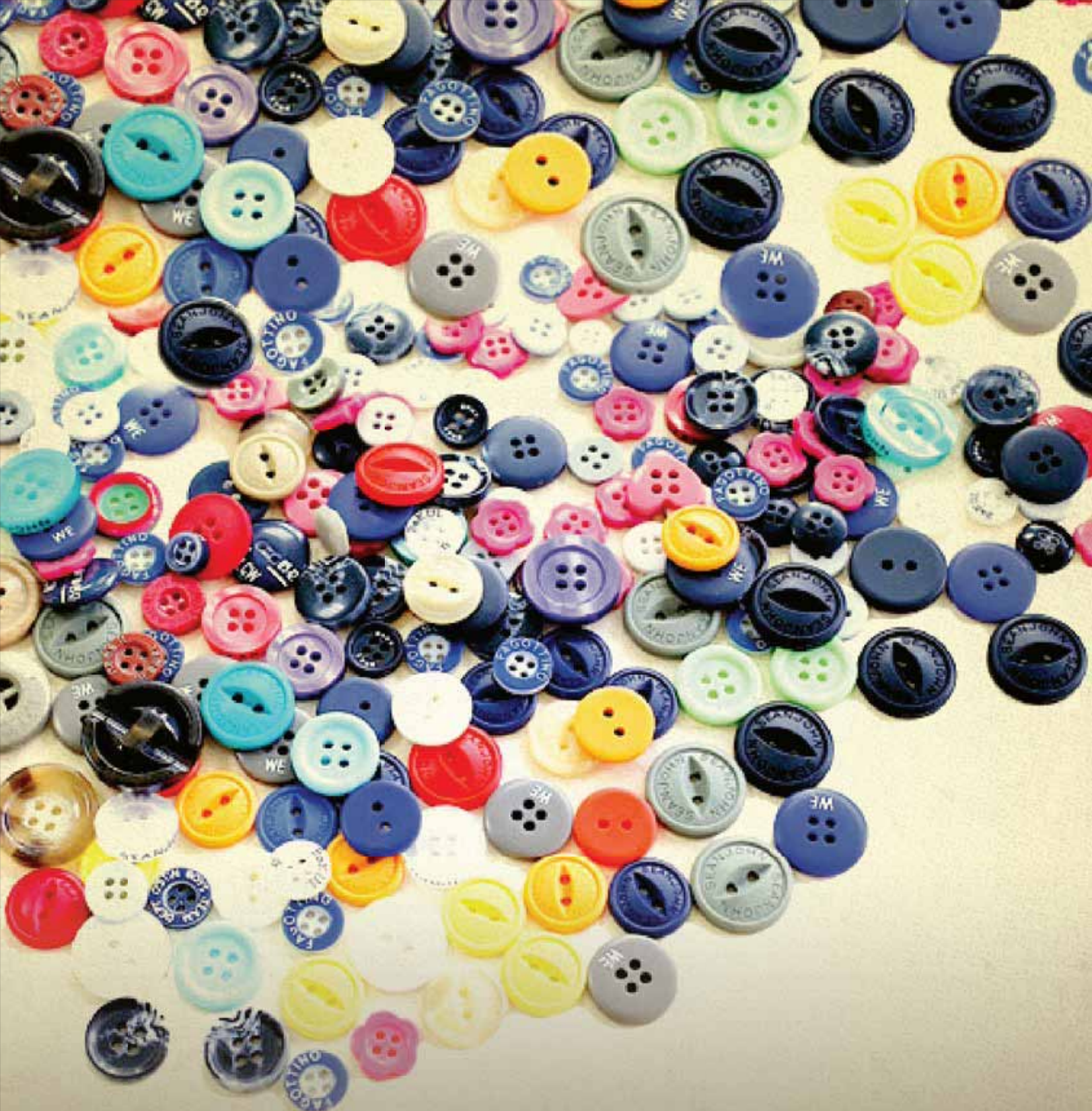
A) The Company owns the following fixed assets at written down value as on 31 December 2013.

(As per Audited Accounts)

SI No	Classes of Property, Plant and Equipment	Written down value as at
		31 December 2013
1	Land & Land Development	367,889,795
2	Administrative Building	30,062,350
3	Factory Building	165,528,725
4	Plant & Machinery	388,497,342
5	Furniture & Fixture	6,386,793
6	Office Equipments	10,254,519
7	Electric Installation	18,327,202
8	Computer Equipment	8,007,870
9	Motor Vehicles	22,805,332
	<b>Total</b>	<b>1,017,759,928</b>

- A) All the above-mentioned assets are situated at the Company's Factory sites at 191-192, Baizid Bostami Road Nasirabad I/A, Chittagong 4210 and 6, Dogri, Mirjapur, Gazipur and Head office at 255 Nasirabad I/A, Chittagong, Bangladesh premises and are in good operating condition. Factory premises in Gazipur is 132,868 sqft and in Chittagong is 113,031 sqft.
- B) The properties of the Company have been owned by the company and were purchased in new condition.
- C) All the assets of the company are in its own name except a portion of Motor Vehicles of the company's were taken under lease finance, which are described in the "Financial Lease Commitment" part of this prospectus.
- D) The company owns 969 decimals of land (214.50 Decimal for Chittagong Factory and 754.5 decimal for Gazipur Factory) out of which 74.5 decimals is yet to be transferred from its previous name KDS Packaging Industries Limited.
- E) 76 decimal lands were taken under lease for 99 years from Ministry of Public Works, Govt. of Bangladesh. Subsequently mutation was done for 74.5 decimal based on physical measurement.
- F) Out of total, 464 decimal lands are mortgaged to the following banks along with the Plant & Machinery and Raw Materials:

Bank Asia Limited , Agrabad Branch, Chittagong	Standard Chartered Bank , Agrabad Branch, Chittagong
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**SECTION - VII**  
**FINANCIAL CONDITION**  
**AND PLAN OF OPERATION**

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## Internal and External Sources of Fund

(As per audited accounts)

Particulars	31 - Dec - 13	31 - Dec - 12	31 - Dec - 11
<b>Internal sources of Fund</b>			
Share Capital	400,000,000	301,283,400	126,060,000
Retained Earnings	170,778,614	183,624,150	247,609,828
<b>Sub - total</b>	<b>570,778,614</b>	<b>484,907,550</b>	<b>373,669,828</b>
<b>External sources of Fund</b>			
Long Term Loan	141,743,851	171,471,411	69,262,278
Short Term Bank Loan	865,807,441	587,259,225	950,786,878
Inter Company Loan	-	125,552,749	-
<b>Sub - total</b>	<b>1,007,551,292</b>	<b>884,283,385</b>	<b>1,020,049,156</b>
<b>Grand Total</b>	<b>1,578,329,906</b>	<b>1,369,190,935</b>	<b>1,393,718,984</b>

## Material Commitment for Capital Expenditure

The company does not have any commitment for capital expenditure except the proposed expansion shown in the prospectus.

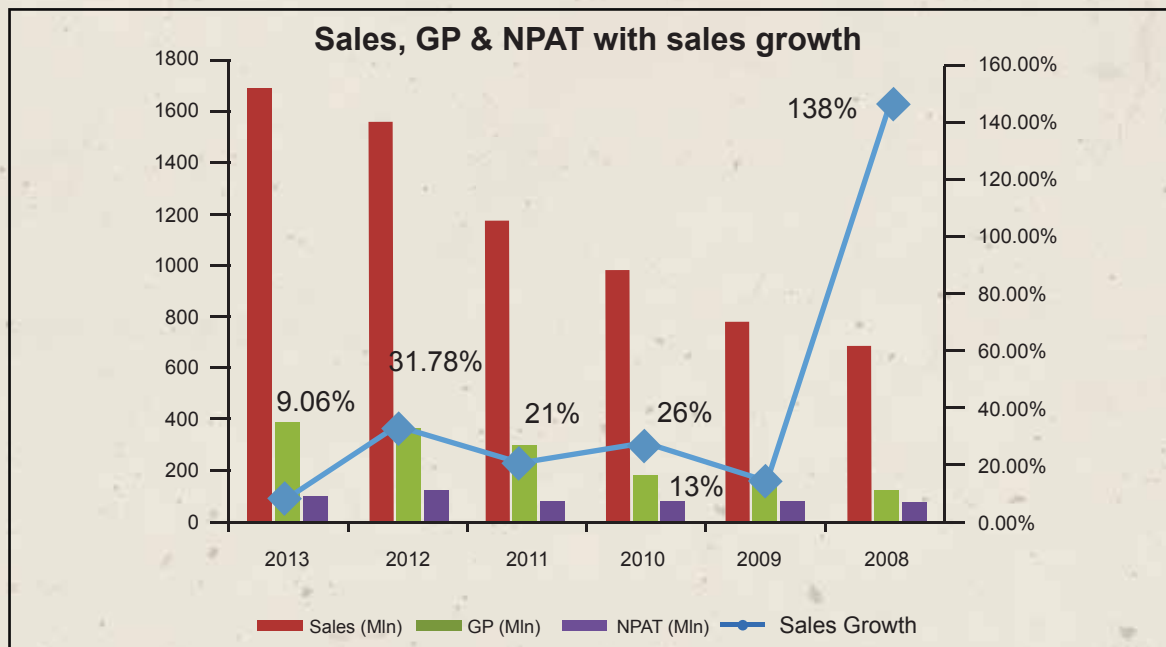
## Causes for any Material Change from Period to Period

(As per audited accounts)

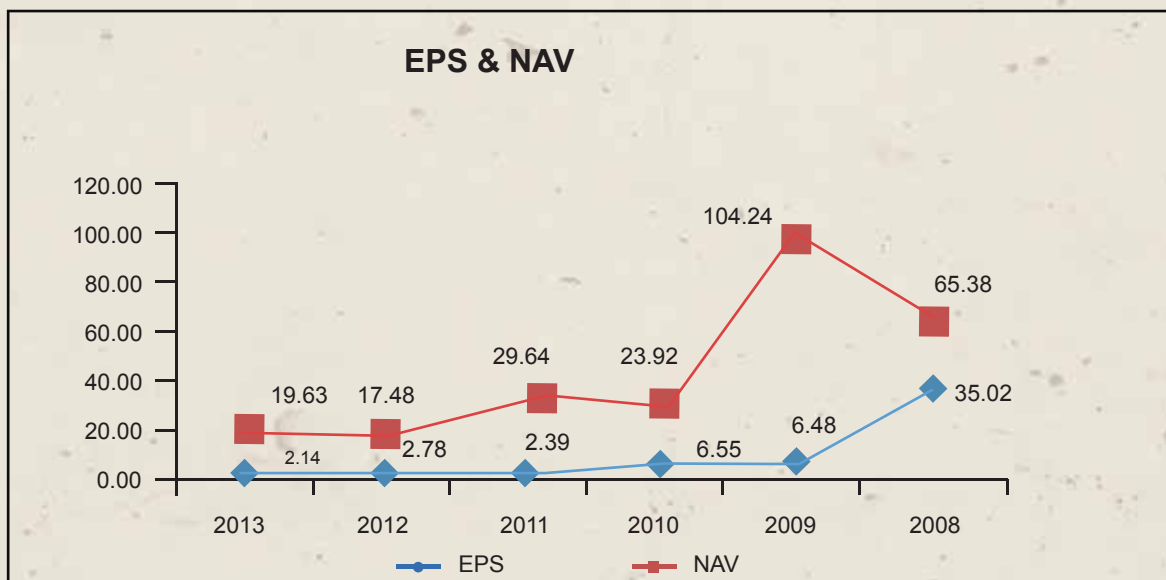
Particulars	31 - Dec - 13	31 - Dec - 12	31 - Dec - 11
	BDT	BDT	BDT
Revenue	1,647,256,363	1,510,377,275	1,146,104,981
Less: Cost of Revenue	1,278,930,852	1,141,037,755	850,753,670
<b>Operating Profit</b>	<b>368,325,511</b>	<b>369,339,520</b>	<b>295,351,311</b>
<b>Less: Operating Expenses</b>			
Operating Expenses	57,617,403	56,990,450	41,407,393
Selling & Distribution Exp.	24,224,633	23,996,730	17,941,928
Financial Expense	162,508,479	143,451,473	113,818,747
<b>Operating Profit</b>	<b>123,974,996</b>	<b>144,900,867</b>	<b>122,183,243</b>
Add: Other Income	(8,306,128)	5,508,429	(3,015,450)
Add: Income from Associate	1,235,958	2,089,937	3,345,376
<b>Net Profit before tax</b>	<b>116,904,826</b>	<b>152,499,233</b>	<b>122,513,169</b>
Less: WPP & W F	5,566,896	7,261,868	5,864,649
<b>Profit Before Income Tax</b>	<b>111,337,930</b>	<b>145,237,365</b>	<b>116,648,520</b>
Less: Deferred Tax Expenses	9,094,143	8,591,263	22,923,169
Less: Current Tax Expenses	16,372,723	25,408,380	21,595,862
<b>Net profit After tax</b>	<b>85,871,064</b>	<b>111,237,722</b>	<b>72,129,489</b>

Since commercial operation on 1 July 1991 there was a steady growth in the revenue of the company showing maximum growth of 138% in the year 2008. In 2012 revenue of KDS Accessories Limited increased by 31.78%

mainly due to commencement of new products (i.e. Label, Narrow Fabrics, Elastics) from the end of 3rd quarter of 2012. In the year 2011 profit declined due to introduction of Deferred Tax as required by Bangladesh Accounting Standard. During 2011 and 2012 re-arrangement of expense heads was made to conform Accounting Standards resulting an increased Gross Profit although it had no effect in the Operating Profit. In the year 2013 sales growth was 9.06% but comparatively profit was not satisfactory. It was due to the political unrest throughout the year.



There is a steady growth of revenue since 2008. In the year 2008 revenue was Tk. 665.48 million while in 2013 it stands at Tk. 1,647.25 million showing continuous growth of the company. Sales growth in 2013 compared to previous year was 9.06 % and highest growth of the company was in 2008 at 138%.



## Seasonal Aspect of the Company's Business

There is no such seasonal aspect of the company's business as it receives orders from the buyers throughout the year. However, sales decreases during September to November and treated as lean production season which is very generic to the RMG export industry.

## Known Trends, Events or Uncertainties

Known events that may affect the business operations of the company are:

- Up-trend price of raw material in the international market
- Shortage of power supply
- Government policy and natural disaster
- Political instability
- Technological advancement
- Downturn in the garments sector

## Changes in the Assets of the Company Used to Pay Off any Liabilities

No asset of the company used to pay off any liabilities.

## Loan Taken from Holding/Parent Company or Subsidiary Company

No loan was received from any holding/parent company or subsidiary company.

## Loan Given to Holding/Parent Company or Subsidiary Company

No loan was given to any holding/parent company or subsidiary company.

## Future Contractual Liabilities

The company has no plan to enter into any contractual liabilities within next one year other than the normal course of business.

## Future Capital Expenditure

No future capital expenditure is planned except as noted under the heading "Material commitment for capital expenditure".

## VAT, Income Tax, Customs Duty or Other Tax Liability

### Income Tax

Income Tax Status of the company is mentioned below:

Assessment Year	Status
2013 - 2014	Assessment complete
2012 - 2013	Complete
2011 - 2012	Complete
2010 - 2011	Complete
2009 - 2010	Complete
2008 - 2009	Complete



## VAT

KDS Accessories Limited is 100% export oriented garments accessories manufacturing industry; the Government of Bangladesh declared VAT exemption on 100% export oriented industry. There is no outstanding VAT claim up to 31 December, 2013.

## Customs Duty or Other Liabilities

No customs duty or similar liabilities of the company are outstanding as on 31 December 2013 excepting those in for the normal course of business.

## Operating Lease Agreement

The company did not have any operating lease agreement with any organization up to 31 December 2013.

## Financial Lease Commitment

KDS Accessories Limited has taken following Financial Lease up to 31 December 2013.

SI No	Name of the Lessee	Assets	Lease amount (Tk.)	Date of expiry
1.	IDLC Finance Limited	One Unit TATA LPT809/38EX2 Covered Van	15,41,520	25.05.2016
2.	IPDC of Bangladesh Limited	Lease for Motor Vehicle	3,491,707	15.02.2018

## Personnel Related Scheme

The Company believes in supporting its employees and offering incentives and bonuses for its continued profitability and growth. With a view to supporting these objectives, KDS Accessories Limited operates a unrecognized contributory Provident Fund and Gratuity scheme. Moreover, company also introduces workers Profit Participation and Welfare Fund facilities for the employees as per Labor Act 2006. Short descriptions about them are presented below:

### 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 as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labor Act 2006 but no Board of Trustees have yet been constituted.

### iii) Provident Fund

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) 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.

## Breakdown of Issue Expenses

The total IPO expenses are estimated as follows:

Particulars	Basis	Amount in TK.
Manager to the Issue Fee	Lump sum	2,000,000
VAT Against Manager to the Issue Fee	15% of Issue Management fee	300,000
Credit Rating Fee	Lump sum	150,000
<b>SEC Fees</b>		
Application Fee	Fixed	10,000
Consent Fee	@ 0.15% on entire offer	360,000
<b>Fees Related for Listing with Stock Exchanges</b>		
Application fee for DSE & CSE	Fixed	10,000
Annual Fee for DSE & CSE	Fixed	200,000
Listing Fees of Stock Exchanges (DSE & CSE)	@ 0.25% on 10.00 crore and @ 0.15% for the rest amount of paid up capital But not more than 2 million each	1,760,000
<b>CDBL fees and expenses</b>		
Documentation fee		2,500
Security Deposit		500,000
Initial Public Offering fee	0.0175% of issue size + 0.0175% of Pre IPO paid in Capital	91,000
Annual fee		100,000
<b>Commission Expenses</b>		
Underwriting Commission	0.50%	600,000
<b>Expenses related to Printing, Publication &amp; Lottery</b>		
Publication of Abridged version of Prospectus	Four National Dailies	900,000
Printing of Prospectus	5,500 pcs. X TK. 120 per Copy	660,000
Courier Expenses	Estimated	300,000
Data Processing and share software charges	Estimated	10,800,000
Arrangement of Lottery	Estimated	1,000,000
Stationeries and other Expenses	Estimated	300,000
<b>Total Estimated Expenses</b>		<b>20,043,500</b>

**N. B.** Public Offer expenses may vary from above estimates and will be adjusted accordingly

## Revaluation of Assets

The Company has made revaluation of its Land and Land Development in FY 2012 which have been reflected in the financial Statements of the Company. Particulars of the valuer and summary of report are as follows:

Name of Valuer	: Syful Shamsul Alam & Co, Chartered Accountants
Qualification	: A firm of Chartered Accountants
Date of Valuation	: 30 December 2012
Other major works done by the valuer	: As a CA firm it did valuation jobs in addition to normal audit works namely Nordic Woods Limited, Modern Poly Industries Limited and land valuation of Bangladesh Bank.
Reason for Revaluation	: To incorporate the fair present value of Land & Land Developments of the company into the financial statements as per BAS-16.

## Summary of Valuation Report

Particulars	Asset Value Before Revaluation (Tk.)	Revalued Amount (Tk.)	Revaluation Surplus (Tk.)
Land & Land Development	111,108,297	32 5,500,000	214,391,703
<b>Total(Tk)</b>	<b>111,108,297</b>	<b>325,500,000</b>	<b>214,391,703</b>

## Auditor's additional disclosure on revaluation of KDS Accessories Limited

This is to certify that valuation report of KDS Accessories Limited as at 31 December 2012 has been prepared and treated in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) and other applicable laws, rules, regulations and guidelines. We also certify that proper accounting treatments, including provisions, tax and other liabilities, have been made in the financial statements to consider the valuation.

Dated, Chittagong  
18 March 2014

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

## Transaction with Subsidiary/Holding Company or Associate Companies

The company does not have any Subsidiary or Related holding company. KDS has one associate companies namely SKYS Securities Ltd. The company has no transaction with its associate within last five years except the followings:

Name of the parties	Relationship	Types of transactions	Balance as on				
			2013	2012	2011	2010	2009
SKYS Securities Limited	Associate	Temporary Loan given	-	-	71,997	2,355,888	-

**AUDITORS' CERTIFICATE REGARDING ANY ALLOTMENT OF SHARES TO PROMOTERS OR SPONSOR  
SHAREHOLDERS FOR ANY CONSIDERATION OTHER THAN IN CASH**

This is to certify that as per Share Register and other relevant records maintained by **KDS Accessories Limited**, the company did not allot any shares for consideration other than cash to any shareholders including its promoters and/or sponsor shareholders up to 31 December 2013 except the following allotments.

<b>Date</b>	<b>Mode of Allotments</b>	<b>Shares</b>	<b>Face value</b>	<b>Amount (Taka)</b>
18.05.1992	Assets Acquisition	100	100	10,000
30.06.2010	Bonus	1,050,500	100	105,050,000
06.03.2012	Bonus	17,522,340	10	175,223,400
08.06.2013	Bonus	9,871,660	10	98,716,600
	<b>Total</b>			<b>379,000,000</b>

Chittagong, 18 January 2014

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**Material Information which is likely to have an impact**

There is no other material information which is likely to have an impact on the offering or change the terms and conditions under which the offer has been made to the public.



**SECTION - VIII**  
**DIRECTORS AND OFFICERS**

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## Information Regarding Directorship

SI No.	Name of Director	Position	Age (Years)	Qualification	Date of becoming Director for the first time	Date of expiration of current term
1	Mr. S. M. Shameem Iqbal	Chairman	41	MBA from Southeastern University, London, UK	25th Aug -1999	Retire on rotation as required & being eligible reappointed for further one year
2	Mr. Salim Rahman	Managing Director	42	MBA from Southern Methodist University, Texas, USA	18th Dec-1994	Retire on rotation as required & being eligible reappointed for further one year
3	Mr. Khalilur Rahman	Director	70	B.A (Hon's)	18th Dec-1994	Retire on rotation as required & being eligible reappointed for further one year
4	Ms.Tahsina Rahman	Director	34	Graduate from University of Science and Technology	29th Sept-2011	Retire on rotation as required & reappointed for appointed for further one year

## Directors' Involvement in Other Organization

Name of the Directors	Name of the Company	Position
<b>Mr. S. M Shameem Iqbal</b>	KDS Poly Industries Limited	Chairman
	KDS Textile Mills Limited	Director
	Rupkotha Construction Limited	Director
	Dominox IM Limited	Chairman & MD
	Dominox Reality BD Ltd	Chairman & MD
	Vortex Multi Industries Ltd	Managing Director
	SKYS Securities Ltd	Managing Director
	Al-Arafah Islami Bank Limited	Vice Chairman
	Gous Fashion Industries Ltd	Chairman & MD

Name of the Directors	Name of the Company	Position
<b>Mr. Salim Rahman</b>	KDS Garments Industries Limited	Managing Director
	KDS Apparels Limited	Managing Director
	KDS IDR Limited	Director
	KDS Fashion Ltd	Managing Director
	KDS Textile Mills Limited	Director
	KDS Poly Industries Limited	Managing Director
	KDS Cotton Poly Thread Industries Ltd	Managing Director
	KYCR Coil Industries Ltd	Chairman
	Steel Accessories Limited	Managing Director
	KDS Logistics Ltd	Managing Director
	Vortex Multi Industries Ltd	Director
	National Bank Limited	Director
	SKYS Securities Ltd	Chairman
<b>Mr. Khalilur Rahman</b>	KDS Garments Industries Limited	Chairman
	KDS Apparels Limited	Chairman
	KDS IDR Limited	Chairman
	KDS Fashion Ltd	Chairman
	KDS Textile Mills Limited	Director
	KDS Cotton Poly Thread Industries Ltd	Chairman
	KY Steel Mills Limited	Chairman
	KDS Poly Industries Limited	Director
	KYCR Coil Industries Ltd	Director
	Steel Accessories Limited	Chairman
	KDS Logistics Ltd	Chairman
	Vortex Multi Industries Ltd	Chairman
	National Bank Limited	Director
	Pragati Insuarence Limited	Director
Pragati Life Insuarence Limited	Chairman	
SKYS Securities Ltd	Director	
<b>Ms. Tahsina Rahman</b>	KYCR Coil Industries Ltd	Director
	Pragati Insuarence Limited	Director

#### Family relationship among Directors and top five officers

There are no family relationship among the directors and top five officials of the company except the following:

Name	Position	Relationship
Mr. Khalilur Rahman	Director	Father of Mr. Salim Rahman
Mr. Salim Rahman	Managing Director	Son of Mr Khalilur Rahman
Ms. Tahsina Rahman	Director	Wife of Mr. Salim Rahman
Mr. S.M. Shameem Iqbal	Chairman	Son-in-law of Mr. Khalilur Rahman

## **Short bio-data of the directors**

### **Mr. Khalilur Rahman, Director**

Mr. Khalilur Rahman is a seasoned and highly experienced businessman & successful entrepreneur. He has got a wide range of business involvement at home and abroad. He has business links with USA, Canada, Europe, Japan, South Asian Sub-Continent, India, China etc. He is leading several industrial units of the KDS Group as Chairman. He got an enormous experience in various sectors like Garment, Accessories, Steel, Textile, Shipping, Securities, Banking, Insurance and education.

He has been rewarded with different types of award from home and abroad for his valuable contribution in industrial sector of Bangladesh. These include: (1) President Gold Trophy for Highest Export in Readymade Garments from 1985 to 2002 (2) International Supplier of the year 2004, 2005, 2009 & 2010 received from Walmart Canada; and Walmart UK George. (3) VENDOR EXCELLENCE AWARD – 2000 from TARGET (4) National Export Trophy 1987 to 2009 (5) Golden Award from UNESCO Academic Development Project (6) EKUSHEY PADAK 2015 from Chittagong City Corporation etc.

A large number of non-profit and entirely charitable educational institutions (School, College, Madrasha etc.) have been setup by Mr. Khalilur Rahman in his native village Patiya, Chittagong. He got CIP status. He is an ex-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 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 Zanakollan Trust.

### **Mr. Salim Rahman, Managing Director**

Mr. Rahman has completed MBA from Southern Methodist University, Texas, USA and holding the office as Managing Director in the company. He has been actively involved with different sectors like Garment, Accessories, Steel, Textile, Shipping, Securities, Banking and Insurance. He is also working as a Managing Director of KDS Garments Industries Limited, KDS Apparels Limited, KDS Fashion Ltd, KDS Poly Industries Limited, KDS Cotton Poly Thread Industries Ltd, Steel Accessories Limited and KDS Logistics Ltd.

Mr. Rahman has social participation with the life members Bhatiary Golf & Country Club, Chittagong Club Limited and Chittagong Institute Limited (Senior's Club). He is a director of Chittagong Metropolitan Chamber of Commerce & Industries. He is also involved with others social organizations and activities.

### **Mr. S.M. Shameem Iqbal, Chairman**

Mr. Iqbal has completed his MBA from Southeastern University, London, United Kingdom. He is currently the Chairman of KDS Accessories Limited. He has been actively involved with different sectors like Garment, Accessories, Textile, Securities and Banking.

Mr. Iqbal has social participation with the life members of Kurmitola Golf Club, Bhatiary Golf & Country Club and Chittagong Club Limited. He is a director of Chittagong Metropolitan Chamber of Commerce & Industries. He is also involved with many social organizations and activities.

### **Mrs. Tahsina Rahman, Director**

Mrs. Tahsina Rahman obtained her BBA from University of Science and Technology, Chittagong (USTC) and is continuing MBA in 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. Mrs. 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.



## Credit Information Bureau (CIB) Report

Neither the company nor any of its directors or shareholders who hold 5% or more shares in the paid-up capital of the issuer is loan defaulter in terms of the CIB Report of the Bangladesh Bank.

### Description of Senior Executives and Department Heads

Name	Designation	Education Qualification	Age (Years)	Experience in Years	Joining date
Mr. Salim Rahman	Managing Director	MBA	42	He has been actively involved with different sectors like Garment, Accessories, Steel, IT, Textile, Agro processing, Telecommunication, Power Plant, Shipping, Fuel & Oil, Securities, Banking and Insurance. He is also involved with many social organizations and activities.	1994
Mr. Debasis Daspal	CEO	M Tech (IIT Delhi), MBA (MIT-Zaragoza, Spain)	48	24 years working experience with India's variety of companies and abroad.	2014
Mr. Biplob Kanti Banik	Chief Financial Officer	ACA	37	11 years working experience with Ispahani Group, CODEC a national NGO and BSRM Steels Ltd. of BSRM Group	2013
Mr. Anwar - Ul - Azam	Head of HR & Compliance	MBA	58	33 years working experience with Bangladesh Leaf Tobacco.	2002
Mr. Mahbubul Alam	GM, Supply Chain	M. Sc (Agricultural Science)	50	25 years working experience with multinational companies	2014
Mr. Manjure Khuda	Company Secretary	CA (CC), MBA	38	12 years working experience	2007
Mr. AKS Parvez	AGM, Production	MA in English Literature & Language	40	13 years working experience	2002
Mr. Abu Taher	AGM, Sales	M.Com in Accounting	44	19 years working experience	1996
Mr. Apu Sarwar	Head of IT	B.Sc in Computer Science	33	8 Years working experience with Spark.Com, E -Vision Ltd., Bell Square Ltd.	2009

### Involvement of Directors and Officers in Certain Legal Proceedings

No director or officer of the Company was involved in any of the following types of legal proceedings in last ten years:

(a) Any bankruptcy petition filed by or against company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.

(b) Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.

(c) Any order, judgment or decree of any court of competent jurisdiction against any director, officer, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

(d) Any order of the Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

### Certain Relationships and Related Transactions

Neither any proposed transaction nor any transaction during the last two years had taken place between the issuer and any of the following persons:

(a) Any director or executive officer of the issuer;

(b) Any director or officer;

(c) Any person owning 5% or more of the outstanding shares of the issuer;

(d) Any member of the immediate family (including spouse, parents, brothers, sisters, children, and in-laws) of any of the above persons.

(e) Any transaction or arrangement entered into by the issuer or its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during the last three years prior to the issuance of prospectus.

(f) Any loan either taken or given from or to any director or any person connected with the director, any loan taken from any such person who did not have any stake in the issuer, its holding company or its associate concerns prior to such loan.

Except the transaction disclosed in Note # 30.7 of the audited financial statements for the year ended 31 December 2013 as follows :

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as at 31-Dec-2012 Taka	Transaction during the year	Balance as at 31-Dec-2013 Taka
1	KDS Garments Inds. Ltd.	Common directorship	Receivable agst Sales	10,024,456	14,798,571	24,823,027
			Temporary Loan Taken	(22,897,510)	22,897,510	-
2	KDS Fashion Ltd.	Do	Receivable agst Sales	4,772,810	7,617,299	12,390,109
3	KDS Apparels Limited	Do	Receivable agst Sales	2,207,988	(1,260,269)	947,719
4	KDS Cotton Poly Thread Ind. Ltd.	Do	Temporary Loan Taken	(102,655,239)	102,655,239	-
5	KDS Accessories Global Limited	Do	Temporary Loan given	34,295,000	(8,107,510)	26,187,490
6	Directors remuneration	Key Management Personnel	Short term employee benefits	96,000	1,204,000	1,300,000

## Inter- company Loan Given

The Company provides funding facilities Tk. 34,295,000 to KDS Accessories Global Limited to act as an overseas sales agent on sales commission basis. As per agreement, KDS Accessories Limited remitted the aforesaid amount in advance to meet the initial operating. This amount will be adjusted by KDS Accessories Limited against the sales commission payable to the KDS Accessories Global Limited on their services.

KDS Accessories Limited has already recovered an amount of Tk. 8,107,510 up to 31 December 2013.

## Directors' facilities

Directors of KDS Accessories Limited does not enjoy any facilities other than salary/remuneration received by two Directors, which are as under:

Particulars	Remuneration (BDT)	
	As on 31.12. 2013	As on 31.12.2012
Mr. S. M. Shameem Iqbal	576,000	1,452,000
Mr. Salim Rahman	1,300,000	-
<b>Total</b>	<b>1,876,000</b>	<b>1,452,000</b>

Mr. S. M. Shameem Iqbal is holding the position of Chairman of the Board of Directors since 30 September 2012 but he was actively overseeing the business of the company until 30 June 2013 as he was the immediate past Managing Director of the company. That is why he was getting remuneration as per decision of the Board which shows in our Financial Statements 2012 & 2013. However, from 01 July 2013, Mr. S.M. Shameem Iqbal is not taking any benefit from the company and instead Mr. Salim Rahman, present Managing Director is drawing monthly remuneration as per board decision.

## EXECUTIVE COMPENSATION

### Remuneration Paid to Top Five Salaried Officers

The company paid the following remuneration during the FY 2013 to top salaried employees of the company:

Sl.	Name	Designation	Amount in BDT
1	Mr. Salim Rahman	Managing Director	1,300,000
2	Mr. Anwar -Ul- Azam	Head of HR & Compliance	2,400,000
3	Mr. Biplob Kanti Banik, ACA	Chief Financial Officer	1,400,000
4	Mr. AKS Parvez	AGM, Production	1,056,000
5	Mr. Mohammad Faruk Ahmed	AGM, Maintenance	1,104,000

## Aggregate Amount of Remuneration Paid to Directors and Officers

(As per audited accounts)

Particulars	Remuneration, Salary and other Benefits (BDT)	
	31 December 2013	31 December 2012
Directors	1,876,000	1,452,000
Officers and Staff	29,576,178	28,318,816

### Remuneration Paid to Directors who was not an Officer of the Company

The Company did not pay any remuneration to any director who was not an officer during the last accounting year ended on December 31, 2013.

### Future Compensation to Directors or Officers

There is no contract with any director or officer for future compensation.

### Pay Increase Intention

The company is yet to finalize its personnel policy. However, periodical review of salaries and benefits of the employees will be made depending on the performance of the employees and growth of the company's operation.

### Options Granted to Directors, Officers and Employees

The company has not granted any option to directors, officers or employees.

### Transaction with the Directors and Subscribers to the Memorandum

A) The Directors and subscribers to the memorandum have not received any benefits directly or indirectly during the last five years except the following transactions:

Name	Position	Nature of Value Received	June 2008 to December 2013 BDT
Mr. S.M.Shameem Iqbal	Chairman	Salary & allowances	7,085,800
		Dividend (Stock)	45,437,865
Mr. Salim Rahman	Managing Director	Dividend (Stock)	110,059,789
		Salary & allowances	1,300,000
Mr. Khalilur Rahman	Director	Dividend (Stock)	193,360,250
Ms. Tahsina Rahman	Director	Dividend (Stock)	13,690,481

The issuer also has not received any assets, services or other considerations from its Directors and subscribers to the memorandum except fund against allotment of shares.

B) No assets were acquired or to be acquired from the directors and subscribers to the memorandum.

## Tangible Assets per Share

Particulars	31-Dec -13 Taka
Ordinary Share Capital	400,000,000
Revaluation Reserve	214,391,703
Retained Earning	170,778,614
<b>Net Assets</b>	<b>785,170,317</b>
Less: Intangible Asset	3,284,951
<b>Net Tangible Assets</b>	<b>781,885,366</b>
<b>Number of Shares Outstanding</b>	<b>40,000,000</b>
<b>Net Tangible Assets Per Share (TK. 10 Per Share)</b>	<b>19.55</b>

## Ownership of the Company's Securities

### Shares Held by Directors/Shareholders (Before IPO)

Sl. No	Name of the Share Holders	Present Address of Shareholders	Status	No. of ordinary share	Share Capital (Tk.)	Share holding Position (%)
1	Mr. Salim Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Managing Director	8,401,079	84,010,790	21.00%
2	Mr. S.M. Shameem Iqbal	"Aqua" Apartment, 6.0, Plot # 16/C, Road # 05, Khulshi Hill R/A, P.O. – Khulshi, Chittagong.	Chairman	2,799,936	27,999,360	7.00%
3	Mr. Khalilur Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Director	24,399,175	243,991,750	61.00%
4	Mrs. Hasina Iqbal	"Aqua" Apartment, 6.0, Plot # 16/C, Road # 05, Khulshi Hill R/A, P.O. – Khulshi, Chittagong.	Share holder	2,400,126	24,001,260	6.00%
5	Ms. Tahsina Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Director	1,999,048	19,990,480	5.00%
6	Mrs. Tahmina Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Share holder	318	3,180	0.001%
7	KDS Garments Industries Limited	255 Nasirabad I/A, Chittagong	Share holder	318	3,180	0.001%
	<b>Total</b>			<b>40,000,000</b>	<b>400,000,000</b>	<b>100.00%</b>

## Shares Held by Directors/Shareholders (After IPO)

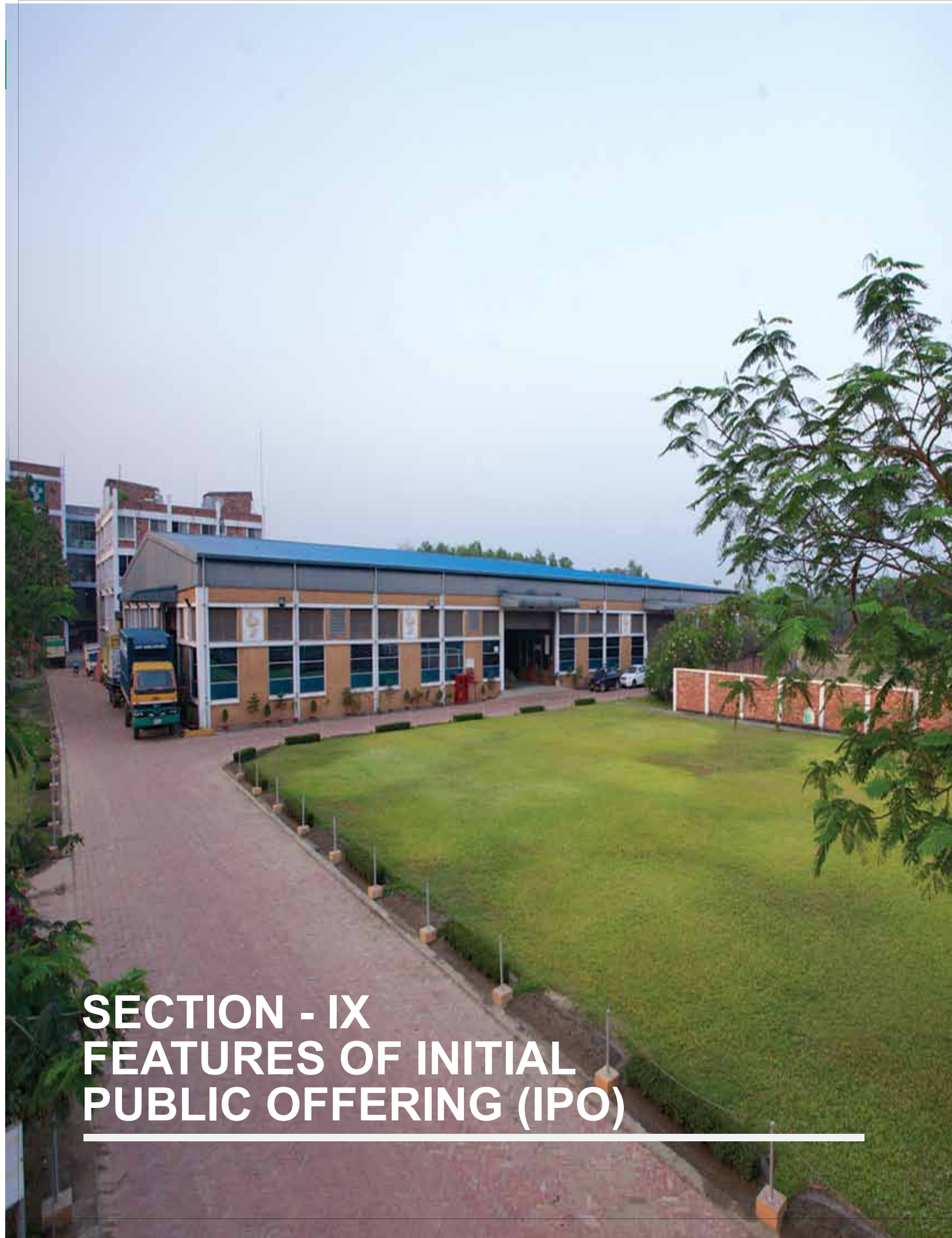
Sl. No	Name of the Share Holders	Present Address of Shareholders	Status	No. of ordinary share	Share Capital (Tk.)	Share holding Position (%)
1	Mr. Salim Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Managing Director	8,401,079	84,010,790	16.16%
2	Mr. S.M. Shameem Iqbal	"Aqua" Apartment, 6.0, Plot # 16/C, Road # 05, Khulshi Hill R/A, P.O. – Khulshi, Chittagong.	Chairman	2,799,936	27,999,360	5.38%
3	Mr. Khalilur Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Director	24,399,175	243,991,750	46.92%
4	Mrs. Hasina Iqbal	"Aqua" Apartment, 6.0, Plot # 16/C, Road # 05, Khulshi Hill R/A, P.O. – Khulshi, Chittagong.	Share holder	2,400,126	24,001,260	4.62%
5	Ms. Tahsina Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Director	1,999,048	19,990,480	3.84%
6	Mrs. Tahmina Rahman	17, Badsha Meah Chowdhury Road, Chawkbazar, Chittagong	Share holder	318	3,180	0.0006%
7	KDS Garments Industries Limited	255 Nasirabad I/A, Chittagong	Share holder	318	3,180	0.0006%
8	General Public	N/A	Share holder	12,000,000	120,000,000	23.08%
<b>Total</b>				<b>52,000,000</b>	<b>520,000,000</b>	<b>100 %</b>

### Shareholding structure for 5% or more as on 31 December 2013

Sl. No	Name of the Share Holders	Status	Share Capital (Tk.)	Share holding Position
1	Mr. Salim Rahman	Managing Director	84,010,790	21.00%
2	Mr. S.M. Shameem Iqbal	Chairman	27,999,360	7.00%
3	Mr. Khalilur Rahman	Director	243,991,750	61.00%
4	Mrs. Hasina Iqbal	Share holder	24,001,260	6.00%
5	Ms. Tahsina Rahman	Director	19,990,480	5.00%

### Securities Owned by the Officers

No officer of the company own shares of the company as on 31 December 2013 except Mr. Salim Rahman, Managing Director of the company.



# **SECTION - IX FEATURES OF INITIAL PUBLIC OFFERING (IPO)**

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## Determination of Offering Price

Valuation Method	Offer Price BDT
1 (a) Net Asset Value – with Revaluation	19.63
1 (b) Net Asset Value – without Revaluation	14.27
2 Historical Earning based Value	34.00

The offer price of the common stock of KDS Accessories Limited has been set at BDT 20/- per share including premium of BDT 10/- per share. Justification for the offering price is as follows:

### 1. Net Asset Value

Particulars	31 - Dec - 13	
	With Revaluation	Without Revaluation
Ordinary Share Capital	400,000,000	400,000,000
Revaluation Reserve	214,391,703	-
Retained Earning	170,778,614	170,778,614
<b>Net Assets</b>	<b>785,170,317</b>	<b>570,778,614</b>
<b>Number of Shares Outstanding</b>	<b>40,000,000</b>	<b>40,000,000</b>
<b>Net Tangible Assets Per Share (TK. 10 Per Share)</b>	<b>19.63</b>	<b>14.27</b>

### 2. Historical Earning based Value

Period	Net Profit	No. of share	Weight	Weighted
	After Tax (Tk.)			Average
2013	85,871,064	40,000,000	41.05%	35,250,363
2012	111,237,722	30,128,340	30.92%	34,394,107
2011	72,129,489	12,606,000	12.94%	9,331,402
2010	82,540,722	12,606,000	12.94%	10,678,305
2009	81,651,441	2,101,000	2.16%	1,760,543
<b>Total</b>	<b>433,430,438</b>	<b>97,441,340</b>	<b>100%</b>	<b>91,414,720</b>
No of shares before IPO				40,000,000
<b>Weighted Average EPS</b>				<b>2.29</b>
<b>EPS for the year ended 31 December, 2013</b>				<b>2.14</b>
DSE PE*				15.89
<b>Earning Based Value</b> (DSE PE X EPS Lower one of WAEPS and EPS for the year ended 31 December, 2013)				<b>34.00</b>

### Calculation of Relevant P/E multiple (Source: DSE)

Month	Market P/E	Textile Sector P/E
February, 2014	16.91	17.02
March, 2014	15.89	16.32
April, 2014	16.41	14.33
<b>Average</b>	<b>16.40</b>	<b>15.89</b>

\*Relevant P/E multiple (lower of three month average P/E of market and textile sector) 15.89



## Market for the Securities Being Offered

The issuer shall apply to the following two Stock Exchanges within 7 (seven) working days from the date of consent accorded by the SEC to issue the prospectus.

The issuer will apply at:



Dhaka Stock Exchange Limited  
9/F, Motijheel C/A,  
Dhaka-1000

And



Chittagong Stock Exchange Limited  
CSE Building, 1080 Sk. Mujib Road  
Agrabad, Chittagong-4100

## Declaration about Listing of Shares with the Stock Exchange(s)

None of the stock exchanges(s), if for any reason, grants listing within 75 (seventy five) days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within 15 (fifteen) days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid 15 (fifteen) days, the company directors, in addition to the issuer company, shall be collectively as well as separately liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and submit compliance report thereon to the Commission within 7 (seven) days of expiry of the aforesaid 15 (fifteen) days time allowed for refund of the subscription money.

## Trading and Settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the Company.

*The Issue Shall Be Placed In "N" Category*

## Description of Securities Outstanding or Being Offered

### Dividend, Voting and Pre-emption Rights

The Share Capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles Association of the company. All shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra-ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present or by proxy shall have one vote for every share held by him or her.

In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Right Issue of shares in terms of the guidelines issued by the SEC from time to time.

### **Conversion and Liquidation Rights**

The company in its General Meeting may convert paid-up shares to any denomination. No special preferences or privileges shall be attached to this conversion.

If the company at any time issue Preference Shares or Debentures or Bonds with the consent of SEC, such holders of securities shall be entitled to convert such securities into ordinary shares if it is so determined by the company.

In case of winding-up or liquidation of the company, all shareholders have the same privileges and advantages as ordinary shareholders as regards participation in profits and voting at meetings of the company.

### **Right for Transfer**

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant or person of unsound mind.

### **Dividend Policy**

- (a) The profit of the Company, subject to any special right relating thereto created or authorized to be created by the Memorandum and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.
- (b) No large dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net profit of the Company shall be conclusive.
- (c) No dividend shall be payable except out of the profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- (d) The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- (e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- (f) No limitation in payment of dividend is stipulated in any debt instrument or otherwise.

### **Other Rights of Stockholders**

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind.

The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objective of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as un audited, published by the company from time to time.

The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition extra ordinary General Meeting of the company as provided for the section 84 of the Companies Act 1994.

### **Debt Securities**

There is no debt securities issued or plan to issue by the company within 6 (six) months.



# SECTION - X ALLOTMENT, SUBSCRIPTION AND MARKET

## Lock-In on Sponsors' Shares

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

The following table indicates the lock in status of the shareholders of KDS Accessories Limited.

Sl. No	Name of the Share Holders	Status	No. of Share	Share holding Position (%)	* Lock in Period
1	Mr. Salim Rahman	Managing Director	8,401,079	21.00%	3 Years
2	Mr. S.M. Shameem Iqbal	Chairman	2,799,936	7.00%	3 Years
3	Mr. Khalilur Rahman	Director	24,399,175	61.00%	3 Years
4	Mrs. Hasina Iqbal	Share holder	2,400,126	6.00%	3 Years
5	Ms. Tahsina Rahman	Director	1,999,048	5.00%	3 Years
6	Mrs. Tahmina Rahman	Share holder	318	0.001%	3 Years
7	KDS Garments Industries Ltd.	Share holder	318	0.001%	3 Years
<b>Total</b>			<b>40,000,000</b>	<b>100.00%</b>	

- Three years from the issue date of the prospectus

## SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

2. The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.

3. Stockbrokers/Merchant Bankers shall send the bank drafts (FDD) submitted by successful NRB and Foreign applicants to the Stock Exchange and return the drafts submitted by unsuccessful applicants.

4. Stockbrokers/Merchant Bankers shall send the drafts (FDD) submitted by unsuccessful NRB and Foreign applicants who are subject to penal provisions, to the respective Stock Exchange, along with a list.

5. Stock Exchanges shall send the drafts submitted by successful NRB and Foreign applicants and also by unsuccessful NRB and Foreign applicants who are subject to penal provisions, to the Issuer.

6. In case of drafts (FDD) submitted by successful NRB or Foreign applicant for any amount excess to the value of securities to be allotted or by unsuccessful NRB and Foreign applicants who are subject to penal provisions, refund of the balance amount shall be made by the Issuer to the applicant through bank drafts issued in the same currency **within 7 (seven) working days** of receiving the drafts from Stock Exchange

## Availability of Securities

### The Offer

1. IPO offer of 12,000,000 Shares @ TK. 20 each (including premium of Tk. 10 per share) - as per the Securities and Exchange Commission (Public Issue) Rules, 2006 - will be available as follows.

Particulars	No. of Shares	BDT
A. 20% of IPO of ordinary Shares are reserved for affected small investors (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী)	2,400,000	48,000,000
B. 10% of IPO of Shares shall be reserved for Non Resident Bangladeshis (NRB)	1,200,000	24,000,000
C. 10% of IPO of Shares shall be reserved for Mutual Funds and Collective Investment schemes registered with the Commission	1,200,000	24,000,000
D. Remaining 60% of IPO of Shares shall be opened for subscription by The General Public.	7,200,000	144,000,000
<b>Total</b>	<b>12,000,000</b>	<b>240,000,000</b>

2. All securities as stated in sub -rule (1) shall be offered for subscription and subsequent allotment by the issuer, subject to any restriction which may be imposed, from time to time, by the SEC.
3. In case of over-subscription under any of the categories mentioned in sub-rule (1), the issue manager shall conduct an open lottery of all applications received under each category separately in accordance with the letter of consent issued by the SEC.
4. In case of under subscription under any of the 10% categories mentioned in sub-rule (1), the un-subscribed portion shall be added to the general public category and, if after such addition, there is over-subscription in the general public category, the issuer and the issue manager shall jointly conduct an open lottery of all the applicants added together.
5. In case of under subscription of the public offering, the un-subscribed portion of securities shall be taken up by the underwriters.
6. The lottery as stated in sub-rule (3) and (4) shall be conducted in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.

## ALLOTMENT

The company reserves the right of accepting any application, either in whole, or in part. Within 02 (two) working days of conducting lottery, the Issuer shall issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Stock Exchange in electronic form. On the next working day, Stock Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format. The Stockbrokers/Merchant Bankers shall inform the successful applicants about allotment of securities.

### Application for Subscription

1. Application/buy instruction for shares may be made for a minimum lot for **250** Ordinary shares to the value of **Taka 5,000/- (Five Thousand Only)**. Prospectus may be obtained from the registered office of the Company, Issue Manager, Underwriters and Stock Exchanges. Application/buy instruction must not be for less than **250** shares. Any application/buy instruction not meeting this criterion will not be considered for allotment purpose.
2. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. subscription closing date).
3. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant.
4. Application/buy instruction must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Application/buy instruction from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.
5. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
6. The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.
7. **Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the application liable to rejection and subject to forfeiture of 25% of the application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account of the Bangladesh Securities and Exchange Commission (BSEC). This is in addition to any other penalties as may be provided for by the law.**
8. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application/buy instruction) is completed. If any BO account mentioned in the application/buy instruction is found closed, the allotted security may be forfeited by BSEC.

9. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares
10. Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer/Mutual Fund for an amount equivalent to the application money, with their application to concerned Stockbroker/Merchant Banker. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/ Merchant Banker.
11. The bank draft (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus.
12. The IPO subscription money collected from successful applicants (other than NRB applicants) by the Stockbrokers/Merchant Bankers will be remitted to the **Company's A/C No. 0002-0320003052 with Mutual Trust Bank Limited, Principal Branch, Dhaka, Bangladesh** for this purpose.
13. The IPO subscription money collected from successful NRB applicants in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purpose are as follows:

SI No.	Name of the FC Accounts	Account No.	Bank & Branch	Currency
1	KDS Accessories Ltd.	0002 - 0260005085	Mutual Trust Bank Limited Principal Branch	US Dollar
2	KDS Accessories Ltd.	0002 - 0260005094	- do -	GBP
3	KDS Accessories Ltd.	0002 - 0260005101	- do -	EURO

14. তালিকাভুক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।

**APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS ARE LIABLE TO BE REJECTED**





## SECTION - XI PLAN OF DISTRIBUTION

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## Underwriting of Shares

Initial public Offering (IPO) is for 12,000,000 ordinary shares of Tk. 10 each at an issue price of TK. 20 each including premium of Tk. 10 per share totaling of TK. 240,000,000. As per SEC's Guideline 50% of the said amount i.e. 6,000,000 ordinary shares of TK. 20/- each amounting to TK. 120,000,000 has been underwritten by following instructions:

Sl. No.	Name and address of underwriters	No. of Share underwritten	Amount (BDT)
1	<b>AIBL Capital Management Limited</b> Peoples Insurance Bhaban (7th Floor) 36, Dilkusha C/A, Dhaka - 1000	1,000,000	20,000,000
2	<b>Grameen Capital Management Ltd.</b> Grameen Bank Complex, First Building (2 <sup>nd</sup> Floor), Mirpur -2, Dhaka - 1216	900,000	18,000,000
3	<b>GSP Investments Limited</b> 1/C Paribag, Mymensingh Road, Dhaka - 1000.	1,850,000	37,000,000
4	<b>Janata Capital and Investment Ltd.</b> 57 Purana Paltan (1 <sup>st</sup> Floor), Dhaka - 1000 .	1,350,000	27,000,000
5	<b>National Credit and Commerce Bank Ltd.</b> 7-8, Motijheel C/A, Dhaka - 1000	900,000	18,000,000
	<b>Total</b>	<b>6,000,000</b>	<b>120,000,000</b>

## Principal Terms and Conditions of Underwriting Agreement

1. If and to the extent that the shares offered to the public by a Prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such unsubscribed shares within 15(fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the said period.
2. If payment is made by Cheque/Bank Draft by an underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the Agreement, until such time as the Cheque/Bank Draft has been en-cashed and the Company's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15(fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In the case of failure by the underwriter to pay for the shares under the terms mentioned above, the said Underwriter will not be eligible to underwrite any issue, until such time as he fulfils his underwriting commitment under the Agreement and also other penalties as may be determined by the Commission may be imposed on him.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Company/Issuer will be under no obligation to pay any underwriting commission under the Agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequence and/or penalties as determined by the Securities and Exchange Commission under the law as may be imposed on them.

### **Commission for Underwriters**

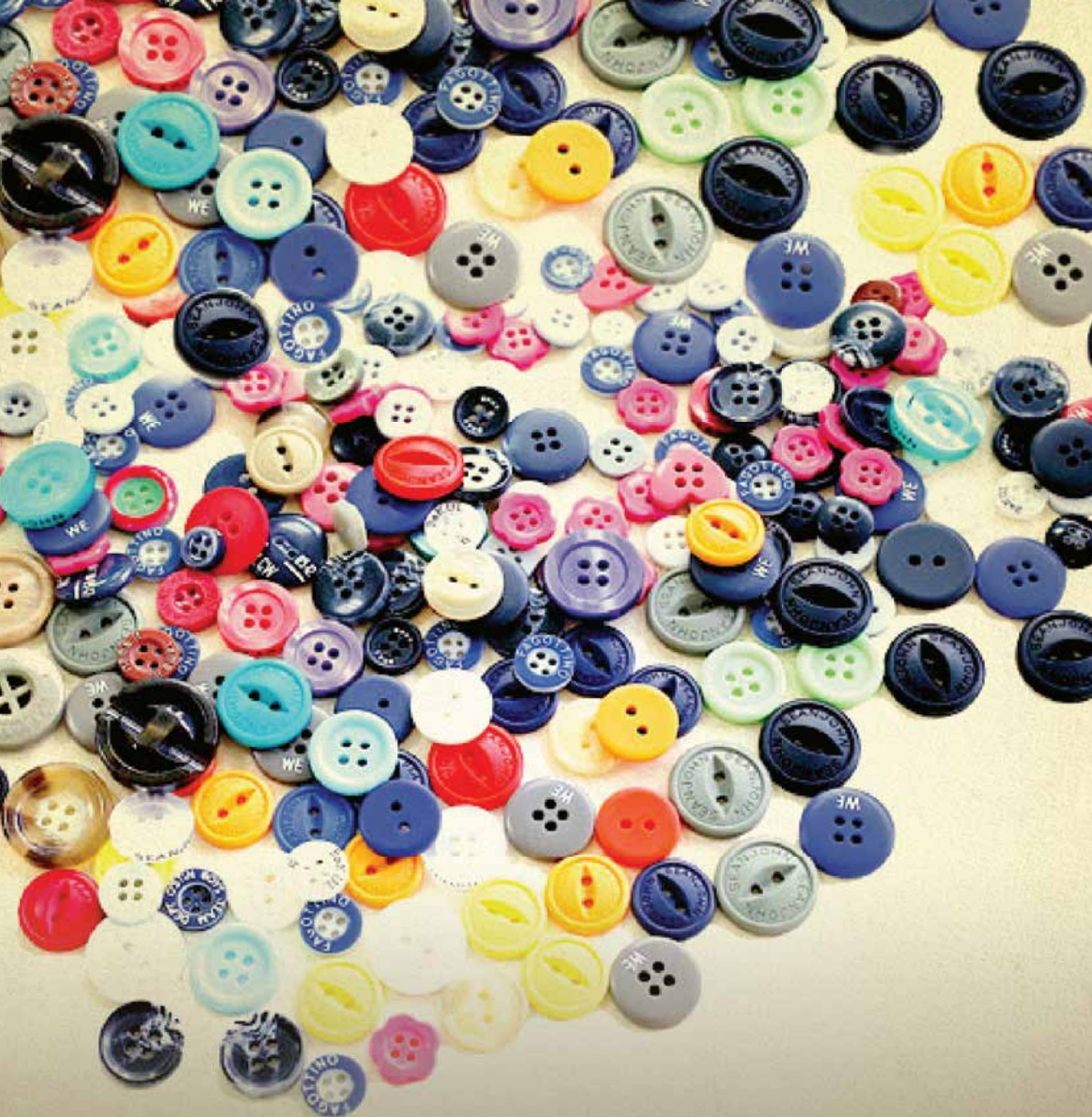
The Company shall pay to the underwriters an underwriting commission at the rate of 0.50% on 50% of Public Offering amount (i.e. TK. 120,000,000) of the issue value of shares underwritten by them out of the public issue.

### **Right of Underwriters On Company's Board**

Underwriters have not acquired any right to have their representatives in the Board of Directors of the Company.

### **Officer or Director of the Underwriters Acting as Director of the Company**

No officer or director of the underwriters acting as director of the company.



# SECTION - XII MATERIAL CONTRACTS AND OTHER

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## **Issue Related Contract**

- a) Underwriting Agreement between the Company and the Underwriters.
- b) Issue Management Agreement between the Company and Alliance Financial Services Limited

Copies of the aforementioned contracts and documents and a copy of Memorandum and Articles of Association of the Company and the Consent Order from the Securities and Exchange Commission may be inspected on any working day during office hours at the Office of the Company and the manager to the issue

## **Manager to the Issue**

Alliance Financial Services Limited, Rahman Chamber (3rd Floor) 12-13 Motijheel C/A, Dhaka-1000 is the Manager to the Issue. The Issue Manager will get Tk. 2,000,000 as issue management fee.



**SECTION - XIII**  
**CORPORATE DIRECTORY**

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■ **Corporate Office**

191-192, Baizid Bostami Road, Nasirabad I/A  
Chittagong 4210, Bangladesh.  
Phone: 880 31 681701– 3  
Fax: 880 31 682137,  
E-Mail: accessories@kdsgroup.net,  
www.kdsaccessories.com

■ **Manager to the Issue**



**Alliance Financial Services Limited**

Rahman Chamber (3rd floor)  
12-13 Motijheel C/A, Dhaka- 1000  
Tel: 9515468,9515469, Fax: 88-02-9515467  
E-mail: info@allfin.org, www.allfin.org

■ **Auditors**

**Hoda Vasi Chowdhury & Co**

Delwar Bhaban (4th floor),  
104 Agrabad Commercial Area,  
Chittagong- 4100, Tel: 880-31-716305, 723391,  
Fax: 880-31-2512485, 710362, 710488.  
Email: hvc@globalctg.net

■ **Underwriters**

AIBL Capital Management Limited  
GSP Investments Limited  
Grameen Capital Management Limited  
Janata Capital and Investment Limited  
National Credit and Commerce Bank Limited

■ **Credit Rating Company**

**Credit Rating Information and Services Ltd.**

Nakshi Homes (4th & 5th Floor)  
6/1A, Segunbagicha  
Dhaka – 1000, Bangladesh  
Tel: (02) 9515807-8, (02) 9514767-8  
Fax: (8802) 956 5783  
Email: info@crislbd.com

■ **Compliance Officer**

Mr. Biplob Kanti Banik ACA  
Chief Financial Officer  
KDS Accessories Limited



**SECTION - XIV  
AUDITOR'S REPORT  
AND RELATED CERTIFICATES**

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## **AUDITORS' REPORT TO THE SHAREHOLDERS OF KDS ACCESSORIES LIMITED**

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We have audited the accompanying financial statements of **KDS ACCESSORIES LIMITED**, which comprises the statement of financial position as at 31 December 2013 and the related statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **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. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion:**

In our opinion, the Financial Statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 31 December 2013 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by KDS Accessories Limited so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.
- (iv) The expenditure incurred was for the purpose of the Company's business.

**Chittagong, 15 April 2014**

Sd/-  
**Chartered Accountants**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2013**

	Note(s)	2013 Taka	2012 Taka
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	4	1,017,759,928	903,506,697
Intangible Assets	5	3,284,951	456,679
Capital Work-in-Progress	6	6,762,477	25,180,351
Investment	7	37,998,913	35,700,328
		<b>1,065,806,269</b>	<b>964,844,055</b>
<b>CURRENT ASSETS</b>			
Inventories	8	732,291,606	768,641,665
Trade Receivables	9	514,313,914	350,074,112
Interest Receivables	10	615,038	508,869
Advances, Deposits and Prepayments	11	30,164,936	15,009,246
Due From Affiliated Companies	12	26,187,490	34,295,000
Cash and Cash Equivalent	13	8,316,909	10,710,284
		<b>1,311,889,893</b>	<b>1,179,239,176</b>
<b>TOTAL ASSETS</b>		<b>2,377,696,162</b>	<b>2,144,083,231</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share Capital	14.2	400,000,000	301,283,400
Revaluation reserve		214,391,703	214,391,703
Retained earnings		170,778,614	183,624,150
		<b>785,170,317</b>	<b>699,299,253</b>
<b>NON CURRENT LIABILITIES</b>			
Long Term Bank Loan	15	77,283,491	92,878,727
Lease Finance	16	2,652,175	730,228
Deferred Tax Liability	17.2	40,608,575	31,514,432
		<b>120,544,241</b>	<b>125,123,387</b>
<b>CURRENT LIABILITIES</b>			
Due to Affiliated Companies	18	-	125,552,749
Trade and Other payable	19	484,580,491	468,858,408
Current portion of Long Term Bank Loan	15	60,274,777	77,419,896
Current Portion of Lease Finance	16	1,533,408	442,560
Short Term Bank Loan	20	865,807,441	587,259,225
Current Tax Liability	17.1	32,737,712	40,145,540
Workers' Profit Participation & Welfare Fund	21	27,047,775	19,982,213
		<b>1,471,981,604</b>	<b>1,319,660,591</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,377,696,162</b>	<b>2,144,083,231</b>
<b>Net Assets Value Per Share</b>	29.2	<b>19.63</b>	<b>17.48</b>
Contingent Liabilities and Commitments	30.1		

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on  
and were signed on its behalf by : 15 April 2014

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

**Chittagong, 15 April 2014**

Sd/-  
**Chartered Accountants**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note(s)	2013 Taka	2012 Taka
Turnover	22	1,647,256,363	1,510,377,275
Cost of Goods Sold	23	(1,278,930,852)	(1,141,037,755)
<b>Gross Profit</b>		<b>368,325,511</b>	<b>369,339,520</b>
Operating Expenses	24	(57,617,403)	(56,990,450)
Selling & Distribution Expenses	25	(24,224,633)	(23,996,730)
<b>Operating Profit</b>		<b>286,483,475</b>	<b>288,352,340</b>
Financial Expenses	26	(162,508,479)	(143,451,473)
<b>Profit before Other Income</b>		<b>123,974,996</b>	<b>144,900,867</b>
Other Income	27	(8,306,128)	5,508,429
Income from Associates	7.2	1,235,958	2,089,937
<b>Profit before Income Tax and distribution of WPP &amp; WF</b>		<b>116,904,826</b>	<b>152,499,233</b>
Workers' Profit Participation & Welfare Fund	21	(5,566,896)	(7,261,868)
<b>Profit before Income Tax</b>		<b>111,337,930</b>	<b>145,237,365</b>
Current Tax Expenses	17.1	(16,372,723)	(25,408,380)
Deferred Tax Expenses	17.2	(9,094,143)	(8,591,263)
<b>Profit after Income Tax</b>		<b>85,871,064</b>	<b>111,237,722</b>
<b>Other Comprehensive Income</b>			
Revaluation of Land & Land Development		-	214,391,703
Income Tax on other comprehensive Income		-	-
		-	<b>214,391,703</b>
<b>Total Comprehensive Income</b>		<b>85,871,064</b>	<b>325,629,425</b>
<b>Earnings Per Share - Restated</b>	29.1	<b>2.14</b>	<b>2.78</b>

These financial statements should be read in conjunction with the annexed notes  
and were approved by the Board of Directors on  
and were signed on its behalf by : 15 April 2014

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

**Chittagong, 15 April 2014**

Sd/-  
**Chartered Accountants**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note(s)	2013 Taka	2012 Taka
<b>Cash flows from operating activities</b>			
Cash received from Customers	28.1	1,483,016,561	1,501,562,309
Cash received from other sources	28.2	(9,321,262)	7,587,665
Cash Paid to suppliers	28.3	(1,186,342,160)	(1,027,538,166)
Cash Paid for operating expenses	28.4	(84,548,685)	(78,989,829)
Cash payment for financial expenses	28.5	(162,508,479)	(143,451,473)
Income Tax Paid	17.1	(23,780,551)	(23,263,266)
<b>Net cash inflow/(outflow) from operating activities (A)</b>		<b>16,515,424</b>	<b>235,907,240</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	4	(3,261,422)	(10,091,843)
Capital Work-in-Progress	6.1	(149,824,209)	(98,983,374)
Proceed from sale of property, plant and equipment	28.6	5,100,000	-
Investment	7	(2,298,585)	(3,097,154)
<b>Net cash inflow/(outflow) from investing activities (B)</b>		<b>(150,284,216)</b>	<b>(112,172,371)</b>
<b>Cash flows from financing activities</b>			
Long term loan received/ repaid	15	(32,740,355)	102,452,176
Finance Lease received/ repaid	16	3,012,795	(243,043)
Short term loan received/ repaid	20	278,548,216	(363,527,653)
Affiliated Company transactions	12 & 18	(117,445,239)	110,175,746
<b>Net cash inflow/(outflow) from financing activities (C)</b>		<b>131,375,417</b>	<b>(151,142,774)</b>
<b>Net increase of cash and cash equivalents for the year (A+B+C)</b>		<b>(2,393,375)</b>	<b>(27,407,905)</b>
Cash and cash equivalents at the beginning of the year		10,710,284	38,118,189
<b>Cash and cash equivalents at the end of the year</b>		<b>8,316,909</b>	<b>10,710,284</b>
<b>Net Operating cash Flows per share (Restated)</b>	29.3	<b>0.41</b>	<b>5.90</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on  
and were signed on its behalf by : 15 April 2014

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

Amount in Taka

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance at the beginning of the year 01 January 2013</b>	<b>301,283,400</b>	<b>214,391,703</b>	<b>183,624,150</b>	<b>699,299,253</b>
Revaluation surplus	-	-	-	-
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	-	85,871,064	85,871,064
Issuance of Bonus Share	98,716,600	-	(98,716,600)	-
<b>Balance at the end of the year 31 December 2013</b>	<b>400,000,000</b>	<b>214,391,703</b>	<b>170,778,614</b>	<b>785,170,317</b>
<b>Balance at the beginning of the year 01 January 2012</b>	<b>126,060,000</b>	-	<b>247,609,828</b>	<b>373,669,828</b>
Revaluation surplus	-	214,391,703	-	214,391,703
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	-	111,237,722	111,237,722
Issuance of Bonus Share	175,223,400	-	(175,223,400)	-
<b>Balance at the end of the year 31 December 2012</b>	<b>301,283,400</b>	<b>214,391,703</b>	<b>183,624,150</b>	<b>699,299,253</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on  
and were signed on its behalf by : 15 April 2014

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

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# **KDS ACCESSORIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2013**

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#### **1 Reporting Entity**

##### **1.1 Formation and Legal Status**

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 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 1 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, Chittagong and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009.

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 22.04.10. The change of name was certified by the Registrar of Joint Stock Companies & Firms on 11.05.10 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.

##### **1.2 Nature of Business**

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

#### **2 Basis of Financial Statements Preparation and Presentation**

##### **2.1 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 Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

##### **2.2 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

## 2.3 Application of 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 are applied to the financial statements for the year under audit:

<u>Ref. No.</u>	<u>Accounting Standards</u>	<u>Status</u>
BAS-1	Presentation of financial statements	Applied
BAS-2	Inventories	Applied
BAS-7	Statement of Cash Flows	Applied
BAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
BAS-10	Events after the Reporting Date	Applied
BAS-12	Income Taxes	Applied
BAS-16	Property, Plant & Equipment	Applied
BAS-17	Leases	Applied
BAS-18	Revenue	Applied
BAS -19	Employee benefits	Applied
BAS-21	The effects of Changes in Foreign Exchange Rate	Applied
BAS-23	Borrowing Costs	Applied
BAS-24	Related Party Disclosures	Applied
BAS-26	Accounting and Reporting by Retirement Benefit Plans	Applied
BAS-28	Investments in Associates	Applied
BAS-32	Financial Instrument: Presentation	Applied
BAS-33	Earnings per share	Applied
BAS-36	Impairment of assets	Applied
BAS-37	Provisions, Contingent Liabilities and Contingent Assets	Applied
BAS-38	Intangible Assets	Applied
BAS-39	Financial Instruments: Recognitions and Measurement	Applied
BFRS-1	First Time Adoption of International Financial Reporting Standards	Applied
BFRS-7	Financial Instruments: Disclosures	Applied

## 2.4 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.

## 2.5 Basis of Measurement

The financial statements have been prepared on historical cost basis.

## 2.6 Use of Estimates and Judgments

The preparation of these financial statements is in conformity with BFRSs requires management to make judgments, 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.

## 2.7 Presentation of Financial Statements

The presentation of these financial statements is in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements, The Financial Statement comprises:

- a) a statement of financial position
- b) a statement of comprehensive income
- c) a statement of changes in equity
- d) a statement of cash flows and
- e) notes, comprising a summary of significant accounting policies and explanatory information.

## **2.8 Reporting Period**

The financial period of the company covers twelve Months from 01 January 2013 to 31 December 2013.

## **2.9 Date of Authorization**

The Board of Directors has authorized these financial statements on 15 April 2014

## **2.10 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.

## **2.11 Comparative Figures**

### **Re-arrangement**

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

## **3 Significant Accounting Policies**

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

### **3.1 Property, Plant and Equipment (PPE) - note 4**

#### **i) Recognition of Property, Plant & Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation less impairment loss, 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 period 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 period 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) Disposal of Fixed Assets**

On Disposal of Fixed Assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.



#### **v) Maintenance Activities**

The company incurs maintenance cost for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred.

#### **vi) Revaluation of Fixed Assets**

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 has revalued the lands of the company as of 31st December, 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.

#### **vii) Depreciation**

Depreciation on all items of Property, Plant & Equipment other than Land & Land development is computed using the diminishing balance method so as to write off the assets over their expected useful life. All acquisitions during the year are charged full period's depreciation.

After considering the useful life of assets as per BAS-16, the annual depreciation rates have been applied as under which is considered reasonable by the management.

<b><u>Category</u></b>	<b><u>Rate of Depreciation</u></b>
Land & Land Development	-
Administrative Building	5%
Plant & Machineries	7%
Factory Building	5%
Electrical Equipment & Installation	15%
Furniture & Fixtures	10%
Office Equipments	10%
Motor Vehicles	15%
Computer Equipments	20%

#### **viii) Retirement and Disposals:**

An asset is recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. 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 profit and loss account.

#### **ix) Impairment of Assets:**

The company reviews the recoverable amount of its assets at each reporting date. If there exist 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".

### **3.1.1 Capital Work-in-progress - note 6**

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 31 December 2013 and these are stated at cost.

### 3.2 Investment - note 7

#### i) Investment in Associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. The Company's investment in associates is accounted for in the Financial Statements using the Equity Method in accordance with BAS 28: 'Accounting for investment in associates'. Such investments are classified as other assets in the balance sheet and the share of profit/loss of such investment is classified under other operating income in the profit and loss account.

Recognition of income on the basis of distributions received from associate may not be an adequate measure of the income earned by the Company on an investment in an associate because the distributions received may bear little relation to the performance of the associate. Because of the Company has significant influence over the associates; the Company has an interest in the associate's performance and, as a result the return of investment. The Company's accounts for this interest by extending the scope of its Financial Statements to include its share of profit/loss of such an associate. As a result, application of the equity methods provides more informative reporting of the net assets and profit or loss of the investor.

#### ii) Investment in unlisted securities

Investment in unlisted securities is reported at cost under cost method.

### 3.3 Intangible Assets - note 5

#### 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 comprehensive income on straight line method. The estimated useful life for computer software is 5 years.

### 3.4 Inventories & Consumables - note 8

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares, which are valued lower of cost or net realizable value in accordance with the Para of 21 & 25 of BAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

i) Raw materials	at average cost
ii) Finished goods	at cost or net realisable value whichever is lower
iii) Goods-in-transit	at cost
iv) Stores & spares	at weighted average cost

### 3.5 Revenue Recognition - note 22

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

- i) The products are invoiced and dispatched to the customers;
- ii) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest applicable.

### 3.6 Taxation - note 17

#### i) Current Tax

Income Tax is calculated and provision is made in accordance with BAS-12. As per 6th schedule Part A Para 28 of Income Tax Ordinance, 1984 provision for income has been made at the rate of 37.5% on operational income after deducting 50% of income as export rebate. Besides this the company charged 37.5% tax rate on other income of this company.

## **ii) Deferred Tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deferred tax asset or liability does not create a legal recovery / liability from or to the income tax authority.

### **3.7 Loans and Borrowings - note 15**

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.

### **3.8 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 Comprehensive Income.

### **3.9 Contingent Liabilities and Assets**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company.

### **3.10 Statement of Changes in Equity**

Statement of changes in equity is prepared in accordance with BAS-1 “Presentation of Financial Statements”. This statement reflects information about the increase or decrease in net assets or wealth.

### **3.11 Events after the reporting period note - 30.6**

In compliance with the requirements of BAS 10: Events after the reporting period, post Balance Sheet events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the Balance Sheet date that are not adjusting events are disclosed in the notes when material.

### **3.12 Borrowing Cost:**

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using effective interest method. Borrowing cost incurred during the year was recognized as revenue expenses in accordance with IAS-23 “Borrowing Cost”.

### **3.13 Advertisement and Promotional Expenses**

All cost associated with advertising and promotional activities are charged out in the year incurred.

### **3.14 Trade Receivable - note 9**

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.

### **3.15 Trade and Other Payable - note 19**

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

### **3.16 Cash and Cash Equivalent - note 13**

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.

### **3.17 Earnings Per Share - note 29.1**

Earnings Per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS-33 "Earnings Per Share".

#### **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 period.

#### **ii) Diluted Earnings Per Share:**

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

### **3.18 Related Party Transactions - note 30.7**

The objective of Related Party Disclosure IAS 24 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.

The Company transacts with related parties and recognize as per BAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note - 30.07

### **3.19 Financial Expenses - note 26**

Financial expenses comprise the interest on external borrowings and bank charges and are recognized as they accrue.

### **3.20 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 - note 21**

The Company maintains a Worker's profit participation & welfare fund as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006 but no Board of Trustees have yet been constituted.

#### **iii) Provident Fund**

The company maintains a Unrecognized Provident fund for its officers only. Both the employees and company contribute 10% of basic salary to the fund.

#### **iv) 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.

4 a) PROPERTY, PLANT & EQUIPMENT at Cost Less Accumulated Depreciation - note 3.1

Particulars	Cost (Amount in Taka)			Dep Rate (%)	Depreciation (Amount in Taka)			Written Down Value as on 31.12.2013 (Taka)
	Opening Balance as on 01.01.13	Addition During the Year	Deletion During the Year		Closing Balance as on 31.12.2013	Opening Balance as on 01.01.13	Charge During the Year	
<b>Land and Land Development:</b>	116,770,048	36,728,044	-	153,498,092	-	-	-	153,498,092
<b>Building:</b>								
Administrative Building	40,896,043	-	-	40,896,043	5%	1,582,229	-	10,833,693
Factory Building	249,038,007	13,292,540	-	262,330,547	5%	8,712,038	-	96,801,822
	289,934,050	13,292,540	-	303,226,590		10,294,267	-	107,635,515
<b>Plant &amp; Machinery:</b>								
Plant & Machinery	458,483,865	89,438,223	-	547,922,088	7%	29,241,735	-	159,424,746
<b>Equipment &amp; Appliance:</b>								
Office Equipment	17,606,593	2,328,856	-	19,935,449	10%	1,139,391	-	9,680,930
Electric Installation	22,586,914	6,533,967	-	29,120,881	15%	3,234,212	-	10,793,679
	40,193,507	8,862,823	-	49,056,330		4,373,603	-	20,474,609
Furniture & Fixtures	10,765,513	915,322	-	11,680,835	10%	709,644	-	5,294,042
Computer Equipment	16,540,314	2,346,100	-	18,886,414	20%	2,001,968	-	10,878,544
<b>Motor Vehicles:</b>								
Free Hold	27,863,364	7,869,700	7,200,000	28,533,064	15%	2,557,166	4,244,923	14,042,454
Lease Hold	1,911,119	8,401,243	-	10,312,362	15%	1,467,304	-	1,997,640
	29,774,483	16,270,943	7,200,000	38,845,426		4,024,470	4,244,923	16,040,094
<b>As on 31 Dec 2013</b>	<b>962,461,780</b>	<b>167,853,995</b>	<b>7,200,000</b>	<b>1,123,115,775</b>		<b>50,645,687</b>	<b>4,244,923</b>	<b>319,747,550</b>
<b>As on 31 Dec 2012</b>	<b>809,482,465</b>	<b>152,979,315</b>	<b>-</b>	<b>962,461,780</b>		<b>43,493,948</b>	<b>-</b>	<b>273,346,786</b>

b) Revalued Assets

Particulars	Revaluation (Amount in Taka)			Dep Rate (%)	Depreciation (Amount in Taka)			Written Down Value as on 31.12.2013 (Taka)
	Opening Balance as on 01.01.13	Addition During the Year	Deletion During the Year		Opening Balance as on 01.01.13	Charge During the Year	Adj. During the Year	
<b>Land and Land Development:</b>	214,391,703	-	-	214,391,703	-	-	-	214,391,703
<b>As on 31 Dec 2013</b>	<b>214,391,703</b>	<b>-</b>	<b>-</b>	<b>214,391,703</b>		<b>-</b>	<b>-</b>	<b>214,391,703</b>
<b>As on 31 Dec 2012</b>	<b>-</b>	<b>214,391,703</b>	<b>-</b>	<b>214,391,703</b>		<b>-</b>	<b>-</b>	<b>214,391,703</b>
<b>Total Assets(a+b) 31 Dec 2013</b>	<b>1,176,853,483</b>	<b>167,853,995</b>	<b>7,200,000</b>	<b>1,337,507,478</b>		<b>50,645,687</b>	<b>4,244,923</b>	<b>1,017,759,928</b>
<b>Total Assets(a+b) 31 Dec 2012</b>	<b>809,482,465</b>	<b>367,371,018</b>	<b>-</b>	<b>1,176,853,483</b>		<b>43,493,948</b>	<b>-</b>	<b>903,506,697</b>

i) Details of Land and Land Development are showed in Annexure- A.

**Depreciation Allocated to:**

	2013 Taka	2012 Taka
Factory Overhead - note 23.2	40,516,550	34,795,159
Operating Expenses - note 24	10,129,137	8,698,789
	<b>50,645,687</b>	<b>43,493,948</b>

**5 INTANGIBLE ASSETS at Cost Less Accumulated Amortization - note 3.3**

Particulars	Cost (Amount in Taka)			Dep Rate (%)	Amortization (Amount in Taka)			Written Down Value as on 31.12.2013 (Taka)		
	Opening Balance as on 01.01.13	Addition During the Year	Deletion During the Year		Closing Balance as on 31.12.2013	Opening Balance as on 01.01.13	Charge During the Year		Adj. During the Year	Closing Balance as on 31.12.2013
Computer Software	570,849	3,649,510	-	4,220,359	20%	114,170	821,238	-	935,408	3,284,951
<b>As on 31 Dec 2013</b>	<b>570,849</b>	<b>3,649,510</b>	<b>-</b>	<b>4,220,359</b>		<b>114,170</b>	<b>821,238</b>	<b>-</b>	<b>935,408</b>	<b>3,284,951</b>
<b>As on 31 Dec 2012</b>	<b>-</b>	<b>570,849</b>	<b>-</b>	<b>570,849</b>		<b>-</b>	<b>114,170</b>	<b>-</b>	<b>114,170</b>	<b>456,679</b>

	2013 Taka	2012 Taka
<b>6 CAPITAL WORK-IN-PROGRESS - note 3.1.1</b>		
Opening Balance	25,180,351	69,655,298
Add: Expenditure incurred during the year	149,824,209	98,983,374
Less: Capitalized during the year	168,242,083	143,458,321
Closing Balance - note 6.1	<b>6,762,477</b>	<b>25,180,351</b>

#### 6.1 The Break up

Particulars	Opening Balance	Expenditure incurred during the year	Capitalized during the year	Closing Balance
Land and Land Development	-	38,432,044	36,728,044	1,704,000
Factory Building	-	17,407,936	13,292,540	4,115,396
Plant & Machinery	22,816,475	66,678,962	89,438,223	57,214
Electric Equipment & Installation	-	6,567,887	6,533,967	33,920
Motor Vehicles	53,750	16,396,241	16,270,943	179,048
Office Equipments	-	3,001,756	2,328,856	672,900
Software	2,310,127	1,339,383	3,649,510	-
<b>Total</b>	<b>25,180,351</b>	<b>149,824,209</b>	<b>168,242,083</b>	<b>6,762,477</b>

#### 7 INVESTMENT - note 3.2

Investment in Unlisted Securities-KDS Cotton Poly Thread Industries Ltd. - note 7.1	5,000,000	5,000,000
Investment in Associates- Skys Securities Limited - note 7.2	22,171,272	20,935,314
Investment in FDR - note 7.3	10,827,641	9,765,014
	<b>37,998,913</b>	<b>35,700,328</b>

#### 7.1 Investment in Unlisted Securities-KDS Cotton Poly Thread Industries Limited - note 7

The Company was incorporated on 22 November 1992 and commenced its production on 1 July 1994. The Authorized share capital of the Company is 3,000,000 ordinary shares @ Tk 100 each totaling Tk. 300,000,000 and the Paid up capital is 750,000 shares @ Tk 100 each totaling Tk. 75,000,000. KDS Accessories Limited subscribed 50,000 Shares @ Tk 100 totaling Tk. 5,000,000 each representing 6.67% of share capital.

#### 7.2 Investment in Associates- Skys Securities Limited - note 7

SKYS Securities Limited is an associate of the company having 46.69% holding in paid up capital. It was incorporated on 17 June 1997 and commenced operation on 1 January 2006. Paid up capital at the Reporting date stands at Tk. 33,200,000 (33,200 shares @ Tk 1,000 each). The investment is shown under equity method as per BAS -28 and accordingly previous year's figures were also restated.

#### Movement of investment in Associate Company:

Associate Company	Balance as on 01 January 2013	Investment/ (Adjustment)	Profit Equity Method	Balance as on 31 December 2013
Skys Securities Limited	20,935,314	-	1,235,958	22,171,272

Associate Company	Balance as on 01 January 2012	Investment/ (Adjustment)	Profit Equity Method	Balance as on 31 December 2012
Skys Securities Limited	18,845,376	-	2,089,937	20,935,314

		<b>2013</b>	<b>2012</b>
		<b>Taka</b>	<b>Taka</b>
<b>7.3 Investment in FDR - note 7</b>	<u>Tenure</u>		
Bank Asia Limited	3 months to 1 year	10,078,259	9,040,234
Exim Bank Limited	3 years	749,382	724,780
		<b>10,827,641</b>	<b>9,765,014</b>
<b>8 INVENTORIES - note 3.4</b>			
Stores & Spares - note 23.2.1		30,829,809	19,784,544
Raw Materials in Stock - note 8.1		609,547,032	687,834,370
Work- in - process - note 23		14,573,853	7,408,123
Finished Goods - note 8.2		3,676,255	596,438
Goods In Transit		73,664,657	53,018,190
		<b>732,291,606</b>	<b>768,641,665</b>
<b>8.1 Raw Materials in Stock - note 8</b>			
Opening balance		687,834,370	592,864,838
Add: Purchase during the year		1,076,478,973	1,109,289,233
		<b>1,764,313,343</b>	<b>1,702,154,071</b>
Less: Consumption during the year - note 23.1		1,154,766,311	1,014,319,701
<b>Closing balance</b>		<b>609,547,032</b>	<b>687,834,370</b>
<b>a)</b>	Details of Raw Materials are shown in Annexure-B.		
<b>8.2 Finished Goods - note 8</b>			
Opening balance		596,438	1,161,400
Add: Cost of goods produced during the period		1,282,010,669	1,140,472,793
Cost of goods available for sale during the period		<b>1,282,607,107</b>	<b>1,141,634,193</b>
Less: Cost of goods sold during the period		1,278,930,852	1,141,037,755
Closing balance		3,676,255	596,438
<b>9 TRADE RECEIVABLES - note 3.14</b>			
Opening Balance		350,074,112	341,259,145
Add: Addition during the year		1,647,256,363	1,510,377,275
Add: Foreign Currency fluctuation gain/(loss)		(2,470,684)	(5,890,473)
		<b>1,994,859,791</b>	<b>1,845,745,947</b>
Less: Realized during the year		(1,480,545,877)	(1,495,671,835)
		<b>514,313,914</b>	<b>350,074,112</b>
<b>a)</b>	Trade receivable have been stated at their nominal value. Trade receivable are accrued in the ordinary course of business. These are carried at invoice amount. All receivable 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.		
<b>b)</b>	Foreign Currency fluctuation gain/(loss) due to translation of Trade Receivables during the year with reference to BAS 21.		
<b>c)</b>	Trade receivable includes affiliated companies:		
	KDS Garments Inds. Ltd.	24,823,027	10,024,456
	KDS Fashion Ltd.	12,390,109	4,772,810
	KDS Apparels Limited	947,719	2,207,988
		<b>38,160,854</b>	<b>17,005,254</b>
<b>d)</b>	Details of Trade receivables are shown in Annexure-C.		



	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>e) Disclosure as per Schedule-XI, Part-I, of The Companies Act, 1994</b>		
Dues over 6 Months	5,908,666	-
Dues over 3 Months but within 6 months	-	-
Dues within 3 Months	508,405,248	350,074,112
Other debts less provision	-	-
	<b>514,313,914</b>	<b>350,074,112</b>
Receivable considered Good & secured	514,313,914	350,074,112
Receivable considered Good without security	-	-
Receivable considered doubtful or Bad	-	-
Receivable due by Directors or other Officers	-	-
Receivable due from companies under same management	-	-
Maximum receivable due by Directors or Officers at any time	-	-
<b>10 INTEREST RECEIVABLES</b>		
Accrued Interest Income on FDR	615,038	508,869
	<b>615,038</b>	<b>508,869</b>
a) The interest was accrued for the FDR of Tk 10,078,259 maintained with Bank Asia Limited, Agrabad Branch, Chittagong and MCB Banani Branch, Dhaka and of Tk 749,382 maintained with Exim Bank Ltd, Agrabad Branch, Chittagong.		
<b>11 ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advances - Note 11.1	28,336,932	13,276,607
Deposits - Note 11.2	1,054,561	1,054,561
Prepayments - note 11.3	773,443	678,078
	<b>30,164,936</b>	<b>15,009,246</b>
<b>11.1 Advances - note 11</b>		
	<b>Purpose of advances</b>	
Against Salary & Allowances	1,077,123	1,321,183
Against Advertisement	370,308	994,313
Against IDLC	36,880	36,880
Against Income Tax	14,670,845	7,349,366
Others	12,181,776	3,574,865
	<b>28,336,932</b>	<b>13,276,607</b>
a) All the Advance & Deposits amount considered good and Recoverable.		
<b>11.2 Deposits - note 11</b>		
T & T	20,000	20,000
Titas Gas Transmission & Distribution Com. Limited	240,000	240,000
Margin for Vehicle	245,400	245,400
Karnaphuli Gas Transmission Limited	549,161	549,161
	<b>1,054,561</b>	<b>1,054,561</b>
a) All are security deposits against contractual services to be provided by the respective institutions.		
<b>11.3 Prepayments - note 11</b>		
Insurance Premium	570,667	678,078
Prepaid Interest	202,776	-
	<b>773,443</b>	<b>678,078</b>

	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>12 DUE FROM AFFILIATED COMPANIES</b>		
KDS Accessories Global Limited - note 12.1	26,187,490	34,295,000
	<b>26,187,490</b>	<b>34,295,000</b>
<b>12.1</b>		
KDS Accessories Global Limited - a Company incorporated in UK entered into an agreement on 01 January 2011 to act as an overseas sales agent on sales commission basis for KDS Accessories Limited. As per agreement, KDS Accessories Limited remitted the aforesaid amount in advance to meet the initial operating expenses with the approval of Bangladesh Bank through letter no: Non-Commercial & Import/666/2011-297 dated: 30.05.2011 & Non-Commercial & Import/666/2011-410 dated: 24.07.2011. During the year 2013 KDS Accessories Limited adjusted \$ 1,04,030 against the sales commission payable to the KDS Accessories Global Limited on their services.		
<b>13 CASH AND CASH EQUIVALENT - note 3.16</b>		
<b>Cash in Hand</b>		
Cash in hand	1,160,805	423,227
	<b>1,160,805</b>	<b>423,227</b>
<b>Cash at Bank - note 13.1</b>		
	7,156,104	10,287,057
	<b>8,316,909</b>	<b>10,710,284</b>
<b>13.1 Cash at Bank: Balances with Schedule Banks</b>		
Premier Bank Ltd. CD A/C No. 010311100015050	-	251
Exim Bank Ltd. STD A/C No. 31000720	-	833
Bank Asia Ltd. A/C No. 01236050518	1,827	853,527
Bank Asia Ltd. A/C No. 00542000115 (Old) 136 (New)	29,893	2,062,349
Bank Asia Ltd. A/C No. 00542000114	1,746,283	2,709,382
Bank Asia Ltd. A/C No. 01247000009	16,284	97,306
One Bank Ltd. A/C No. 0060479011	-	31,193
HSBC A/C # 004-046140-011	3,192,348	982,428
Standard Chartered Bank A/C # 01397966001	564,845	483,835
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01236050569	-	1,773,925
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01242000049	10,310	502,952
Bank Asia Ltd. (Pack. Unit-2) A/C No. 01247000030	1,589,482	789,076
Southeast Bank Ltd.A/C No # 11	4,832	-
	7,156,104	10,287,057

		2013 Taka	2012 Taka
<b>14</b>	<b>SHARE CAPITAL</b>		
<b>14.1</b>	<b>Authorized Capital</b>		
	<u>200,000,000</u> Ordinary Shares of Tk 10 each	2,000,000,000	2,000,000,000
		<u>2,000,000,000</u>	<u>2,000,000,000</u>
<b>14.2</b>	<b>Issued, subscribed and paid-up Capital</b>		
	Issued, subscribed and paid-up		
	Paid-up in cash		
	2,100,000 Ordinary Shares of Tk 10 each	21,000,000	21,000,000
	<u>37,900,000</u> Ordinary Shares of Tk 10 each <u>40,000,000</u> Ordinary Shares of Tk 10 each	379,000,000	280,283,400
		<u>400,000,000</u>	<u>301,283,400</u>

**14.3 A. Position of Shares holding as at 31 December 2013**

Name of the Shareholders	Nature of Shareholding	Nationality	Percentage (%)	2013 Taka	2012 Taka
Mr. Khalilur Rahman	Individual	Bangladeshi	61.00	243,991,750	183,776,660
Mr. S. M. Shameem Iqbal	Do	Bangladeshi	7.00	27,999,360	21,089,360
Mr. Salim Rahman	Do	Bangladeshi	21.00	84,010,790	63,277,640
Mrs. Hasina Iqbal	Do	Bangladeshi	6.00	24,001,260	18,077,960
Mrs. Tahsina Rahman	Do	Bangladeshi	5.00	19,990,480	15,057,000
Mrs. Tahmina Rahman	Do	Bangladeshi	0.001	3,180	2,390
KDS Garments Inds. Ltd.	Corporate	Bangladeshi	0.001	3,180	2,390
<b>Total</b>			<b>100</b>	<b>400,000,000</b>	<b>301,283,400</b>

**15 LONG TERM BANK LOAN - note 3.7**

Due within one year	60,274,777	77,419,896
Due after one year	77,283,491	92,878,727
	<u>137,558,268</u>	<u>170,298,623</u>

**Break up of Term Loan:**

**15.1 Bank Asia Limited, Agrabad Branch, Chittagong**

Total Sanctioned Amount:

Loan No: 11959	Tk. 57.34 million
Loan No: 13215	Tk. 100.00 million
Loan No: 13496	Tk. 17.98 million
Loan No: 14121	Tk. 4 million
Purpose	Machinery import
Sanction date	3 August 2009, 11 April 2012, 24 September 2012, 26 September 2013
Interest rate	15%(Revised from time to time)
Security	Mortgage of Land, Plant & Machinery, Hypothecation of stocks & Personal Guarantee
Tenure	Five years

**16 LEASE FINANCE**

Due within one year	1,533,408	442,560
Due after one year	2,652,175	730,228
	<u>4,185,583</u>	<u>1,172,788</u>

**Break up of Lease Finance:**

**16.1 IDLC Finance Limited, Agrabad Branch, Chittagong**

Total Sanctioned Amount:

Loan No: 97301	Tk. 1.5 million
Purpose	Lease for Motor Vehicle
Sanctioned on	20th April 2011
Payment method	60 equal monthly installments

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

Total Sanctioned Amount:

Loan No: LE/048/2014

Tk. 3.49 million

Purpose

Lease for Motor Vehicle

Sanctioned on

13th February 2013

Payment method

60 equal monthly installments

**17 PROVISION FOR INCOME TAX**

**17.1 Current Tax - note 3.6.i**

Opening Balance

40,145,540

38,000,426

Add: Addition during the year

16,372,723

25,408,380

Less: Paid during the year

(23,780,551)

(23,263,266)

Closing balance

**32,737,712**

**40,145,540**

**17.2 Deferred Tax - note 3.6.ii**

Opening Balance

31,514,432

22,923,169

Add: Addition during the year

9,094,143

8,591,263

Closing balance

**40,608,575**

**31,514,432**

**As on 31 December 2013:**

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable/ (Deductible) Temporary Difference (Taka)
Temporary Difference:			
Property, Plant & Equipment	653,155,084	427,661,443	225,493,641
Gratuity	(8,914,575)	-	(8,914,575)
<b>Net Taxable Temporay difference</b>			<b>216,579,066</b>
Applicable rate			18.75%
Derferred Tax Liability			<b>40,608,575</b>

**As on 31 December 2012:**

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable/ (Deductible) Temporary Difference (Taka)
Temporary Difference:			
Property, Plant & Equipment	572,801,626	397,774,743	175,026,883
Gratuity	(6,949,913)	-	(6,949,913)
<b>Net Taxable Temporay difference</b>			<b>168,076,970</b>
Applicable rate			18.75%
Derferred Tax Liability			<b>31,514,432</b>

**18 DUE TO AFFILIATED COMPANIES**

KDS Cotton Poly Thread Inds. Ltd.

-

102,655,239

KDS Garments Inds. Ltd.

-

22,897,510

-

**125,552,749**

**19 TRADE AND OTHER PAYABLE - note 3.15**

Trade Payable - note 19.1

457,604,217

446,230,470

For Revenue expenses - note 19.2

26,327,855

22,361,706

For other Finance - note 19.3

648,419

266,232

**484,580,491**

**468,858,408**

**19.1 Trade Payable - note 19**

Liability for imported goods

445,184,359

423,908,327

Liability for local goods

12,419,858

22,322,143

**457,604,217**

**446,230,470**

a) Liability for imported goods includes foreign exchange loss of Tk 9,46,896 arising due to translation of Trade Payables in foreign currency with reference to BAS- 21.

	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>19.2 For Revenue expenses - note 19</b>		
C&F Charges	3,423,259	5,082,160
Audit Fee	225,000	225,000
Professional Fee	212,085	476,000
Electricity Bill	94,087	29,969
Gas Charges	1,047,859	848,582
Telephone & Mobile bill	82,545	79,892
Insurance Expenses	930,191	3,070,578
Provident Fund	4,156,695	148,902
Gratuity	8,914,575	6,949,913
Employee cost	7,241,559	5,450,710
	<b><u>26,327,855</u></b>	<b><u>22,361,706</u></b>

- a) All trade & other payable were incurred as usual in business operation and paid on regular basis.
- b) Employee cost include salary and allowances for the month of December 2013 has been paid in subsequent month.

	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>19.3 For Other Finance - note 19</b>		
Gas Bill	-	-
Tax on Professional Fee	23,565	18,000
Supplier Income Tax	382,630	185,732
Tax & VAT on Audit Fee	62,500	62,500
Staff Income Tax	179,724	-
	<b><u>648,419</u></b>	<b><u>266,232</u></b>

	2013 Taka	2012 Taka
<b>20 SHORT TERM BANK LOAN</b>		
Bank Asia Ltd OD - 5551 - note 20.1	91,985,779	89,806,465
Bank Asia Ltd. A/C No. 01236050569	2,682,927	-
Bank Asia Ltd.-LATR Liability - note 20.1	253,943,670	309,934,078
Bank Asia Ltd.-Loan No-14064	162,724,347	-
Bank Asia Ltd., Dhaka- LDBP Liability - note 20.1	237,941,376	184,831,926
Standard Chartered Bank- LATR Liability - note 20.2	89,984,988	2,686,756
Standard Chartered Bank- LDBP Liability - note 20.2	26,544,354	-
	<b>865,807,441</b>	<b>587,259,225</b>

**20.1** Details of loan facilities from Bank Asia Ltd are as follows:

<b>Lender:</b>	<b>Bank Asia Ltd, Agrabad Branch. Ctg.</b>
Total Sanctioned limit:	
LATR	750 Million (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
Overdraft	80 Million
LDBP	150 Million (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
	Open Limit for Dhaka Branch
Purpose:	Working Capital
Facility will be expired on:	31.07.2014
Tenure:	One year and renewal on expiry
Interest rate	15 % p.a. with quarterly rest.
Security:	Land measuring 389.5 decimal, factory building and hypothecation of plant and machinery etc.

**20.2** Details of loan facilities from Standard Chartered Bank are as follows:

<b>Lender:</b>	<b>Standard Chartered Bank, Agrabad Branch, Ctg.</b>
Total Sanctioned limit:	
LATR	Tk. 300,000,000 (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
LDBP	Tk. 150,000,000 (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
Purpose:	Working Capital
Facility will be expired on:	18.08.2014
Tenure:	One year and renewal on expiry
Interest rate	14.5 % p.a. with quarterly rest.
Security:	Promissory Note of Tk 61.5 Crore, Personal Guarantee by Directors, 1st charge of stocks and book debt of KDS Accessories Limited

**21 WORKERS' PROFIT PARTICIPATION & WELFARE FUND - note 3.20.ii**

Opening Balance	19,982,213	11,832,878
Add: Addition during the year	5,566,896	7,261,868
Add: Interest during the year - note 24	1,498,666	887,466
	<b>27,047,775</b>	<b>19,982,213</b>

\*\* As per provision of Workers' Profit Participation Fund (WPPF) of Labor Act 2006, the company has been maintaining provision of WPPF 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 WPPF fund till 2013 with a view to protect the interest of the workers. However the company expects to distribute the fund within next accounting period.

	2013 USD	2012 USD	2013 Taka	2012 Taka
<b>22 TURNOVER - note 3.5</b>				
Export Sales	21,109,236	18,717,768	1,647,256,363	1,510,377,275
	<b>21,109,236</b>	<b>18,717,768</b>	<b>1,647,256,363</b>	<b>1,510,377,275</b>

Product	2013	2012	2013	2012
	Contribution to revenue (Taka)			
Carton	1,500,640,629	91.10%	1,435,917,257	95.07%
Label	81,101,523	4.92%	44,649,900	2.96%
Narrow Fabrics	1,933,674	0.12%	1,083,539	0.07%
Elastics	18,333,780	1.11%	1,038,924	0.06%
Offset Printing	33,788,388	2.05%	21,385,056	1.42%
Heat Transfer Printing	10,624,998	0.65%	6,302,599	0.42%
Button	833,371	0.05%	-	0.00%
<b>Total</b>	<b>1,647,256,363</b>	<b>100%</b>	<b>1,510,377,275</b>	<b>100%</b>

<b>23 COST OF GOODS SOLD</b>		
Raw materials consumed - note 23.1	1,154,766,311	1,014,319,701
Salary, wages and expenses	40,315,671	37,315,789
Factory overhead - note 23.2	99,606,777	94,956,771
<b>Cost of Production</b>	1,294,688,759	1,146,592,262
Opening work-in-process	7,408,123	5,791,506
Closing work-in-process - note 8	(14,573,853)	(7,408,123)
<b>Cost of goods manufactured</b>	1,287,523,029	1,144,975,645
Goods used for sample making - note 25	(5,512,360)	(4,502,852)
	1,282,010,669	1,140,472,793
Opening finished goods	596,438	1,161,400
<b>Cost of goods available for sale</b>	1,282,607,107	1,141,634,193
Closing finished goods - note 8.2	(3,676,255)	(596,438)
	<b>1,278,930,852</b>	<b>1,141,037,755</b>

<b>23.1 Raw materials consumed - note 23</b>		
Opening inventory	687,834,370	592,864,838
Purchase during the year	1,076,478,973	1,109,289,233
Total materials available	1,764,313,343	1,702,154,071
Closing inventory - note 8.1	(609,547,032)	(687,834,370)
	<b>1,154,766,311</b>	<b>1,014,319,701</b>

<b>23.2 Factory overhead - note 23</b>		
Stores & Spares Consumption - note 23.2.1	16,628,828	18,969,025
Gratuity	727,339	1,185,866
Depreciation - note 4	40,516,550	34,795,159
Ansar/Security Cost	2,123,000	2,315,957
Electricity Expenses	590,937	1,487,612
Fuel Expenses	3,066,500	2,646,346
Gas Expenses	12,621,354	9,984,750
Telephone	336,398	312,852
Testing Fee	315,161	293,101
Generator Running Expenses	5,864,500	5,454,000
Insurance Premium	2,825,132	3,877,164
Labour Charges	2,273,126	2,114,018
Printing & Processing charges	1,755,350	1,641,570
Vehicle Maintenance Expenses	4,069,407	4,345,023
Repair & Maintenance	4,859,283	4,459,771
Uniform & Leveries	567,405	275,099
Water & Sanitation Expenses	466,507	799,459
	<b>99,606,777</b>	<b>94,956,771</b>

<b>23.2.1 Stores &amp; Spare Parts consumed - note 23.2</b>		
Opening inventory	19,784,544	18,712,419
Purchase during the year	27,674,093	20,041,150
Total spare parts available	47,458,637	38,753,569
Closing inventory - note 8	(30,829,809)	(19,784,544)
	<b>16,628,828</b>	<b>18,969,025</b>

	<b>2013 Taka</b>	<b>2012 Taka</b>
<b>24 OPERATING EXPENSES</b>		
Salaries & Wages	22,944,772	21,095,542
Gratuity	1,237,323	2,206,750
Director Remuneration - note 24.1	1,876,000	1,452,000
Group Insurance	329,917	312,458
Security Cost - Ansar Cost	507,000	350,630
Staff Fooding	1,543,996	1,761,426
Medical Expenses	829,027	840,750
Staff Training Expenses	140,697	163,399
Office Maintenance	958,792	992,000
Rent, Rates, License, Renewal & others Fee	826,509	1,145,852
Guest House Expenses	20,000	240,000
Postage & Parcel Expenses	884,787	1,101,858
Printing & Stationeries	1,252,557	1,732,807
Travelling & Conveyance	1,334,736	1,527,929
Audit Fee - note 24.2	287,500	287,500
Professional Fees	2,020,300	2,799,400
Consultancy Fee	677,200	683,682
Electricity Expenses	121,858	331,746
Entertainment	666,320	850,865
Fuel Expenses	915,000	1,045,255
Telephone	654,461	645,852
Insurance Expenses	1,207,725	1,586,307
Internet Expenses	1,250,000	1,208,863
Misc. Expenses	674,045	803,566
News Paper Expenses	36,270	33,730
Repair & Maintenance	974,860	1,028,738
Vehicle Maintenance Expenses	996,710	1,061,120
Interest on non-payment of WPP & WF - note 21	1,498,666	887,466
Depreciation - note 4	10,129,137	8,698,789
Amortization - note 5	821,238	114,170
	<b>57,617,403</b>	<b>56,990,450</b>
<b>24.1 Directors's remuneration - note 24</b>		
Remuneration	1,560,000	960,000
Perquisite	36,000	72,000
Medical and others	180,000	120,000
Festval Bonus	100,000	300,000
	<b>1,876,000</b>	<b>1,452,000</b>
<b>24.2 Audit Fee - note 24</b>		
Audit fee	287,500	287,500
	<b>287,500</b>	<b>287,500</b>
Audit fee represents auditor's remuneration only which is fixed up by the Board of Directors.		
<b>25 SELLING AND DISTRIBUTION EXPENSES</b>		
Salary, Wages & Allowances	5,394,083	5,016,524
Advertisement Expenses	2,330,895	3,282,325
Employee Reward	145,187	135,025
Carriage Outward	8,930,864	8,219,886
Sales Promotion Expenses	1,911,244	2,840,118
Sample Expenses - note 23	5,512,360	4,502,852
	<b>24,224,633</b>	<b>23,996,730</b>
<b>26 FINANCIAL EXPENSES - note 3.19</b>		
Bank Interest	154,054,544	138,861,814
Bank Charges & Commission	8,453,935	4,589,659
	<b>162,508,479</b>	<b>143,451,473</b>
<b>27 OTHER INCOME</b>		
Interest earned from FDR	1,292,866	1,140,636
Interest earned from STD	358,763	643,112
Gain/(Loss) on Currency Flactuation	(12,102,680)	3,724,681
Profit on Sale of Fixed Assets	2,144,923	-
	<b>(8,306,128)</b>	<b>5,508,429</b>



		2013 Taka	2012 Taka
<b>28</b>	<b>Related Notes for Statement of Cash Flows</b>		
<b>28.1</b>	<b>Cash Received from Customers</b>	<b>Note(s)</b>	
	Revenue	22 1,647,256,363	1,510,377,275
	Changes in trade receivable	9 (164,239,802)	(8,814,966)
		<b>1,483,016,561</b>	<b>1,501,562,309</b>
<b>28.2</b>	<b>Cash Received from other sources</b>		
	Other income without gain on sale of fixed assets	27 & 7.2 (9,215,093)	7,598,366
	Increase in interest receivable	10 (106,169)	(10,701)
		<b>(9,321,262)</b>	<b>7,587,665</b>
<b>28.3</b>	<b>Cash Paid to suppliers</b>		
	Cost of sales	23 (1,278,930,852)	(1,141,037,755)
	Changes in inventories	8 36,350,059	(86,996,236)
	Changes in accounts payable increase/ (decrease)	19 15,722,083	165,700,666
	Depreciation of Factory Overhead	23.2 40,516,550	34,795,159
		<b>(1,186,342,160)</b>	<b>(1,027,538,166)</b>
<b>28.4</b>	<b>Cash Paid for Operating Expense</b>		
	Admin & selling expense	24 & 25 (81,842,036)	(80,987,180)
	Interest on WPP & WF	21 1,498,666	887,466
	Changes in advance deposit & prepayment	11 (15,155,690)	(7,703,074)
	Depreciation Expense	24 10,129,137	8,698,789
	Amortization Expense	24 821,238	114,170
		<b>(84,548,685)</b>	<b>(78,989,829)</b>
<b>28.5</b>	<b>Cash payment for financial expenses</b>		
	Financial Expense	26 (162,508,479)	(143,451,473)
		<b>(162,508,479)</b>	<b>(143,451,473)</b>
<b>28.6</b>	<b>Proceed from sale of property, plant and equipment</b>		
	Cost of property, plant and equipment	4 7,200,000	-
	Accumulated depreciation of property, plant and equipment	4 (4,244,923)	-
	Profit on sale of property, plant and equipment	27 2,144,923	-
		<b>5,100,000</b>	<b>-</b>

	2013 Taka	2012 Taka
<b>29 INFORMATION BASED ON PER SHARE</b>		
<b>29.1 Earnings Per Share (EPS)</b>		
<b>29.1.1 Basic Earnings Per Share - note 3.17</b>		
The computation of EPS is given below:		
Earnings attributable to the ordinary shareholders from core business	92,941,235	103,639,356
Weighted average number of ordinary shares outstanding during the year (Previous year restead)	40,000,000	40,000,000
Basic Earnings Per Share (From Core Operation)	<b>2.32</b>	<b>2.59</b>
Earnings attributable to the ordinary shareholders from extraordinary income	(7,070,171)	7,598,366
Weighted average number of ordinary shares outstanding during the year	40,000,000	40,000,000
Basic Earnings Per Share (From Extra-ordinary Income)	<b>(0.18)</b>	<b>0.19</b>
<b>Basic Earnings Per Share (Restated)</b>	<b>2.14</b>	<b>2.78</b>
<b>29.1.2 Diluted EPS</b>		
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		
<b>29.1.3 Weighted Average Number of Shares Outstanding during the year:</b>		
	<b>2013</b>	<b>2012</b>
Opening Balance	30,128,340	12,606,000
Bonus Share Issue in 2012 (considered in full year)	-	17,522,340
Bonus Share Issue in 2013 (previous year restated)	9,871,660	9,871,660
	<b>40,000,000</b>	<b>40,000,000</b>
<b>29.2 Net Asset Value Per Share (NAV)</b>		
Total Assets	2,377,696,162	2,144,083,231
Less: Liabilities	1,592,525,845	1,444,783,978
Net Asset Value (NAV)	785,170,317	699,299,253
Number of ordinary shares outstanding during the year (Previous year restead)	40,000,000	40,000,000
Net Assets Value (NAV) Per Share (Restated)	<b>19.63</b>	<b>17.48</b>
<b>29.3 Net Operating Cash Flow Per share</b>		
Net Operating cash Flows (from statement of cash flows)	16,515,424	235,907,240
Number of ordinary shares outstanding during the year(Previous year restead)	40,000,000	40,000,000
Net Operating cash Flows per share (Restated)	<b>0.41</b>	<b>5.90</b>
<b>30 OTHER COMMITMENTS, CONTINGENCIES AND RELEVANT INFORMATION</b>		
<b>30.1 Contingencies</b>		
The Company issued bank guarantee for an amount of Tk. 5,103,300 (with Bank Asia Ltd Tk 4,497,300 & Exim Bank Limited Tk 606,000) was provided to various authority as of the Statement of Financial Position date.		
<b>30.2 Capital expenditure commitment</b>		
There was no capital expenditure commitment or contract at 31 December 2013. There was no material capital expenditure authorized by the Board but not contracted for as at 31 December 2013.		
<b>30.3 Directors' interest in contracts with the company</b>		
There was no transaction resulting in Directors' interest with the company and no leasing facilities have been made available to the Directors.		

### 30.4 Segment Reporting

As there is a single business and geographic segment within the company operates as such no segment reporting is felt necessary.

### 30.5 Credit Facility Not Availed

There was no credit facility available to the company under any contract, but not availed as on 31 December 2013 other than trade credit available in the ordinary course of business.

### 30.6 Events after the reporting period - note 3.11

No material events had occurred from the Financial Position date to the date of issue of this Financial Position, which could materially affect the values stated in the Financial Position.

### 30.7 Related party disclosures - note 3.18

#### i) Related party transactions

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis.

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as at 31-Dec-2012 Taka	Transaction during the year	Balance as at 31-Dec-2013 Taka
1	KDS Garments Inds. Ltd.	Common directorship	Receivable agst Sales	10,024,456	14,798,571	24,823,027
			Temporary Loan Taken	(22,897,510)	22,897,510	-
2	KDS Fashion Ltd.	Do	Receivable agst Sales	4,772,810	7,617,299	12,390,109
3	KDS Apparels Limited	Do	Receivable agst Sales	2,207,988	(1,260,269)	947,719
4	KDS Cotton Poly Thread Ind. Ltd.	Do	Temporary Loan Taken	(102,655,239)	102,655,239	-
5	KDS Accessories Global Limited	Do	Temporary Loan given	34,295,000	(8,107,510)	26,187,490
6	Directors remuneration	Key Management Personnel	Short term employee benefits (Note 24.1)	96,000	1,204,000	1,300,000

**31 Disclosure as per requirement of Schedule XI, Part II of The Company Act 1994****31.1 Employee Position of KDS Accessories Limited as per requirement of schedule XI, part II, Para 3**

Salary Range (Monthly)	Total Employee	Officer & Staff		Worker & Employee	
		Head Office	Factory	Head Office	Factory
For the year ended 31 December 2013	<b>650</b>	<b>95</b>	<b>100</b>	-	<b>455</b>
Below 3,000	-	-	-	-	-
Above 3,000	650	95	100	-	455
For the year ended 31 December 2012	<b>632</b>	<b>112</b>	<b>85</b>	-	<b>435</b>

During the year 2013, all the employees were in the permanent payroll of the Company

**31.2 Quantitative information of production capacity for the year ended 31 December 2013 as per requirement of schedule XI, part II, Para 7**

Particulars	Unit	Installed Capacity/pcs	2013		2012	
			Actual Production/pcs	Capacity Utilization in %	Actual Production/pcs	Capacity Utilization in %
Carton	Pcs	25,500,000	22,416,800	87.91%	22,366,800	87.71%
Label	Pcs	175,964,208	75,441,745	42.87%	29,424,213	16.72%
Narrow Fabrics	Pcs	11,232,000	1,274,296	11.35%	714,051	6.36%
Elastics	Pcs	19,344,000	12,083,795	62.47%	684,649	3.54%
Offset Printing	Pcs	150,009,600	32,067,859	21.38%	9,736,341	6.49%
Heat Transfer Printing	Pcs	24,960,000	11,062,504	44.32%	6,560,770	26.29%
Button	GG	360,000	1,844	0.51%	-	0.00%

a) Commencement of Production of Button started from the end of December 2013.

**32 GENERAL**

**32.1 The amounts in these financial statements have been rounded off to the nearest Taka.**

**32.2 Bracket figure denotes negative.**

These financial statements should be read in conjunction with the annexed Notes and were approved by the Board of Directors on and were signed on its behalf by : 15 April 2014

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

**KDS ACCESSORIES LIMITED**  
STATEMENT OF LAND

Sl. No.	Owner	Location	Deed No.	Date of Registration	Area (Decimals)	Deed Value of Land (Taka)	Registration	Mutation (Area)	
								Applied for	Completed
1	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	9788	17/04/2008	35	2,598,485	√	35.00	35.00
2	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	29863	06/12/2007	142	7,745,455	√	142.00	142.00
3	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3229	10/02/2008	35	2,121,000	√	35.00	35.00
4	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3233	10/02/2008	36	2,070,000	√	36.00	36.00
5	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3230	10/02/2008	23	1,394,000	√	23.00	23.00
6	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3234	10/02/2008	61.5	3,354,545	√	61.50	61.50
7	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	29969	09/12/2007	77	4,200,000	√	77.00	77.00
8	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3232	10/02/2011	15	909,000	√	15.00	15.00
9	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	6700	03/04/2011	101.25	18,400,000	√	101.25	101.25
10	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	17694	09/10/2012	24.75	5,000,000	√	24.75	24.75
11	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	6701	03/04/2011	116	21,100,000	√	116.00	116.00
12	KDS Accessories Limited	Jalalabad Chittagong	6801	13/12/1993	74.5	1,383,000	√	74.50	74.50
13	KDS Accessories Limited	Jungle Bansbaria, Sitakunda	2742	17/04/2013	140	3,225,000	√	140	140.00
14	KDS Accessories Limited	Mirjapur, Gazipur	8235	21/05/2013	21	7,600,000	√	21.00	21.00
15	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	10287	24/06/2013	67	14,700,000	√	67.00	67.00
	Add: Registration, development and other cost				<b>969</b>	<b>95,800,485</b>		<b>969.00</b>	<b>969.00</b>
	Add: Revaluation surplus					57,697,607			
	<b>Total</b>					<b>214,391,703</b>			
						<b>367,889,795</b>			

**KDS ACCESSORIES LIMITED**  
**QUANTITY SCHEDULE**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

Annexure B

Items Name	Opening as on 01 January 2013		Procurement		Total		Consumption		Closing as on 31 Dec 2013	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Liner Paper	8,503,959	426,897,872	11,237,448	622,010,789	19,741,407	1,048,908,661	12,856,887	683,180,411	6,884,520	365,728,250
White Liner Paper	44,951	2,250,359	48,801	2,650,231	93,752	4,900,590	90,004	4,704,645	3,749	195,945
Medium Paper	4,811,336	206,260,078	6,705,192	328,270,795	11,516,528	534,530,873	7,998,410	371,240,121	3,518,118	163,290,752
Duplex Board	186,502	8,520,505	335,600	17,661,891	522,102	26,182,396	187,758	9,416,520	334,344	16,765,876
Stitching Wire	13,573	1,242,693	42,000	3,128,402	55,573	4,371,095	33,215	2,612,711	22,358	1,758,384
Yarn	1,093	346,692	120,835	29,143,741	121,928	29,490,433	37,864	9,158,964	84,064	20,331,469
Stach	207	8,734	266,500	16,446,891	266,707	16,455,625	240,839	14,859,464	25,868	1,596,161
Adhesive Powder/ Pasting G.M.S	145	10,786	180,000	12,972,273	180,145	12,983,059	180,145	12,983,059	-	-
Art Card	150,038	11,765,394	60,917	3,717,920	210,955	15,483,314	84,569	6,207,169	126,386	9,276,145
Finlay Card	5,109	170,356	-	-	5,109	170,356	5,109	170,356	-	-
Foil Paper	11,372	6,678,143	-	-	11,372	6,678,143	11,372	6,678,143	-	-
PP Starp	-	-	30,060	5,759,708	30,060	5,759,708	20,000	3,832,494	10,060	1,927,214
Rubber Thread	4,376	1,492,227	38,000	11,045,927	42,376	12,538,154	29,441	8,711,025	12,935	3,827,129
Transfer Flim	5,636	206,673	50,000	1,643,367	55,636	1,850,040	55,371	1,841,232	265	8,808
P. Ink	12,030	3,413,970	9,220	3,260,207	21,250	6,674,177	12,461	3,913,729	8,788	2,760,448
Swedish Board	-	-	24,330	1,601,213	24,330	1,601,213	24,330	1,601,213	-	-
Ribbon	-	-	5,027	2,255,196	5,027	2,255,196	4,171	1,871,183	856	384,013
Others Material	-	18,569,890	-	14,910,422	-	33,480,312	-	11,783,872	-	21,696,440
<b>Total</b>	<b>13,750,329</b>	<b>687,834,370</b>	<b>19,153,930</b>	<b>1,076,478,973</b>	<b>32,904,259</b>	<b>1,764,313,346</b>	<b>21,871,946</b>	<b>1,154,766,311</b>	<b>11,032,312</b>	<b>609,547,032</b>

**KDS ACCESSORIES LIMITED  
TRADE RECEIVABLE DETAILS  
AS AT 31 DECEMBER 2013**

Annexure C

Sl. No	Name of the party	L/C Amount in US \$	L/C Amount in BDT
1	A.K.M. Knit Wear Limited	116,952	9,005,271
2	ABA Group	15,590	1,200,411
3	Abanti Colour Tex Limited	47,610	3,665,932
4	Abedin Garments Limited	27,644	2,128,619
5	Aboni Knitwear Limited	10,068	775,263
6	AKH Fashions Limited	2,355	181,335
7	AKM Knitwear Limited	77,556	5,971,847
8	Alif Garments Limited	3,203	246,646
9	Alltex Industries Limited	48,372	3,724,644
10	Amantex Limited	21,641	1,666,337
11	Amtranet Group	10,898	839,115
12	Ananta Apparels Limited	100,132	7,710,144
13	Ananta Casual Wear Limited	1,568	120,759
14	Ananta Garments Limited	42,118	3,243,091
15	Anlima Textile Limited	1,167	89,828
16	Anowara Apparels Limited	15,076	1,160,889
17	Anowara Fashions Limited	4,575	352,297
18	Asian Apparels Limited	39,604	3,049,509
19	Asmara (BD) Pvt Limited	3,052	234,972
20	Ayesha Clothing Co. Limited	88,574	6,820,179
21	Bando Design Limited	36,306	2,795,585
22	Barnali Textile and Printing Industries Limited	1,106	85,156
23	Beau Monde Apparels Limited	119,447	9,197,417
24	Benetex Industries Limited	29,906	2,302,760
25	Beq Knit Limited	9,685	745,768
26	Campex BD Limited	15,985	1,230,845
27	Chaity Composite Limited	4,785	368,445
28	Chittagong Asian Apparels Limited	3,588	276,268
29	Chowdhury Fashion Wear Limited	2,624	202,012
30	Comfit Composite Knit Limited	25,890	1,993,530
31	Cortz Apparels Limited	12,967	998,427
32	Cosmopolitan Industries (Pvt) Limited	39,075	3,008,774
33	COSMOPOLITAN INDUSTRIES LTD	37,141	2,859,889

34	CREATIVE DESIGNERS LTD	2,310	177,870
35	Creslan Sweater Ltd.	8,000	616,000
36	Crown Mills (BD) Ltd.	27,099	2,086,600
37	Crown Wears Limited	3,753	288,981
38	CTG. ASIAN APPARELS LTD.	40,726	3,135,913
39	Dana Sweater Industries Ltd.	1,309	100,793
40	DAY APPERALS LTD	14,111	1,086,570
41	Debonair Ltd.	2,442	187,997
42	Dekko Apparels Ltd.	4,561	351,209
43	DENIM EXPERT LTD	1,664	128,128
44	DENIMACH LTD.	33,409	2,572,478
45	Diganta Sweaters Ltd.	33,210	2,557,147
46	DIRD COMPOSITE TEXTILES LTD.	60,637	4,669,064
47	Dird Garments Limited	982	75,576
48	DNV CLOTHING LTD	1,979	152,348
49	Doreen Garments Ltd.	6,244	480,809
50	Dress And Dismatic Pvt. Ltd.	8,944	688,673
51	DRESS WORLD LTD	7,580	583,627
52	DSL SWEATER LTD	8,435	649,495
53	EAST WEST IND. PARK	16,411	1,263,609
54	EPIC GARMENTS MAN. CO. LTD.	28,491	2,193,832
55	EPYLLION STYLE LTD	18,089	1,392,815
56	Esquire Knit Composite Ltd.	4,334	333,700
57	Ever Fashion Ltd.	90,281	6,951,621
58	FAKIR APPARELS LTD.	103,354	7,958,258
59	Fakir Fashion Ltd.	6,265	482,413
60	FAKIR KNITWEARS LIMITED	14,648	1,127,884
61	FAMILYTEX (BD) LTD.	14,409	1,109,481
62	Fariha Knit Tex Ltd.	28,814	2,218,647
63	FASHION COMFORT ( BD) LIMITED	17,630	1,357,498
64	Fashion Forum Ltd.	18,057	1,390,406
65	FIGO APPARELS LIMITED	2,325	179,025
66	Fountain Gmt. Manufacturing Ltd.	16,259	1,251,968
67	FOUR H. FASHIONS LTD.	65,231	5,022,795
68	Garments Export Village Ltd.	14,515	1,117,628
69	Gous Fashion Industries Ltd.	107,930	8,310,595
70	GRAPHICS TEXTILE LTD.	1,840	141,698



71	HAMEEM GROUP	26,317	2,026,421
72	HAMS GARMENTS LTD.	36,987	2,848,010
73	HARRODS GARMENTS LTD.	2,635	202,895
74	Hela Clothing Bangladesh Limited	1,683	129,591
75	Hop Lun (Bangladesh) Ltd.	9,887	761,266
76	HOP YICK BANGLADESH LTD	11,060	851,616
77	Hypoid Lingeries Ltd.	16,125	1,241,625
78	INDEPENDENT APPARELS LTD.	10,839	834,598
79	INDUSTRIAL HAND PROTECTION LTD.	78,155	6,017,942
80	INTERFAB SHIRT MANUFACTUREING LIMITED	3,900	300,300
81	Interfab Shirt Manufacturing Ltd.	2,292	176,484
82	INTERNATIONAL SHIRT LINE LTD.	22,582	1,738,807
83	International Trading Services Ltd.	22,507	1,733,044
84	Interstoff Apparels Ltd.	47,261	3,639,120
85	Intimate Apparels Ltd.	15,000	1,155,002
86	INTRAMEX LIMITED	2,558	196,928
87	ISLAM KNIT DESIGNS LTD.	15,067	1,160,178
88	JAMUNA APPARELS LTD	1,267	97,529
89	JAMUNA FASHION WEAR LTD	1,283	98,796
90	Jay Jay Mills (Bangladesh) Pvt. Ltd.	108,625	8,364,144
91	JEANS 2000 LIMITED	10,402	800,954
92	JMS Garments Ltd	17,009	1,309,698
93	KANIZ GARMENTS LTD.	24,389	1,877,939
94	KARIM TEXTILES LIMITED	4,413	339,786
95	KARNAPHULI SHOES IND. LTD.- KSI	3,542	272,709
96	Karnaphuli Sports Wear Industries Ltd.	98,812	7,608,512
97	Kazipur Fashions Ltd.	54,437	4,191,662
98	KDS APPARELS LIMITED	12,308	947,719
99	KDS Fashion Ltd.	160,911	12,390,109
100	KDS GARMENTS INDUSTRIES LTD.	322,377	24,823,027
101	KENPARK BANGLADESH (PVT.) LTD.	140,281	10,801,639
102	KENPARK BANGLADESH APPAREL (PVT.) LTD.	170,023	13,091,780
103	KNITEX APPARELS LIMITED	6,013	462,963
104	KNOTHE APPAREL GROUP	6,073	467,609
105	Legacy Fashion Ltd.	7,823	602,407
106	Libas Textile Limited	4,542	349,734
107	LIBERTY KNITWEAR LTD.	198,565	15,289,510

108	LOYAL APPARELS LTD.	28,659	2,206,752
109	Loyal Tex Limited	2,107	162,227
110	M B M GARMENTS LTD	37,949	2,922,044
111	Madinaple Fashions Craft Ltd.	4,375	336,875
112	Maestro Apparel Ltd.	8,750	673,750
113	MARINA APPARELS LTD.	15,168	1,167,954
114	Mark limited	2,295	176,715
115	MARS SPORTS WEAR LTD.	1,458	112,243
116	MAS Design (Hong Kong) Ltd.	3,180	244,860
117	MAS INTIMATES BANGLADESH PVT. LTD	78,723	6,061,633
118	MASCO IND LTD (COMPOSITE KNIT GARMENTS)	38,828	2,989,720
119	MASCO INDUSTRIES LTD.	23,594	1,816,715
120	Meditex Industries Ltd.	17,333	1,334,632
121	Medlar Apparels Ltd.	60,114	4,628,770
122	METRO KNITTING & DYEING MILLS LTD.	157,555	12,131,730
123	Merimo Ltd.	89,473	6,889,404
124	Midland Knitwear Ltd.	115,515	8,894,691
125	MIKA FASHION LTD.	422	32,476
126	MILLENNIUM TEXTILE ( SOUTHERN) LTD.	9,772	752,416
127	Mitali Fashions Ltd.	8,543	657,796
128	Nafa Apparels Ltd.	331	25,515
129	Newage Apparels Ltd.	1,980	152,435
130	NIAGRA TEXTILE LTD	33,650	2,591,053
131	NOMAN TERRY TOWEL MILLS LTD.	1,854	142,758
132	NORBAN COMTEX LTD.	13,338	1,026,994
133	NORP KNIT INDUSTRIES LTD.	7,050	542,850
134	NUR GROUP	4,339	334,102
135	Opex Designers Ltd.	11,599	893,085
136	OPEX GROUP	127,271	9,799,889
137	OP SEED CO. (BD.) LTD.	8,800	677,600
138	Orbitex Knitwear Ltd.	71,156	5,479,014
139	PACIFIC BLUE(JEANS WEAR) LTD.	41,666	3,208,246
140	PACIFIC JEANS LTD.	40,003	3,080,193
141	PALMAL GROUP	13,541	1,042,667
142	PALMAL KNITWEAR FACTORY LTD.UNIT-02	427	32,844
143	Pandora Sweaters Ltd.	6,233	479,972
144	PANWIN DESIGN LTD.	41,973	3,231,904

145	Pearl Garments Co. Ltd.	10,533	811,023
146	PIONEER APPARELS LTD.	29,976	2,308,132
147	Posh Garments Limited	2,388	183,844
148	PREMIER 1888 LTD.	31,769	2,446,219
149	QUALITEX INDS. (BD) LTD.	119,929	9,234,495
150	RABAB FASHION IND.LTD.	18,066	1,391,064
151	Radial Internationa Ltd.	3,386	260,718
152	RADIANCE GROUP	2,536	195,300
153	Radiant Sweater Ind Ltd.	533	41,020
154	Reedisha Knitex Ltd.	37,799	2,910,511
155	RENAISSANCE APPARELS LTD.	13,438	1,034,704
156	Rio Fashion Wear Ltd.	1,681	129,429
157	Ritzy Apperals Ltd.	1,621	124,842
158	Rose Sweaters Ltd.	46,182	3,556,045
159	R.S.B. Industrial Limited	12,234	942,006
160	RSI APPARELS LTD.	22,766	1,752,994
161	Russel Garments Ltd.	62,231	4,791,762
162	SAG FASHION LTD	3,709	285,567
163	SALIM & BROTHERS LTD	1,188	91,500
164	SAVAR SPORTS WEAR LTD.	53,696	4,134,619
165	SEO WAN BANGLADESH LTD.	1,129	86,958
166	SHAHRIN FASHION WEAR LTD	1,500	115,515
167	Shanta Denims Ltd.	23,112	1,779,609
168	Sharmin Apperals Ltd.	73,117	5,630,035
169	Shin Shin Apparels Ltd	45,649	3,514,964
170	SHINEST APPARELS LTD.	45,208	3,480,978
171	Siams Superior Limited	5,649	434,938
172	SILK ROUTE DESIGN	68,433	5,269,309
173	Silken Sewing Ltd.	1,017	78,284
174	SIMBA FASHIONS LTD.	2,060	158,634
175	SIMON FOSTER SOURCING BD LTD.	66	5,094
176	SINHA FABRICS LTD	13,168	1,013,967
177	Sinha Industries Ltd.	120,047	9,243,637
178	Sparrow Apparels Ltd.	75,280	5,796,595
179	SQ Birichina Ltd.	4,128	317,888
180	STANDARD GROUP	35,351	2,722,027
181	STANDARD STITCHES LTD.	47,699	3,672,809

182	Standard Stitches Ltd. [Garments Unit]	42,356	3,261,397
183	Starlight Sweaters Ltd.	5,817	447,877
184	STERLING APPARELS LTD	16,480	1,268,945
185	STERLING CREATIONS LTD	41,773	3,216,493
186	Sterling Creations Ltd.	28,085	2,162,522
187	Sterling Denim Ltd.	29,829	2,296,825
188	Sterling Styles Ltd.	37,485	2,886,345
189	STYLE HOUSE LTD	432	33,264
190	SUMAN FASHION GARMENTS LTD.	22,080	1,700,160
191	SUNMAN GROUP	13,307	1,024,639
192	Surma Apparels Ltd.	6,361	489,827
193	Surma Garments Ltd.	31,375	2,415,903
194	Syed Knit Wears Ltd.	24,320	1,872,639
195	T R Z GROUP	2,711	208,738
196	TAMANNA INTERNATIONAL LIMITED	27,108	2,087,320
197	Tanay Sweater Limited	4,131	318,092
198	Tanaz Fashions Ltd.	8,305	639,458
199	Thats It Knit Ltd.	2,309	177,781
200	The Civil Engineers Ltd.	12,366	952,167
201	THE MERCHANTS LTD	10,893	838,784
202	Tosrifa Ind. Ltd.	5,069	390,348
203	TROPICA GARMENTS LTD	579	44,577
204	TROUSER LINE LTD.	51,604	3,973,523
205	Tuba Textile Mills Limited	9,424	725,610
206	TUNG HAI KNITTING AND DYEING LTD	6,287	484,080
207	Uma Manufacturers & Exporters Ltd.	27,949	2,152,073
208	UNI GEAR LTD.	4,826	371,608
209	Unibra Wear Ltd.	2,036	156,772
210	Universal Menswear Ltd.	43,511	3,350,344
211	VERTEX WEAR LTD	39,533	3,044,055
212	Vintage Denim Ltd	26,199	2,017,316
213	VALTEX INTERNATIONAL	10,197	785,176
214	Windy Apparels Ltd.	5,796	446,292
215	WINDY GROUP	6,499	500,411
216	Youngone (CEPZ) Ltd.	374,595	28,843,833
	<b>Total:</b>	<b>6,679,401</b>	<b>514,313,914</b>

**AUDITORS' REPORT IN PURSUANCE OF SECTION 135(1) UNDER PARA 24(1) OF PART - II OF THE  
THIRD SCHEDULE TO THE COMPANIES ACT, 1994**

We have examined the Financial Statements of KDS Accessories Limited for the year ended 31 December 2013, 2012, 2011, 2010 & 2009. Financial Statements for the Year Ended 31 December 2013, 2012, 2011 & 2010 were audited by us and Financial Statements for the Year Ended 31 December 2009 were audited by Sarwar Salamat & Co., Chartered Accountants in pursuance of section 135(1) under Para 24(1) of Part -II of the Third Schedule to the Companies Act, 1994. Previous years' figures have been re-arranged to conform with current year's figures where necessary. We report that:

**A. STATEMENT OF ASSETS AND LIABILITIES:**

	31.12.2013 Taka	31.12.2012 Taka	31.12.2011 Taka (Restated)	31.12.2010 Taka	31.12.2009 Taka
<b>ASSETS</b>					
<b>NON CURRENT ASSETS</b>					
Property, Plant & Equipment	1,017,759,928	903,506,697	579,629,628	427,870,483	418,655,425
Intangible Asset	3,284,951	456,679	-	-	-
Capital Work In Progress	6,762,477	25,180,351	69,655,298	27,666,266	-
Investment	37,998,913	35,700,328	32,603,174	28,586,441	13,961,239
	<b>1,065,806,269</b>	<b>964,844,055</b>	<b>681,888,100</b>	<b>484,123,190</b>	<b>432,616,664</b>
<b>CURRENT ASSETS</b>					
Inventories	732,291,606	768,641,665	681,645,429	376,434,553	199,998,285
Advances, Deposits & Prepayments	30,164,936	15,009,246	7,306,172	8,200,730	3,903,409
Trade Receivables	514,313,914	350,074,112	341,259,145	374,221,543	242,050,568
Interest Receivables	615,038	508,869	498,167	349,354	-
Due From Affiliated Companies	26,187,490	34,295,000	18,917,997	2,355,888	-
Cash and Cash Equivalent	8,316,909	10,710,284	38,118,189	27,945,703	23,439,466
	<b>1,311,889,893</b>	<b>1,179,239,176</b>	<b>1,087,745,099</b>	<b>789,507,771</b>	<b>469,391,728</b>
<b>TOTAL ASSETS</b>	<b>2,377,696,162</b>	<b>2,144,083,231</b>	<b>1,769,633,199</b>	<b>1,273,630,961</b>	<b>902,008,392</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>SHAREHOLDERS' EQUITY</b>					
Share Capital	400,000,000	301,283,400	126,060,000	126,060,000	21,010,000
Retained Earnings	170,778,614	183,624,150	247,609,828	175,480,339	193,379,971
Revaluation Reserve	214,391,703	214,391,703	-	-	-
Tax- Holiday Reserve	-	-	-	-	4,609,646
	<b>785,170,317</b>	<b>699,299,253</b>	<b>373,669,828</b>	<b>301,540,339</b>	<b>218,999,617</b>
<b>NON CURRENT LIABILITIES</b>					
Long Term Bank Loan	77,283,491	92,878,727	32,843,011	57,567,630	74,090,085
Lease Finance	2,652,175	730,228	973,271	-	-
Deferred Tax Liability	40,608,575	31,514,432	22,923,169	-	-
	<b>120,544,241</b>	<b>125,123,387</b>	<b>56,739,451</b>	<b>57,567,630</b>	<b>74,090,085</b>
<b>CURRENT LIABILITIES</b>					
Short Term Bank Loan	865,807,441	587,259,225	950,786,878	699,556,157	440,381,406
Current Portion of Long Term Bank Loan	60,274,777	77,419,896	35,003,436	35,003,436	35,003,436
Current Portion of Lease Finance	1,533,408	442,560	442,560	-	-
Trade and Other Payable	484,580,491	468,858,408	303,157,742	128,379,876	91,130,725
Due To Affiliated Companies	-	125,552,749	-	-	-
Workers' Profit Participation & Welfare Fund	27,047,775	19,982,213	11,832,878	5,287,468	-
Current Tax Liability	32,737,712	40,145,540	38,000,426	46,296,055	42,403,124
	<b>1,471,981,604</b>	<b>1,319,660,591</b>	<b>1,339,223,920</b>	<b>914,522,992</b>	<b>608,918,691</b>
<b>TOTAL LIABILITY &amp; OWNERS EQUITY</b>	<b>2,377,696,162</b>	<b>2,144,083,231</b>	<b>1,769,633,199</b>	<b>1,273,630,961</b>	<b>902,008,392</b>

Chittagong, 26 May 2014

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**B. STATEMENT OF OPERATING RESULTS:**

	<b>31.12.2013</b>	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>Taka</b>	<b>Taka</b>	<b>Taka (restated)</b>	<b>Taka</b>	<b>Taka</b>
<b>Turnover</b>	1,647,256,363	1,510,377,275	1,146,104,981	950,564,234	753,148,528
Less: Cost of Goods Sold	1,278,930,852	1,141,037,755	850,753,670	761,451,388	602,537,810
<b>Gross Profit</b>	<b>368,325,511</b>	<b>369,339,520</b>	<b>295,351,311</b>	<b>189,112,846</b>	<b>150,610,718</b>
<b>Less: Operating Expenses</b>					
Operating Expenses	57,617,403	56,990,450	41,407,393	33,023,909	29,893,889
Selling & Distribution Expenses	24,224,633	23,996,730	17,941,928	13,743,375	9,312,304
	<b>81,842,036</b>	<b>80,987,180</b>	<b>59,349,321</b>	<b>46,767,284</b>	<b>39,206,193</b>
<b>Operating Profit</b>	<b>286,483,475</b>	<b>288,352,340</b>	<b>236,001,990</b>	<b>142,345,562</b>	<b>111,404,525</b>
Less: Financial expenses	162,508,479	143,451,473	113,818,747	36,596,193	11,411,414
<b>Profit Before Other Income</b>	<b>123,974,996</b>	<b>144,900,867</b>	<b>122,183,243</b>	<b>105,749,369</b>	<b>99,993,111</b>
Add: Other Income	(8,306,128)	5,508,429	(3,015,450)	1,464,684	651,262
Add: Income from Associates	1,235,958	2,089,937	3,345,376	-	-
	(7,070,170)	7,598,366	329,926	1,464,684	651,262
<b>Net profit/ (Loss) before Income Tax &amp; WPPF</b>	<b>116,904,826</b>	<b>152,499,233</b>	<b>122,513,169</b>	<b>107,214,053</b>	<b>100,644,373</b>
Less: Contribution to WPPF	5,566,896	7,261,868	5,864,649	5,287,468	
<b>Profit before Income Tax</b>	<b>111,337,930</b>	<b>145,237,365</b>	<b>116,648,520</b>	<b>101,926,585</b>	<b>100,644,373</b>
Less: Deferred Tax Expenses	9,094,143	8,591,263	22,923,169	-	-
Less: Current Tax Expenses	16,372,723	25,408,380	21,595,862	19,385,863	18,992,932
	25,466,866	33,999,643	44,519,031	19,385,863	18,992,932
<b>Profit after Income Tax</b>	<b>85,871,064</b>	<b>111,237,722</b>	<b>72,129,489</b>	<b>82,540,722</b>	<b>81,651,441</b>

Chittagong, 26 May 2014

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**C. STATEMENT OF CASH FLOWS:**

	31.12.2013 Taka	31.12.2012 Taka	31.12.2011 Taka (Restated)	31.12.2010 Taka	31.12.2009 Taka
<b>Cash flows from operating activities</b>					
Cash received from Customers	1,483,016,561	1,501,562,309	1,179,067,379	818,393,259	662,648,334
Cash received from other sources	(9,321,262)	7,587,665	181,113	1,115,330	651,262
Cash Paid to suppliers	(1,186,342,160)	(1,027,538,166)	(952,706,272)	(878,722,329)	(558,391,963)
Cash Paid for Operating expenses	(84,548,685)	(78,989,829)	(50,653,900)	(45,585,561)	(34,207,313)
Cash payment for financial expenses	(162,508,479)	(143,451,473)	(113,818,747)	(36,596,193)	(11,411,414)
Income Tax paid	(23,780,551)	(23,263,266)	(29,891,491)	(15,492,932)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>16,515,424</b>	<b>235,907,240</b>	<b>32,178,082</b>	<b>(156,888,426)</b>	<b>59,288,906</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant & equipment	(3,261,422)	(10,091,843)	(187,359,655)	(36,610,277)	(323,464,711)
Capital Work in Progress	(149,824,209)	(98,983,374)	(41,989,032)	(27,666,266)	248,466,885
Proceed from sale of property, plant and equipment	5,100,000	-	-	-	-
Investment	(2,298,585)	(3,097,154)	(4,016,733)	(14,625,202)	(7,461,239)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(150,284,216)</b>	<b>(112,172,371)</b>	<b>(233,365,420)</b>	<b>(78,901,745)</b>	<b>(82,459,065)</b>
<b>Cash flows from financing activities</b>					
Long term loan received	(32,740,355)	102,452,176	(24,724,619)	(16,522,455)	85,951,958
Finance Lease Repaid	3,012,795	(243,043)	1,415,831	-	-
Short term loan repaid	278,548,216	(363,527,653)	251,230,721	259,174,751	(20,150,773)
Affiliated Company transaction	(117,445,239)	110,175,746	(16,562,109)	(2,355,888)	(27,622,298)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>131,375,417</b>	<b>(151,142,774)</b>	<b>211,359,824</b>	<b>240,296,408</b>	<b>38,178,887</b>
<b>Net increase/(decrease) in cash and cash equivalent for the year</b>	<b>(2,393,375)</b>	<b>(27,407,905)</b>	<b>10,172,486</b>	<b>4,506,237</b>	<b>15,008,728</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,710,284</b>	<b>38,118,189</b>	<b>27,945,703</b>	<b>23,439,466</b>	<b>8,430,737</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8,316,909</b>	<b>10,710,284</b>	<b>38,118,189</b>	<b>27,945,703</b>	<b>23,439,466</b>

**D. Dividend Declared:**

Particulars	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Cash dividend - %		-	-	-	-
Stock dividend (Bonus share) - %		32.77%	-	139%	500%

E. KDS Accessories Limited was incorporated on 21 April 1991 as a private limited company under Companies Act 1913 (since replaced and substituted by the Companies Act 1994) with the Registrar of Joint Stock Companies & Firms. Subsequently, 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 approved by RJSC on 26 November 2012.

F. The Company did not prepare any account for any period subsequent to 31 December 2013.

G. Figures related to previous years have been rearranged where considered necessary.

H. No proceeds or part proceeds of the issue of shares were applied directly to the company in the purchase of any business.

Chittagong, 26 May 2014

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**KDS ACCESSORIES LIMITED**  
**Auditors' Certificate Regarding Calculations of EPS and other Ratios**

We have examined the following accounting ratios of KDS Accessories Limited for the years ended from 31 December 2009 to 31 December 2013, which have been produced by the management of the company. The preparation of the following ratios is the responsibility of the company's management. Our responsibility is to review them and certify as to whether they have been properly prepared using acceptable accounting principles on the basis of audited financial statements for the years ended on 31 December 2009 to 31 December 2013.

Based on our review, we certify that the company has properly prepared the following ratios using acceptable accounting principles on the basis of audited financial statements for the years ended on 31 December 2009 to 31 December 2013.

Name of Ratios	Formula	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
<b>A. Liquidity Ratios:</b>						
(i) Current Ratio (Times)	$= \frac{\text{Current Assets}}{\text{Current Liabilities}} =$	0.89	0.89	0.81	0.86	0.77
(ii) Quick Ratio (Times)	$= \frac{(\text{Current Assets} - \text{Inventory})}{\text{Current Liabilities}} =$	0.39	0.31	0.30	0.45	0.44
(iii) Times Interest Earned Ratio (Times)	$= \frac{\text{PBIT}}{\text{Interest Expenses}} =$	1.69	2.01	2.02	3.79	9.82
(iv) Debt to Equity Ratio (Times)	$= \frac{\text{Total Debt}}{\text{Total Shareholders' Equity}} =$	1.28	1.08	2.73	2.63	2.51
<b>B. Operating Ratios:</b>						
(v) Accounts Receivable Turnover Ratio (Times)	$= \frac{\text{Sales}}{\text{Average Accounts Receivable}} =$	3.81	4.37	3.20	3.08	3.83
(vi) Inventory Turnover Ratio (Times)	$= \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}} =$	1.70	1.57	1.61	2.64	3.80
(vii) Assets Turnover Ratio (Times)	$= \frac{\text{Sales}}{\text{Average Total Assets}} =$	0.73	0.77	0.75	0.87	0.96
<b>C. Profitability Ratios:</b>						
(viii) Gross Margin Ratio (%)	$= \frac{\text{Gross Profit} \times 100}{\text{Sales}} =$	22%	24%	26%	20%	20%
(ix) Operating Income Ratio (%)	$= \frac{\text{Operating Profit} \times 100}{\text{Sales}} =$	17%	19%	21%	15%	15%
(x) Net Income Ratio (%)	$= \frac{\text{Net Income After Tax} \times 100}{\text{Sales}} =$	5%	7%	6%	9%	11%
(xi) Return on Assets Ratio (%)	$= \frac{\text{Net Income After Tax} \times 100}{\text{Average Total Assets}} =$	4%	5%	4%	6%	9%
(xii) Return on Equity Ratio (%)	$= \frac{\text{Net Income After Tax} \times 100}{\text{Shareholders' Equity}} =$	11%	16%	19%	27%	37%
(xiii) Earning per Share (EPS)**	$= \frac{\text{Net Income After Tax} \times 100}{\text{No. of Ordinary Shares}} =$	2.14	2.78	2.39	6.55	6.48

\*\* Earnings Per Share (EPS) for the year 2008 has been recalculated based on Share face value of Taka 10 each instead of Taka 100 each.

Chittagong, 26 May 2014

Sd/-  
Hoda Vasi Chowdhury & Co  
Chartered Accountants



## Information included as per SEC's notification no. SEC/CMRRCD/2008/115/admin/30 dated October 05, 2011

### 1. Earnings per Share (EPS) on fully diluted basis (The total existing no. of shares):

Particulars	Amount in Taka
Net profit after Tax	85,871,064
No. of shares before IPO showing the effect of post issue capital	40,000,000
<b>Earnings per Share (EPS) on fully diluted basis</b>	<b>2.147</b>

### 2. Net profit excluding Extra-ordinary income or non-recurring income coming from other than core operation

Particulars	Amount in Taka
Profit before Tax	111,337,930
Less: Income from Associates	1,235,958
Less: Other Income	(8,306,128)
<b>Net profit before tax except other income</b>	<b>118,408,100</b>
Less: Current tax Expenses from operational income	16,372,723
Less: Deferred tax expenses	9,094,143
<b>Net profit after tax except other income</b>	<b>92,941,234</b>

### 3. Earnings per shares excluding extra-ordinary income or non-recurring income coming from other than core operations:

Particulars	Amount in Taka
Net profit after tax except other income	92,941,234
No. of shares before IPO	40,000,000
<b>Earnings per Share (EPS) on fully diluted basis</b>	<b>2.32</b>

### 4. Net Asset Value per Share (Tk)

Particulars	With Revaluation	Without Revaluation
Share Capital	400,000,000	400,000,000
Retained Earnings	170,778,614	170,778,614
Revaluation Reserve	214,391,703	
<b>Total Shareholders' Equity</b>	<b>785,170,317</b>	<b>570,778,614</b>
Total Number of Ordinary Share showing the effect of post issue capital	40,000,000	40,000,000
<b>Net Assets Value (NAV) at BDT 10.00 per share</b>	<b>19.63</b>	<b>14.27</b>

Head of Finance & Company Secretary  
KDS Accessories Limited  
191-192 Baizid Bostami Road, Nasirabad I/A  
Chittagong- 4210.

Dear Sir,

**Report on Factory Visit of  
KDS Accessories Ltd. (Chittagong & Dhaka Unit)**

We hereby submit our report on Factory visit whose details are appended below:

**Visiting Address:**

KDS Accessories Limited  
Chittagong Unit  
191-192 Baizid Bostami Road, Nasirabad I/A  
Chittagong- 4210

Dhaka Unit  
Dogri, Mirzapur, Gazipur Industrial Area, Dhaka.

**Duration of Visiting:**

Chittagong Unit: 07.02.2013 (01 Day)

Dhaka Unit: 09.02.2013 to 11.02.2013 (03 Days)

**Visiting Team Members:**

- i) Mr. Minhazul Hoque
- ii) Mr. Md. Tanjib Reasat
- iii) Mr. Md. Sharif Mahmud

Work Done in the Factory Visit:

- i) Witness the production and operation process.
- ii) Physical Verification of the company's tangible assets.
- iii) Check the method of bookkeeping of accounting records.
- iv) Check the efficiency of internal controls designed by the management.

Opinion based on our work done:

In our Opinion, nothing has come to our attention that both the company's units are not under possession or un-operational or inefficiently organized by the management.

**Chittagong, 18 January 2014**

Sd/-  
**Chartered Accountants  
Hoda Vasi Chowdhury & Co**

## Auditors' additional disclosures

### **1) BSEC Requirement:**

It appears from the audited F/S that the issuer company has been receiving since 2008 from its investment amounting Tk. 50.00 Lac in KDS Cotton Poly Thread Industries Ltd. confirmation regarding income from such investment is required.

### **Auditor's Explanation:**

KDS Accessories Limited invested Tk. 5,000,000 in the equity of KDS Cotton Poly Thread Industries Limited during 2008. Since then no dividend was declared by KDS Cotton Poly Thread Industries Limited as a result no income from the investment was shown in the accounts. However the Board of Directors of the company after reviewing the return recently decided to withdraw the investment.

### **2) BSEC Requirement:**

It appears that all directors of KDS Cotton Poly Thread Industries Limited (holding 6.667%) are the directors of the issuer company and out of 4, 3 directors of Skys Securities Ltd. (holding 46.69%) are also the directors of the issuer company. It is required to confirm whether these two companies can be considered subsidiaries of the issuer company. If subsidiaries, accounting impact is to be ascertained.

### **Auditor's Explanation:**

The Issuer Company did not have any control on KDS Cotton Poly Thread Industries Limited & Skys Securities Limited although three Directors of KDS Cotton Poly Thread Industries Limited and three Directors of Skys Securities Limited are common.

Common Directors represent themselves personally in the Board of KDS Cotton Poly Thread Industries Limited & Skys Securities Limited against their individual shares. KDS Accessories Limited has no representation in the Board and hence there is no control in the board of KDS Accessories Limited as per para 13 of BAS 27.

In the view of above, investments of KDS Cotton Poly Thread Industries Limited and Skys Securities Limited were treated as investment in associates and as trade investment respectively. None of them can be treated as Subsidiary of KDS Accessories Limited.

**Certificate for Additional Disclosure**  
To rectify Note 4(a) of KDS Accessories Limited  
of the Audited Financial Statements as at 31 December 2013

Particulars	Cost (Amount in Taka)				Dep Rate (%)	Depreciation (Amount in Taka)				Written Down Value as on 31.12.2013 (Taka)
	Opening Balance as on 01.01.13	Addition During the Year	Deletion During the Year	Closing Balance as on 31.12.2013		Opening Balance as on 01.01.13	Charge During the Year	Adj. During the Year	Closing Balance as on 31.12.13	
<b>Motor Vehicles:</b>										
Free Hold	27,863,364	12,779,236	7,200,000	33,442,600	15%	15,730,211	3,293,597	4,244,923	14,778,885	18,663,715
Lease Hold	1,911,119	3,491,707	-	5,402,826	15%	530,336	730,874	-	1,261,210	4,141,617
	<b>29,774,483</b>	<b>16,270,943</b>	<b>7,200,000</b>	<b>38,845,426</b>		<b>16,260,547</b>	<b>4,024,470</b>	<b>4,244,923</b>	<b>16,040,094</b>	<b>22,805,332</b>

All other figures/information in the Note 4(a) will remain unchanged

## Additional Disclosure of the Management

### Investment in KDS Cotton Poly Thread Industries Ltd.

With a view of being one-stop leading trim solution of garment industries, promoters of KDS Accessories Ltd. (the issuer company) formed a sewing thread manufacturing company. The Board of directors didn't declare any dividend till 2012 due to retention of the entire earnings of the company. However considering public interest in KDS Accessories Limited, the management decided to withdraw its investment from KDS Cotton Poly Thread Industries Ltd through selling its share to KDS Garments Industries Limited after the Annual General Meeting (AGM) of 2013 of KDS Cotton Poly Thread Industries Limited.

### Discloser regarding Leased Assets

Description of the property is incorporated in the prospectus. The land was taken under lease to set up two industries under KDS group namely –KDS Packaging Industries Ltd. (the previous name of the issuer company) and KDS Cotton Poly Industries Ltd. Subsequently mutation was done for 74.5 decimal based on physical measurement although the lease documents were for 76 decimals.

### Rent agreement with KDS Cotton Poly Thread Industries Ltd, KDS Poly Industries Ltd and SKYS Securities Limited

The Company made rental agreement with following sister concerns on 26-12-2013 with the following major terms and conditions:

Name of the Company	KDS Cotton Poly Thread Industries Ltd	KDS Poly Industries Ltd	SKYS Securities Limited
Space	3,500 sq meters	3,000 sq meters	660 sq meters
Monthly Rent	Tk. 70,000 (Tk. 20/ sq meter)	Tk. 60,000 (Tk. 20/ sq meter)	Tk. 19,800 (Tk. 30/ sq meter)
Effective from	01 January 2014	01 January 2014	01 January 2014

### Land measuring 717.50 decimals mentioned in the valuation report differs with that measuring 741.00 decimals mentioned in the draft prospectus

Valuation report stipulates land measuring 716.25 decimals based on Financial Statements of 31 Dec 2011 as well as actual mutations. However as per purchase deed total quantity of land shows 717.50 decimals. Subsequently 24.75 decimal was acquired on 09 October 2012 increasing total land to 741.00 decimals.

### (6.50+1.50)=8 decimal lands were not mutated in the company's name.

Subsequent to valuation of assets, 6.50 decimal land was muted based on land office records as well as actual measurement and booked under Fixed Assets in our Audited Financial Statements of 31 December 2012. Balance 1.5 decimal was not booked in asset as it arises due to discrepancy between the lease deed and actual measurement land.

### **Name change in Land rent receipts**

Transfer of name in the land titles from KDS Packaging Industries Ltd To KDS Accessories Ltd followed by change in company's name is under process.

### **It appears that the F/S for the year ended on 31st December 2010 was audited and signed on 18th May 2011**

It was a lapse from our end due to our wrong understanding that this clause will be applicable only for the public Limited companies. In 2010 our company was a private limited which was subsequently converted to public limited company.

### **Mr. S.M. Shameem Iqbal, Chairman of the company's taking benefits from Company**

Mr. S. M. Shameem Iqbal is holding the position of Chairman of the Board of Directors since 30 September 2012 but he was actively overseeing the business of the company until 30 June 2013 as he was the immediate past Managing director of the company. That is why he was getting remuneration as per decision of the Board which shows in our F/S 2012. However, from 01 July 2013, Mr. S.M.Shameem Iqbal is not taking any benefit from the company and instead Mr. Salim Rahman, present Managing Director is drawing monthly remuneration as per board decision.

### **Receivable from KDS Accessories Global Ltd.**

The Company invested in UK to cater the business orders from the overseas directly from the world renowned apparel suppliers and agreed to the condition of adjusting the initial expenses amount with commission of securing orders in favor of KDS Accessories Ltd. in Bangladesh.

The company started to recover and an amount of USD 104,030 has already adjusted during the year 2013.

### **It appears that asset turnover, inventory turnover and return on equity are in declining trend. Current and quick ratios are not in line with the satisfactory level Asset turnover and Inventory turnover ratio:**

With the increasing competition in the accessories industry as well as the fast changing technology the company is required to invest more and more in Assets while the price of products does not increase proportionately. However because of better technology and increase in volume the company is in a position to maintain growth of profit.

On the other hand to ensure the timely and quick delivery of orders from the buyers the company is required to maintain high inventory.

### **Current Ratio & Quick Ratio:**

As noted above that due to increasing competition the company is required to maintain inventory at an increasing rate and hence Quick ratio has been deteriorated. On the other hand, due to long relationship with the suppliers, the company is in a better position to negotiate longer period for payments against imported goods. This practice reduces the finance cost of the company but the short term liability shows higher. Due to this scenario the Current ratio looks adverse.

## Return on equity

Although the profit level is maintained, Return on equity of the company shows decreasing trend due to increasing net profit over the period (except 2011 due to implementation of deferred tax for the first time) as well as effect of revaluation reserve on FS 2012.

## Mr. Biplob Kanti Banik bears the offices of both Company Secretary and CFO

The Company appointed Mr. Manjure Khuda to act as Company Secretary from 01 December 2013 while Mr. Biplob Kanti Banik is continuing as Chief Financial Officer of the company.

## Pricing factor regarding company's transaction with inter-related companies

KDS Accessories Limited maintained same pricing policy for outside customer as well as inter-related companies. As its pricing policy is always uniform there is no favorable or unfavorable impact regarding the issue.

Breakup of additional Land during the year ended 31 December 2013

	Amount (Tk.)
Deed Value	25,525,000
Registration Cost	2,872,250
Earth Filing	7,918,199
Other Expenses (Legal notice, Admin Exp.)	412,595
	<b>36,728,044</b>

During the year 2013 the company purchased 228 decimal of land comprises of the following:

- 88 decimal in Mirjapur, Gazipur adjacent to existing factory to keep provision for future expansions in long run; and
- 140 decimal in Sitakundu, Chittagong, adjacent to Dhaka-Chittagong highway. Existing plant in Chittagong has limitation for further expansion due to non-availability of land. Considering the said constraints for expansion requirements in long run, the management has acquired this land which is very convenient place for transportation of finished goods as well as raw materials.

## Movement of Goods in Transit

Particulars	Amount (Tk.)
Opening Balance	53,018,190.00
Add: Addition during the Period	1,082,215,018.00
	<b>1,135,233,208.00</b>
Less: Transfer to Procurement A/C	1,061,568,551.00
Closing Balance	<b>73,664,657.00</b>

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## **AUDITORS' REPORT TO THE SHAREHOLDERS OF KDS ACCESSORIES LIMITED**

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We have audited the accompanying financial statements of KDS ACCESSORIES LIMITED, which comprises the statement of financial position as at 31 December 2014 and the related statement of comprehensive income, statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

### **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. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion:**

In our opinion, the Financial Statements prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the company's affairs as at 31 December 2014 and of the results of its operations and its cash flows for the year then ended and comply with the Companies Act 1994 and other applicable laws and regulations.

Further to our opinion in the above paragraph, we state that:

- (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) In our opinion, proper books of account as required by law have been kept by KDS Accessories Limited so far as it appeared from our examination of those books;
- (iii) The Company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account and returns.
- (iv) The expenditure incurred was for the purpose of the Company's business.

**Chittagong, 25 April 2015**

Sd/-  
**Chartered Accountants  
Hoda Vasi Chowdhury & Co.**



**KDS ACCESSORIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2014**

	<u>Note(s)</u>	<b>2014</b> <b>Taka</b>	<b>2013</b> <b>Taka</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
		<b>1,099,749,880</b>	<b>1,065,806,269</b>
Property, Plant & Equipment	4	1,048,521,164	1,017,759,928
Intangible Assets	5	2,627,961	3,284,951
Capital Work -in-Progress	6	13,769,598	6,762,477
Investment	7	34,831,157	37,998,913
<b>CURRENT ASSETS</b>			
		<b>1,310,435,283</b>	<b>1,311,889,893</b>
Inventories	8	465,336,160	732,291,606
Trade Receivables	9	776,514,457	514,313,914
Other Receivables	10	2,461,627	615,038
Advances, Deposits and Prepayments	11	16,569,539	30,164,936
Due From Affiliated Companies	12	38,630,242	26,187,490
Cash and Cash Equivalent	13	10,923,258	8,316,909
<b>TOTAL ASSETS</b>		<b>2,410,185,163</b>	<b>2,377,696,162</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' EQUITY</b>			
		<b>873,807,417</b>	<b>785,170,317</b>
Share Capital	14.2	400,000,000	400,000,000
Revaluation reserve		214,391,703	214,391,703
Retained earnings		259,415,714	170,778,614
<b>NON CURRENT LIABILITIES</b>			
		<b>229,954,933</b>	<b>120,544,241</b>
Long Term Bank Loan	15	184,209,349	77,283,491
Lease Finance	16	2,153,672	2,652,175
Deferred Tax Liability	17.2	43,591,912	40,608,575
<b>CURRENT LIABILITIES</b>			
		<b>1,306,422,814</b>	<b>1,471,981,604</b>
Trade and Other payable	18	498,798,818	484,580,491
Current portion of Long Term Bank Loan	15	145,771,384	60,274,777
Current Portion of Lease Finance	16	1,083,672	1,533,408
Short Term Bank Loan	19	590,668,393	865,807,441
Current Tax Liability	17.1	35,184,076	32,737,712
Workers' Profit Participation & Welfare Fund	20	34,916,471	27,047,775
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,410,185,163</b>	<b>2,377,696,162</b>
<b>Net Assets Value Per Share</b>	28.2	<b>21.85</b>	<b>19.63</b>
Contingent Liabilities and Commitments	29.1		

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 25.04.2015  
and were signed on its behalf by :

Sd/-

**COMPANY SECRETARY**

**Chittagong, 25 April 2015**

Sd/-

**DIRECTOR**

Signed in terms of our separate report of even date annexed

Sd/-

**MANAGING DIRECTOR**

Sd/ -  
**Chartered Accountants**  
**Hoda Vasi Chowdhury & Co.**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note(s)	2014 Taka	2013 Taka
Revenue	21	1,742,309,513	1,647,256,363
Cost of Goods Sold	22	(1,383,962,478)	(1,278,930,852)
<b>Gross Profit</b>		<b>358,347,035</b>	<b>368,325,511</b>
Operating Expenses	23	(78,085,045)	(57,617,403)
Selling & Distribution Expenses	24	(27,713,333)	(24,224,633)
<b>Operating Profit</b>		<b>252,548,657</b>	<b>286,483,475</b>
Financial Expenses	25	(147,016,588)	(162,508,479)
<b>Profit before Other Income</b>		<b>105,532,069</b>	<b>123,974,996</b>
Other Income	26	10,500,902	(8,306,128)
Income from Associates	7.2	769,291	1,235,958
<b>Profit before Income Tax and distribution of WPP &amp; WF</b>		<b>116,802,262</b>	<b>116,904,826</b>
Workers' Profit Participation & Welfare Fund	20	(5,840,113)	(5,566,896)
<b>Profit before Income Tax</b>		<b>110,962,149</b>	<b>111,337,930</b>
Current Tax Expenses	17.1	(19,341,713)	(16,372,723)
Deferred Tax Expenses	17.2	(2,983,337)	(9,094,143)
<b>Profit after Income Tax</b>		<b>88,637,099</b>	<b>85,871,064</b>
<b>Other Comprehensive Income</b>			
Revaluation of Land & Land Development		-	-
Income Tax on other comprehensive Income		-	-
		-	-
<b>Total Comprehensive Income</b>		<b>88,637,099</b>	<b>85,871,064</b>
<b>Earnings Per Share</b>	28.1	<b>2.22</b>	<b>2.14</b>

These financial statements should be read in conjunction with the annexed notes  
and were approved by the Board of Directors on 25.04.2015  
and were signed on its behalf by :

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

Signed in terms of our separate report of even date annexed

Chittagong, 25 April 2015

Sd/-  
**Chartered Accountants**  
**Hoda Vasi Chowdhury & Co**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note(s)	2014 Taka	2013 Taka
<b>Cash flows from operating activities</b>			
Cash received from Customers	27.1	1,480,108,969	1,483,016,561
Cash received from other sources	27.2	9,423,604	(9,321,262)
Cash Paid to suppliers	27.3	(1,059,910,741)	(1,186,342,160)
Cash Paid for operating expenses	27.4	(78,797,916)	(84,548,685)
Cash payment for financial expenses	27.5	(147,016,588)	(162,508,479)
Income Tax Paid	17.1	(16,895,349)	(23,780,551)
<b>Net cash inflow/(outflow) from operating activities (A)</b>		<b>186,911,979</b>	<b>16,515,424</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	4	(2,105,042)	(3,261,422)
Capital Work-in-Progress	6.1	(89,260,770)	(149,824,209)
Proceed from sale of property, plant and equipment	27.6	-	5,100,000
Investment	7	3,167,756	(2,298,585)
<b>Net cash inflow/(outflow) from investing activities (B)</b>		<b>(88,198,056)</b>	<b>(150,284,216)</b>
<b>Cash flows from financing activities</b>			
Long term loan received/ (repaid)	15	192,422,465	(32,740,355)
Finance Lease (repaid)/ received	16	(948,239)	3,012,795
Short term loan (repaid)/ received	19	(275,139,047)	278,548,216
Affiliated Company transactions	12	(12,442,752)	(117,445,239)
<b>Net cash inflow/(outflow) from financing activities (C)</b>		<b>(96,107,573)</b>	<b>131,375,417</b>
<b>Net increase of cash and cash equivalents for the year (A+B+C)</b>		<b>2,606,349</b>	<b>(2,393,375)</b>
Cash and cash equivalents at the beginning of the year		8,316,909	10,710,284
<b>Cash and cash equivalents at the end of the year</b>		<b>10,923,258</b>	<b>8,316,909</b>
Net Operating cash Flows per share	28.3	4.67	0.41

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 25.04.2015  
and were signed on its behalf by :

Sd/-  
**COMPANY SECRETARY**

Sd/  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

**KDS ACCESSORIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**Amount in Taka**

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance at the beginning of the year 01 January 2014</b>	<b>400,000,000</b>	<b>214,391,703</b>	<b>170,778,614</b>	<b>785,170,317</b>
Revaluation surplus	-	-	-	-
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	-	88,637,099	88,637,099
Issuance of Bonus Share	-	-	-	-
<b>Balance at the end of the year 31 December 2014</b>	<b>400,000,000</b>	<b>214,391,703</b>	<b>259,415,714</b>	<b>873,807,417</b>

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
<b>Balance at the beginning of the year 01 January 2013</b>	<b>301,283,400</b>	<b>214,391,703</b>	<b>183,624,150</b>	<b>699,299,253</b>
Revaluation surplus	-	-	-	-
Net Profit (after tax) transferred from Statement of Comprehensive Income	-	-	85,871,064	85,871,064
Issuance of Bonus Share	98,716,600	-	(98,716,600)	-
<b>Balance at the end of the year 31 December 2013</b>	<b>400,000,000</b>	<b>214,391,703</b>	<b>170,778,614</b>	<b>785,170,317</b>

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 25.04.2015  
and were signed on its behalf by:

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

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# **KDS ACCESSORIES LIMITED**

## **Notes to the Financial Statements**

### **For the year ended 31 December 2014**

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#### **1 Reporting Entity**

##### **1.1 Formation and Legal Status**

KDS Accessories Limited (formerly KDS Packaging Industries Ltd.) was incorporated on 21 April 1991 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 1 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, Chittagong and the Company established its 2nd unit at Mirzapur, Gazipur at Dhaka in the year 2009.

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 22.04.10. The change of name was certified by the Registrar of Joint Stock Companies & Firms on 11.05.10 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.

##### **1.2 Nature of Business**

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

#### **2 Basis of Financial Statements Preparation and Presentation**

##### **2.1 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 Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs).

##### **2.2 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 ammended in 2013)

##### **2.3 Application of 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 are applied to the financial statements for the year under audit:

<u>Ref. No.</u>	<u>Accounting Standards</u>	<u>Status</u>
BAS-1	Presentation of financial statements	Applied
BAS-2	Inventories	Applied
BAS-7	Statement of Cash Flows	Applied
BAS-8	Accounting Policies, Changes in Accounting Estimates and Errors	Applied
BAS-10	Events after the Reporting Date	Applied
BAS-12	Income Taxes	Applied
BAS-16	Property, Plant & Equipment	Applied
BAS-17	Leases	Applied
BAS-18	Revenue	Applied
BAS -19	Employee benefits	Applied
BAS-21	The effects of Changes in Foreign Exchange Rate	Applied
BAS-23	Borrowing Costs	Applied
BAS-24	Related Party Disclosures	Applied
BAS-26	Accounting and Reporting by Retirement Benefit Plans	Applied
BAS-28	Investments in Associates	Applied
BAS-32	Financial Instrument: Presentation	Applied
BAS-33	Earnings per share	Applied
BAS-36	Impairment of assets	Applied
BAS-37	Provisions, Contingent Liabilities and Contingent Assets	Applied
BAS-38	Intangible Assets	Applied
BAS-39	Financial Instruments: Recognitions and Measurement	Applied
BFRS-1	First Time Adoption of International Financial Reporting Standards	Applied
BFRS-7	Financial Instruments: Disclosures	Applied

#### **2.4 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.

#### **2.5 Basis of Measurement**

The financial statements have been prepared on historical cost basis.

#### **2.6 Use of Estimates and Judgments**

The preparation of these financial statements is in conformity with BFRSs requires management to make judgments, 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 ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### **2.7 Presentation of Financial Statements**

The presentation of these financial statements is in accordance with the guidelines provided by BAS 1 'Presentation of Financial Statements'. The Financial Statement comprises

- a) a statement of financial position;
- b) a statement of comprehensive income;
- c) a statement of changes in equity;
- d) a statement of cash flows; and
- e) notes, comprising a summary of significant accounting policies and explanatory information.

#### **2.8 Reporting Period**

The financial period of the company covers twelve Months from 01 January 2014 to 31 December 2014.

## **2.9 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.

## **2.10 Comparative Figures**

### **Re-arrangement**

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

### **Restatement**

During the year no restatements in opening balance of retained earnings and comparative figures were restated.

## **3 Significant Accounting Policies**

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements.

### **3.1 Property, Plant and Equipment (PPE) - note 4**

#### **i) Recognition of Property, Plant & Equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation less impairment loss, 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 period 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 period 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) Disposal of Property, Plant & Equipments**

On disposal of property, plant & equipments, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

#### v) Maintenance Activities

The company incurs maintenance cost for all its major items of property, plant and equipment. Repair and maintenance costs are charged as expenses when incurred.

#### vi) Revaluation of Property, Plant & Equipments - note 4.b

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 has revalued the lands of the company as of 31 December 2012, following "current cost method". Such revaluation resulted in a valuation surplus aggregating Tk. 214,391,703.

#### vii) Depreciation

Depreciation on all items of Property, Plant & Equipment other than Land & Land development is computed using the diminishing balance method so as to write off the assets over their expected useful life. All acquisitions during the year are charged full period's depreciation.

After considering the useful life of assets as per BAS-16 'Property, plant and equipment', the annual depreciation rates have been applied as under which is considered reasonable by the management.

<u>Category</u>	<u>Rate of Depreciation</u>
Land & Land Development	-
Administrative Building	5%
Factory Building	5%
Plant & Machineries	7%
Office Equipments	10%
Electrical Equipment & Installation	15%
Furniture & Fixtures	10%
Motor Vehicles (both free & lease-hold)	15%
Computer Equipments	20%

#### viii) Retirement and Disposals

An asset is recognized on disposal or when no future economic benefits are expected from its use and subsequent disposal. 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 profit and loss account.

#### ix) Impairment of Assets

The company reviews the recoverable amount of its assets at each reporting date. If there exist 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".

### 3.1.1 Capital Work-in-progress - note 6

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 31 December 2014 and these are stated at cost.

### 3.2 Investment - note 7

#### i) Investment in Associates

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. 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'. Such investments are classified as other assets in the balance sheet and the share of profit/loss of such investment is classified under other operating income in the profit and loss account.



Recognition of income on the basis of distributions received from associate may not be an adequate measure of the income earned by the Company on an investment in an associate because the distributions received may bear little relation to the performance of the associate. Because of the Company has significant influence over the associates; the Company has an interest in the associate's performance and, as a result the return of investment. The Company's accounts for this interest by extending the scope of its Financial Statements to include its share of profit/loss of such an associate. As a result, application of the equity methods provides more informative reporting of the net assets and profit or loss of the investor.

**ii) Investment in unlisted securities**

Investment in unlisted securities is reported at cost under cost method.

**3.3 Intangible Assets - note 5**

**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 comprehensive income on reducing balance method at the rate of 20% per annum.

**3.4 Inventories & Consumables - note 8**

Inventories comprise of raw materials, work-in-process, finished goods, stores & spares, which are valued lower of cost or net realizable value in accordance with the Para of 21 & 25 of BAS-2 "Inventories" after making due allowance for any obsolete or slow moving item and details of valuation are as follows:

- |                       |  |
|-----------------------|--|
| i) Raw materials      | at average cost                                    |
| iii) Finished goods   | at cost or net realizable value whichever is lower |
| iii) Goods-in-transit | at cost  |
| iv) Stores & spares   | at weighted average cost                           |

**3.5 Revenue Recognition - note 21**

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.

**3.6 Taxation - note 17**

**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 35% on operational income after deducting 50% of income as export rebate resulting in an effective tax rate of 17.50% on operational income. Besides this the company charged tax at a rate of 35% on other income of this company.

**ii) Deferred Tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted at the reporting date. Deferred tax asset or liability does not create a legal recovery / liability from or to the income tax authority.

### **3.7 Loans and Borrowings - note 15**

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.

### **3.8 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 Comprehensive Income.

### **3.9 Contingent Liabilities and Assets**

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company.

### **3.10 Statement of Changes in Equity**

Statement of changes in equity is prepared in accordance with BAS-1 "Presentation of Financial Statements". This statement reflects information about the increase or decrease in net assets or wealth.

### **3.11 Events after the reporting period note - 29.6**

In compliance with the requirements of BAS 10: Events after the reporting period, post Balance Sheet events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the Balance Sheet date that are not adjusting events are disclosed in the notes when material.

### **3.12 Borrowing Cost:**

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognized in profit or loss using effective interest method. Borrowing cost incurred during the year was recognized as revenue expenses in accordance with BAS-23 "Borrowing Cost".

### **3.13 Advertisement and Promotional Expenses**

All cost associated with advertising and promotional activities are charged out in the year incurred.

### **3.14 Trade Receivable - note 9**

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.

### **3.15 Trade and Other Payable - note 18**

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

### **3.16 Cash and Cash Equivalent - note 13**

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. BAS 7 and BAS 1, cash in hand and bank balances have been considered as cash and cash equivalents.

### **3.17 Earnings Per Share - note 28.1**

Earnings Per Share (EPS) is calculated in accordance with the Bangladesh Accounting Standard BAS-33 "Earnings Per Share".

#### **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 period.

#### **ii) Diluted Earnings Per Share:**

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

### **3.18 Related Party Transactions - note 29.7**

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.

The Company transacts with related parties and recognize as per BAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note - 29.07

### **3.19 Financial Expenses - note 25**

Financial expenses comprise the interest on external borrowings and bank charges and are recognized as they accrue.

### **3.20 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 - note 20**

The Company maintains a Worker's profit participation & welfare fund as per the requirement of The Companies Profit (worker's participation) (amendment) ordinance 1985 & Labour Act 2006 (As amended 2013) but no Board of Trustees have yet been constituted.

#### **iii) Provident Fund**

The company maintains a Unrecognized Provident fund for its officers only. Both the employees and company contribute 10% of basic salary to the fund.

#### **iv) 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.

4. a) PROPERTY, PLANT & EQUIPMENT at Cost Less Accumulated Depreciation - note 3.1

Particulars	Cost (Amount in Taka)			Dep Rate (%)	Depreciation (Amount in Taka)			Written Down Value as on 31.12.2014 (Taka)
	Opening Balance as on 01.01.14	Addition During the Year	Disposed During the Year		Opening Balance as on 01.01.14	Charge During the Year	Adj. During the Year	
<b>Land and Land Development:</b>	153,498,092	8,682,000	-	-	-	-	-	162,180,092
<b>Building:</b>								
Administrative Building	40,896,043	344,912	-	5%	41,240,955	-	1,520,363	28,886,899
Factory Building	262,330,547	13,167,766	-	5%	275,498,313	-	8,934,825	169,761,666
	303,226,590	13,512,678	-	107,635,515	10,455,188	-	118,090,703	198,648,565
<b>Plant &amp; Machinery:</b>								
Plant & Machinery	547,922,088	33,824,021	-	7%	581,746,109	-	29,562,495	392,758,868
<b>Equipment &amp; Appliance:</b>								
Office Equipment	19,935,449	3,577,857	-	10%	23,513,306	-	1,383,238	12,449,138
Electric Installation	29,120,881	6,666,612	-	15%	35,787,493	-	3,749,072	21,244,742
	49,056,330	10,244,469	-	20,474,609	5,132,310	-	25,606,919	33,693,880
Furniture & Fixtures	11,680,835	331,713	-	10%	12,012,548	-	671,851	6,046,655
Computer Equipment	18,886,414	1,773,330	-	20%	20,659,744	-	1,956,240	7,824,960
<b>Motor Vehicles:</b>								
Free Hold	33,442,600	15,990,480	-	15%	49,433,080	-	5,198,129	29,456,066
Lease Hold	5,402,826	-	-	15%	5,402,826	-	621,242	3,520,374
	38,845,426	15,990,480	-	16,040,094	5,819,371	-	21,859,466	32,976,440
<b>As on 31 Dec 2014</b>	<b>1,123,115,775</b>	<b>84,358,691</b>	<b>-</b>	<b>319,747,550</b>	<b>53,597,455</b>	<b>-</b>	<b>373,345,006</b>	<b>834,129,461</b>
<b>As on 31 Dec 2013</b>	<b>962,461,780</b>	<b>167,853,995</b>	<b>7,200,000</b>	<b>273,346,786</b>	<b>50,645,687</b>	<b>4,244,923</b>	<b>319,747,550</b>	<b>803,368,225</b>

**b) Revalued Assets note 3.1.vi**

Particulars	Revaluation (Amount in Taka)			Dep Rate (%)	Depreciation (Amount in Taka)			Written Down Value as on 31.12.2014 (Taka)
	Opening Balance as on 01.01.14	Addition During the Year	Disposed During the Year		Closing Balance as on 31.12.2014	Opening Balance as on 01.01.14	Charge During the Year	
<b>Land and Land Development:</b>	<b>214,391,703</b>	-	-	214,391,703	-	-	-	214,391,703
<b>As on 31 Dec 2014</b>	<b>214,391,703</b>	-	-	214,391,703	-	-	-	214,391,703
<b>As on 31 Dec 2013</b>	<b>214,391,703</b>	-	-	214,391,703	-	-	-	214,391,703
<b>Total Assets (a+b) 31 Dec 2014</b>	<b>1,337,507,478</b>	<b>84,358,691</b>	-	<b>1,421,866,169</b>	<b>319,747,550</b>	<b>53,597,455</b>	-	<b>1,048,521,164</b>
<b>Total Assets (a+b) 31 Dec 2013</b>	<b>1,176,853,483</b>	<b>167,853,995</b>	<b>7,200,000</b>	<b>1,337,507,478</b>	<b>273,346,786</b>	<b>50,645,687</b>	<b>4,244,923</b>	<b>1,017,759,928</b>

Details of Land and Land Development are showed in Annexure- A.

**Depreciation Allocated to:**

	2014 Taka	2013 Taka	Basis of Allocation
Factory Overhead - note 22.2	42,877,964	40,516,550	80%
Operating Expenses - note 23	10,719,491	10,129,137	20%
	<b>53,597,455</b>	<b>50,645,687</b>	<b>100%</b>

**5 INTANGIBLE ASSETS at Cost Less Accumulated Amortization - note 3.3**

Particulars	Cost (Amount in Taka)			Dep Rate (%)	Amortization (Amount in Taka)			Written Down Value as on 31.12.2014 (Taka)
	Opening Balance as on 01.01.14	Addition During the Year	Disposed During the Year		Closing Balance as on 31.12.2014	Opening Balance as on 01.01.14	Charge During the Year	
Computer Software	4,220,359	-	-	4,220,359	935,408	656,990	-	1,592,398
<b>As on 31 Dec 2014</b>	<b>4,220,359</b>	-	-	<b>4,220,359</b>	<b>935,408</b>	<b>656,990</b>	-	<b>2,627,961</b>
<b>As on 31 Dec 2013</b>	<b>570,849</b>	<b>3,649,510</b>	-	<b>4,220,359</b>	<b>114,170</b>	<b>821,238</b>	-	<b>3,284,951</b>

		2014 Taka	2013 Taka
<b>6</b>	<b>CAPITAL WORK-IN-PROGRESS - note 3.1.1</b>		
	Opening Balance	6,762,477	25,180,351
	Add: Expenditure incurred during the year	89,260,770	149,824,209
	Less: Capitalized during the year	82,253,648	168,242,083
	Closing Balance - note 6.1	<b>13,769,598</b>	<b>6,762,477</b>

#### 6.1 The Break up

Particulars	Opening Balance	Expenditure incurred during the year	Capitalized during the year	Closing Balance
Land and Land Development	1,704,000	19,847,599	8,682,000	12,869,598
Administrative Building	-	344,912	344,912	-
Factory Building	4,115,396	9,952,370	13,167,766	900,000
Plant & Machinery	57,214	33,766,808	33,824,022	-
Electric Equipment & Installation	33,920	6,632,692	6,666,612	-
Motor Vehicles- note 6.1.1	179,048	15,811,432	15,990,480	-
Office Equipments	672,900	2,904,957	3,577,857	-
<b>Total</b>	<b>6,762,477</b>	<b>89,260,770</b>	<b>82,253,649</b>	<b>13,769,598</b>

6.1.1 An amount of Tk. 10,000,000 was spent for major upgradation of vehicle no. Dhaka Metro GHA 11-5989, to match with latest model.

#### 7 INVESTMENT - note 3.2

Investment in Unlisted Securities KDS Cotton Poly Thread Industries Ltd. note 7.1	-	5,000,000
Investment in Associates Skys Securities Limited - note 7.2	22,940,563	22,171,272
Investment in FDR - note 7.3	11,890,594	10,827,641
	<b>34,831,157</b>	<b>37,998,913</b>

#### 7.1 Investment in Unlisted Securities-KDS Cotton Poly Thread Industries Limited - note 7

The Company was incorporated on 22 November 1992 and commenced its production on 1 July 1994. The Authorized share capital of the Company is 3,000,000 ordinary shares @ Tk 100 each totaling Tk. 300,000,000 and the Paid up capital is 750,000 shares @ Tk 100 each totaling Tk. 75,000,000. KDS Accessories Limited subscribed 50,000 Shares @ Tk 100 totaling Tk. 5,000,000 each representing 6.67% of share capital. During the year 2014 KDS Accessories Ltd has withdrawn its investment of Tk. 5,000,000 and transferred to KDS Garment Ind. Limited accordingly.

#### 7.2 Investment in Associates- Skys Securities Limited - note 7

SKYS Securities Limited is an associate of the company having 46.69% holding in paid up capital. It was incorporated on 17 June 1997 and commenced operation on 1 January 2006. Paid up capital at the Reporting date stands at Tk. 50,132,000 (50,132 shares @ Tk 1,000 each). The investment is shown under equity method as per BAS -28 "Investment in Associates".

#### Movement of investment in Associate Company:

Associate Company	Balance as on 01 January 2014	Investment/ (Adjustment)	Profit Equity Method	Balance as on 31 December 2014
Skys Securities Limited	22,171,272	-	769,291	22,940,563

Associate Company	Balance as on 01 January 2013	Investment/ (Adjustment)	Profit Equity Method	Balance as on 31 December 2013
Skys Securities Limited	20,935,314	-	1,235,958	22,171,272

		<b>2014 Taka</b>	<b>2013 Taka</b>
<b>7.3 Investment in FDR - note 7</b>	<u>Tenure</u>		
Bank Asia Limited	3 months to 1 year	11,101,652	10,078,259
Exim Bank Limited	3 years	788,943	749,382
		<b>11,890,595</b>	<b>10,827,641</b>
<b>8 INVENTORIES - note 3.4</b>			
Stores & Spares - note 22.2.1		29,617,638	30,829,809
Raw Materials in Stock - note 8.1		340,611,241	609,547,032
Work-in-process - note 22		24,924,967	14,573,853
Finished Goods - note 8.2		16,357,285	3,676,255
Goods In Transit		53,825,029	73,664,657
		<b>465,336,160</b>	<b>732,291,606</b>
<b>8.1 Raw Materials in Stock - note 8</b>			
Opening balance		609,547,032	687,834,370
Add: Purchase during the year		970,888,831	1,076,478,973
		<b>1,580,435,863</b>	<b>1,764,313,343</b>
Less: Consumption during the year - note 22.1		1,239,824,622	1,154,766,311
<b>Closing balance</b>		<b>340,611,241</b>	<b>609,547,032</b>
<b>a)</b>	Details of Raw Materials are shown in <b>Annexure - B</b>		
<b>8.2 Finished Goods - note 8</b>			
Opening balance		3,676,255	596,438
Add: Cost of goods produced during the period - note 22		1,396,643,508	1,282,010,669
Cost of goods available for sale during the period		<b>1,400,319,763</b>	<b>1,282,607,107</b>
Less: Cost of goods sold during the period - note 22		1,383,962,478	1,278,930,852
<b>Closing balance</b>		<b>16,357,285</b>	<b>3,676,255</b>
<b>9 TRADE RECEIVABLES - note 3.14</b>			
Opening Balance		514,313,914	350,074,112
Add: Addition during the year (i.e. Revenue) - note 21		1,742,309,513	1,647,256,363
Add: Foreign Currency fluctuation gain/(loss) - note 9.b		6,904,793	(2,470,684)
		<b>2,263,528,220</b>	<b>1,994,859,791</b>
Less: Realized during the year		(1,487,013,762)	(1,480,545,877)
		<b>776,514,457</b>	<b>514,313,914</b>
<b>a)</b>	Trade receivable have been stated at their nominal value. Trade receivable are accrued in the ordinary course of business. These are carried at invoice amount. All receivable 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.		
<b>b)</b>	Foreign Currency fluctuation gain/(loss) arises due to translation of Trade Receivables during the year with reference to BAS 21 'The effects of Changes in Foreign Exchange Rate'.		
<b>c)</b>	Trade receivable includes affiliated companies:		
KDS Garment Inds. Ltd.		40,946,331	24,823,027
KDS Fashion Ltd.		18,024,862	12,390,109
KDS Apparels Limited		4,140,633	947,719
		<b>63,111,826</b>	<b>38,160,854</b>
<b>d)</b>	Details of Trade receivables are shown in <b>Annexure-C</b>		

	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>e) Disclosure as per Schedule -XI, Part-1, of The Companies Act, 1994</b>		
Dues over 6 Months	2,461,576	5,908,666
Dues over 3 Months but within 6 months	338,133,576	-
Dues within 3 Months	435,919,306	508,405,248
Other debts less provision	-	-
	<b>776,514,457</b>	<b>514,313,914</b>
Receivable considered Good & secured	776,514,457	514,313,914
Receivable considered Good without security	-	-
Receivable considered doubtful or Bad	-	-
Receivable due by Directors or other Officers	-	-
Receivable due from companies under same management	-	-
Maximum receivable due by Directors or Officers at any time	-	-
<b>10 OTHER RECEIVABLES</b>		
Rent Receivable	1,797,600	-
Accrued Interest Income on FDR - note 10.1	664,027	615,038
	<b>2,461,627</b>	<b>615,038</b>
<b>10.1</b>	The interest was accrued for the FDR of Tk 1,11,01,652 (Tk 10,078,259 for the corresponding year 2013) maintained with Bank Asia Limited, Agrabad Branch, Chittagong and MCB Banani Branch, Dhaka and of Tk 7,88,943 (Tk 749,382 for the corresponding year 2013) maintained with Exim Bank Ltd, Agrabad Branch, Chittagong.	
<b>11 ADVANCES, DEPOSITS AND PREPAYMENTS</b>		
Advances - Note 11.1	14,996,375	28,336,932
Deposits - Note 11.2	1,054,561	1,054,561
Prepayments - note 11.3	518,603	773,443
	<b>16,569,539</b>	<b>30,164,936</b>
<b>11.1 Advances - note 11</b>	Purpose of advances	
Against Salary & Allowances	Salary advance	1,077,123
Against Advertisement	For Bill Board	370,308
Against IDLC	For Motor Vehicle	36,880
Against Income Tax	TDS	14,670,845
Others	Party Advance	12,181,776
	<b>14,996,375</b>	<b>28,336,932</b>
<b>a)</b>	All the Advance & Deposits amount considered good and Recoverable.	
<b>11.2 Deposits - note 11</b>		
T & T	20,000	20,000
Titas Gas Transmission & Distribution Com. Limited	240,000	240,000
Margin for Vehicle	245,400	245,400
Karnaphuli Gas Transmission Limited	549,161	549,161
	<b>1,054,561</b>	<b>1,054,561</b>
<b>a)</b>	All are security deposits against contractual services to be provided by the respective institutions.	
<b>11.3 Prepayments-note 11</b>		
Insurance Premium	358,676	570,667
Prepaid Interest	159,927	202,776
	<b>518,603</b>	<b>773,443</b>



	2014 Taka	2013 Taka
<b>12 DUE FROM AFFILIATED COMPANIES</b>		
KDS Cotton Poly Thread Industries Ltd. - note 12.1	38,630,242	-
KDS Accessories Global Limited - note 12.2	-	26,187,490
	<b>38,630,242</b>	<b>26,187,490</b>

**12.1** The amount represent Loan provided to KDS Cotton Poly Thread Industries Ltd. with simple interest rate at 14 % p.a on balance outstanding in a daily basis.

**12.2** KDS Accessories Global Limited - a Company incorporated in UK entered into an agreement on 01 January 2011 to act as an overseas sales agent on sales commission basis for KDS Accessories Limited. As per agreement, KDS Accessories Limited remitted the aforesaid amount in advance to meet the initial operating expenses with the approval of Bangladesh Bank through letter no: Non-Commercial & Import/666/2011-297 dated: 30.05.2011 & Non-Commercial & Import/666/2011-410 dated: 24.07.2011. During the year 2014 KDS Accessories Limited adjusted \$ 3,40,097 (adjustment of \$ 1,04,030 was for the corresponding year 2013) against the sales commission payable to the KDS Accessories Global Limited on their services.

**13 CASH AND CASH EQUIVALENT- note 3.16**

**Cash in Hand**

Cash in hand - note 13.1

Cash at Bank - note 13.2

**13.1 Cash in hand - note 13**

Head Office at Chittagong

Dhaka Office

Gazipur Factory Office

**13.2 Cash at Bank: Balances with Schedule Banks - note 13**

Bank Asia Ltd. A/C No. 01236050518

Bank Asia Ltd. A/C No. 00542000115 (Old) 136 (New)

Bank Asia Ltd. A/C No. 00542000114

Bank Asia Ltd. A/C No. 01247000009

HSBC A/C # 004 - 046140 - 011

Standard Chartered Bank A/C # 01397966001

Bank Asia Ltd. (Pack. Unit - 2) A/C No. 01242000049

Bank Asia Ltd. (Pack. Unit - 2) A/C No. 01247000030

Southeast Bank Ltd. A/C No 000311100026308

Mutual Trust Bank Ltd. A/C 0053-0210001896

**14 SHARE CAPITAL**

**14.1 Authorized Capital**

**200,000,000** Ordinary Shares of Tk 10 each

**14.2 Issued, subscribed and paid - up Capital**

Issued, subscribed and paid up

Paid-up in cash

2,100,000 Ordinary Shares of Tk 10 each

1,000 For consideration other than cash (Assets Acquisition)

10,505,000 Ordinary Shares of Tk 10 each as at 18 May 1992

17,522,340 For consideration other than cash (Bonus)

9,871,660 Ordinary Shares of Tk 10 each as at 30 June 2010

Ordinary Shares of Tk 10 each as at 6 March 2012

Ordinary Shares of Tk 10 each as at 8 June 2013

**40,000,000** Ordinary Shares of Tk 10 each

772,760	1,160,805
10,150,498	7,156,104
<b>10,923,258</b>	<b>8,316,909</b>
501,370	490,554
257,097	625,155
14,293	45,096
<b>772,760</b>	<b>1,160,805</b>
1,121	1,827
276	29,893
2,220,314	1,746,283
675	16,284
4,048,590	3,192,348
2,690,796	564,845
1,175	10,310
950,741	1,589,482
231,810	4,832
5,000	-
<b>10,150,498</b>	<b>7,156,104</b>

2014 Taka	2013 Taka
2,000,000,000	2,000,000,000
<b>2,000,000,000</b>	<b>2,000,000,000</b>
21,000,000	21,000,000
10,000	10,000
105,050,000	105,050,000
175,223,400	175,223,400
98,716,600	98,716,600
<b>400,000,000</b>	<b>400,000,000</b>

14.3 A. Position of Shares holding as at 31 December 2014

Name of the Shareholders	Nature of Shareholding	Nationality	Percentage (%)	2014 Taka	2013 Taka
Mr. Khalilur Rahman	Individual	Bangladeshi	61.00	243,991,750	243,991,750
Mr. S. M. Shameem Iqbal	Do	Bangladeshi	7.00	27,999,360	27,999,360
Mr. Salim Rahman	Do	Bangladeshi	21.00	84,010,790	84,010,790
Mrs. Hasina Iqbal	Do	Bangladeshi	6.00	24,001,260	24,001,260
Mrs. Tahsina Rahman	Do	Bangladeshi	5.00	19,990,480	19,990,480
Mrs. Tahmina Rahman	Do	Bangladeshi	0.001	3,180	3,180
KDS Garment Inds. Ltd.	Corporate	Bangladeshi	0.001	3,180	3,180
<b>Total</b>			<b>100</b>	<b>400,000,000</b>	<b>400,000,000</b>

B. A distribution schedule of the shares as at 31 December 2014 is given below as required by listing regulations:

Slabs by number of shares	Number of shareholders	No of Shares	Holding (%)
Less than 500	2	636	0.0016%
From 500 to 5,000	-	-	-
From 5,001 to 10,000	-	-	-
From 10,001 to 20,000	-	-	-
From 20,001 to 30,000	-	-	-
From 30,001 to 40,000	-	-	-
From 40,001 to 50,000	-	-	-
From 50,001 to 100,000	-	-	-
From 100,001 to 1,000,000	-	-	-
Above 1,000,000	5	39,999,364	99.9984%
<b>Total</b>	<b>7</b>	<b>40,000,000</b>	<b>100%</b>

15 LONG TERM BANK LOAN - note 3.7

Opening Balance	137,558,268	170,298,623
Add: Sanctioned during the Year	279,368,000	19,000,000
Add: Interest applied	28,833,276	22,325,640
Add: Bank Charges	36,175	23,650
Less: Repayment during the Year	(115,814,986)	(74,089,646)
Closing Balance	<b>329,980,733</b>	<b>137,558,268</b>
<b>Current/Non-current Classification</b>		
Due within one year	145,771,384	60,274,777
Due after one year	184,209,349	77,283,491
	<b>329,980,733</b>	<b>137,558,268</b>

Break up of Term Loan:

15.1 Bank Asia Limited, Agrabad Branch, Chittagong

Total Sanctioned Amount:

Loan No - 13215 Tk. 100.00 million

Loan No - 13496 Tk. 17.98 million

Loan No 14121 Tk. 4 million

Loan No - 14346 Tk. 4.8 million

Loan No - 14512 Tk. 100.00 million

Purpose Machinery import, Vehicle purchase, Working Capital

Sanction date 11 April 2012, 24 September 2012, 26 September 2013, 3 March 2014, 20 May 2014

Interest rate 13% (Revised from time to time)

Security Mortgage of Land, Plant & Machinery, Hypothecation of stocks & Personal Guarantee

Tenure Five Years

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

Total Sanctioned Amount: Tk. 5 Crore & 2.5 Crore

Purpose Working Capital

Sanction date	29 October 2014 & 01 December 2014
Interest rate	14.35 % & 13.90 %
Tenure	Three years

**15.3 Premier Leasing & Finance Limited, Head Office, Motijheel, Dhaka**

Total Sanctioned Amount:	Tk. 5 Crore & 5 Core
Purpose	Working Capital
Sanction date	28 September 2014 & 14 December 2014
Interest rate	14%
Tenure	Five years

**16 LEASE FINANCE**

Opening Balance	4,185,583	1,172,788
Add: Sanctioned during the Year	-	3,491,707
Less: Repayment during the Year	(948,239)	(478,912)
Closing Balance	<b>3,237,344</b>	<b>4,185,583</b>

**Current/Non-current Classification**

Due within one year	1,083,672	1,533,408
Due after one year	2,153,672	2,652,175
	<b>3,237,344</b>	<b>4,185,583</b>

**Break up of Lease Finance:**

**16.1 IDLC Finance Limited, Agrabad Branch, Chittagong**

Total Sanctioned Amount:	
Loan No: 97301	Tk. 1.5 million
Purpose	Lease for Motor Vehicle
Sanctioned on	20th April 2011
Payment method	60 equal monthly installments

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

Total Sanctioned Amount:	
Loan No: LE/048/2014	Tk. 3.49 million
Purpose	Lease for Motor Vehicle
Sanctioned on	13th February 2013
Payment method	60 equal monthly installments

**17 PROVISION FOR INCOME TAX**

**17.1 Current Tax - note 3.6.i**

	2014 Taka	2013 Taka
Opening Balance	32,737,712	40,145,540
Add: Addition during the year	19,341,713	16,372,723
Less: Paid during the year	(16,895,349)	(23,780,551)
Closing balance	<b>35,184,076</b>	<b>32,737,712</b>

**17.2 Deferred Tax - note 3.6.ii**

Opening Balance	40,608,575	31,514,432
Add: Provided during the year	2,983,337	9,094,143
Closing balance	<b>43,591,912</b>	<b>40,608,575</b>

**As on 31 December 2014:**

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable/ (Deductible) Temporary Difference (Taka)
Temporary Difference:			
Property, Plant & Equipment	674,577,331	402,570,508	272,006,823
Gratuity	(22,910,189)	-	(22,910,189)
<b>Net Taxable Temporary difference</b>			<b>249,096,634</b>
Applicable rate			<b>17.50%</b>
Deferred Tax Liability			<b>43,591,912</b>

As on 31 December 2013:

	Carrying Amount (Taka)	Tax Base (Taka)	Taxable/ (Deductible) Temporary Difference (Taka)
Temporary Difference:			
Property, Plant & Equipment	653,155,084	427,661,443	225,493,641
Gratuity	(8,914,575)	-	(8,914,575)
<b>Net Taxable Temporary difference</b>			<b>216,579,066</b>
Applicable rate			<b>18.75%</b>
Deferred Tax Liability			<b>40,608,575</b>

**18 TRADE AND OTHER PAYABLE - note 3.15**

Trade Payable - note 18.1	431,435,449	457,604,217
For Revenue expenses - note 18.2	66,238,843	26,327,855
For other Finance - note 18.3	1,124,526	648,419
	<b>498,798,818</b>	<b>484,580,491</b>

**18.1 Trade Payable - note 18**

Liability for imported goods	424,377,434	445,184,359
Liability for local goods	7,058,015	12,419,858
	<b>431,435,449</b>	<b>457,604,217</b>

- a) Liability for imported goods includes foreign exchange loss of Tk 20,46,051 (foreign exchange loss for the corresponding year 2013 was of Tk 946,896) arising due to translation of Trade Payables in foreign currency with reference to BAS - 21.

**18.2 For Revenue expenses - note 18**

	2014 Taka	2013 Taka
C&F Charges	4,420,930	3,423,259
Audit Fee	225,000	225,000
Professional Fee	-	212,085
Rent Expenses	4,560,000	-
Electricity Bill	135,508	94,087
Gas Charges	1,479,603	1,047,859
Telephone & Mobile bill	85,640	82,545
Insurance Expenses	368,378	930,191
Provident Fund	20,713,032	4,156,695
Gratuity	22,910,189	8,914,575
Employee cost	11,340,564	7,241,559
	<b>66,238,843</b>	<b>26,327,855</b>

- a) All trade & other payable were incurred as usual in business operation and paid on regular basis.  
b) Employee cost include salary and allowances for the month of December 2014 has been paid in subsequent month.

**18.3 For Other Finance - note 18**

Tax on Professional Fee	-	23,565
Supplier Income Tax	154,326	382,630
Tax & VAT on Audit Fee	62,500	62,500
Staff Income Tax	235,700	179,724
Tax on Rent Expenses	240,000	-
VAT on Rent Expenses	432,000	-
	<b>1,124,526</b>	<b>648,419</b>

**19 SHORT TERM BANK LOAN**

	2014 Taka	2013 Taka
Bank Asia Ltd OD - 5551 - note 19.1	80,484,565	91,985,779
Bank Asia Ltd. A/C No. 01236050569	4,303,737	2,682,927
Bank Asia Ltd. LATR Liability - note 19.1	141,300,903	253,943,670
Bank Asia Ltd. Loan No - 14064	-	162,724,347
Bank Asia Ltd., Dhaka LDBP Liability - note 19.1	253,737,446	237,941,376
Standard Chartered Bank LATR Liability - note 19.2	86,581,208	89,984,988
Standard Chartered Bank LDBP Liability -19.2	24,260,534	26,544,354
	<b>590,668,393</b>	<b>865,807,441</b>

19.1 Details of loan facilities from Bank Asia Ltd are as follows:

<b>Lender:</b>	<b>Bank Asia Ltd, Agrabad Branch. Ctg.</b>
Total Sanctioned limit:	
LATR	750 Million (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
Overdraft	80 Million
LDBP	150 Million for Chittagong Branch (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
	Open Limit for Dhaka Branch
Purpose:	Working capital
Facility will be expired on:	31.07.2015
Tenure:	One year and renewal on expiry
Interest rate	13% p.a. with quarterly rest.
Security:	Land measuring 389.5 decimal, factory building and hypothecation of plant and machinery etc.

19.2 Details of loan facilities from Standard Chartered Bank are as follows:

<b>Lender:</b>	<b>Standard Chartered Bank, Agrabad Branch, Ctg.</b>
Total Sanctioned limit:	
LATR	Tk. 300 Million (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
LDBP	Tk. 150 Million (interchangeable with KDS Cotton Poly Thread Industries Ltd.)
Purpose:	Working Capital
Facility will be expired on:	31.07.2015
Tenure:	One year and renewal on expiry
Interest rate	13 % per annum
Security:	Promissory Note of Tk 61.40 Crore, Personal Guarantee by Directors, 1st charge of stocks and book debt of KDS Accessories Limited

20 **WORKERS' PROFIT PARTICIPATION & WELFARE FUND - note 3.20.ii**

Opening Balance	27,047,775	19,982,213
Add: Addition during the year	5,840,113	5,566,896
Add: Interest during the year - note 23	2,028,583	1,498,666
	<b>34,916,471</b>	<b>27,047,775</b>

\*\* As per provision of Workers' Profit Participation & Welfare Fund (WPP & 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 2014 with a view to protect the interest of the workers. However the company expects to distribute the fund within next accounting period.

2014		2013	
USD	Taka	USD	Taka

21 **REVENUE - note 3.5**

Export Sales	22,927,396	1,742,309,513	21,109,236	1,647,256,363
	<b>22,927,396</b>	<b>1,742,309,513</b>	<b>21,109,236</b>	<b>1,647,256,363</b>

Product	2014		2013	
	(%)	Contribution to revenue (Taka)	(%)	Contribution to revenue (Taka)
Carton	86.48%	1,506,744,984	91.10%	1,500,640,629
Label	5.70%	99,383,532	4.92%	81,101,523
Narrow Fabrics	0.92%	16,050,670	0.12%	1,933,674
Elastics	1.63%	28,456,728	1.11%	18,333,780
Offset Printing	2.80%	48,821,226	2.05%	33,788,388
Heat Transfer Printing	0.72%	12,544,628	0.65%	10,624,998
Button	1.74%	30,352,745	0.05%	833,371
<b>Total</b>	<b>100%</b>	<b>1,742,354,513</b>	<b>100%</b>	<b>1,647,256,363</b>

22 **COST OF GOODS SOLD**

Raw materials consumed - note 22.1	1,239,824,622	1,154,766,311
------------------------------------	---------------	---------------

	Salary, wages and expenses	57,780,087	40,315,671
	Factory overhead - note 22.2	115,095,533	99,606,777
	<b>Cost of Production</b>	<b>1,412,700,242</b>	<b>1,294,688,759</b>
	Opening work - in - process	14,573,853	7,408,123
	Closing work - in - progress - note 8	(24,924,967)	(14,573,853)
	<b>Cost of goods manufactured</b>	<b>1,402,349,128</b>	<b>1,287,523,029</b>
	Goods used for sample making - note 24	(5,705,620)	(5,512,360)
		1,396,643,508	1,282,010,669
	Opening finished goods	3,676,255	596,438
	<b>Cost of goods available for sale</b>	<b>1,400,319,763</b>	<b>1,282,607,107</b>
	Closing finished goods - note 8.2	(16,357,285)	(3,676,255)
		<b>1,383,962,478</b>	<b>1,278,930,852</b>
<b>22.1</b>	<b>Raw materials consumed - note 22</b>		
	Opening inventory	609,547,032	687,834,370
	Purchase during the year	970,888,831	1,076,478,973
	Total materials available	1,580,435,863	1,764,313,343
	Closing inventory - note 8.1	(340,611,241)	(609,547,032)
		<b>1,239,824,622</b>	<b>1,154,766,311</b>
<b>22.2</b>	<b>Factory overhead - note 22</b>		
	Stores & Spares Consumption - note 22.2.1	20,840,535	16,628,828
	Gratuity	3,279,832	727,339
	Depreciation - note 4	42,877,964	40,516,550
	Ansar/Security Cost	2,912,777	2,123,000
	Electricity Expenses	1,375,093	590,937
	Fuel Expenses	4,113,138	3,066,500
	Gas Expenses	18,901,299	12,621,354
	Telephone	575,112	336,398
	Testing Fee	350,545	315,161
	Generator Running Expenses	4,826,910	5,864,500
	Insurance Premium	2,506,096	2,825,132
	Labour Charges	2,908,024	2,273,126
	Printing & Processing charges	1,634,026	1,755,350
	Vehicle Maintenance Expenses	4,085,455	4,069,407
	Repair & Maintenance	3,017,513	4,859,283
	Uniform & Liveries	794,725	567,405
	Water & Sanitation Expenses	96,489	466,507
		<b>115,095,533</b>	<b>99,606,777</b>
<b>22.2.1</b>	<b>Stores &amp; Spare Parts consumed - note 22.2</b>		
	Opening inventory	30,829,809	19,784,544
	Purchase during the year	19,628,364	27,674,093
	Total spare parts available	50,458,173	47,458,637
	Closing inventory - note 8	(29,617,638)	(30,829,809)
		<b>20,840,535</b>	<b>16,628,828</b>
		<b>2014</b>	<b>2013</b>
		<b>Taka</b>	<b>Taka</b>
<b>23</b>	<b>OPERATING EXPENSES</b>		
	Salaries & Wages	31,428,903	22,944,772
	Gratuity	12,526,123	1,237,323
	Director Remuneration - note 23.1	2,500,000	1,876,000
	Group Insurance	39,881	329,917
	Security Cost - Ansar Cost	470,184	507,000
	Staff Fooding	1,270,477	1,543,996
	Medical Expenses	409,724	829,027
	Staff Training Expenses	53,000	140,697
	Office Maintenance	445,950	958,792
	Rent, Rates, License, Renewal & others Fee	876,995	826,509
	Guest House Expenses	65,410	20,000
	Postage & Parcel Expenses	57,426	884,787

Rent Expenses	4,800,000	-
Printing & Stationeries	673,028	1,252,557
Travelling & Conveyance	619,565	1,334,736
Audit Fee note 23.2	287,500	287,500
Professional Fees	262,476	2,020,300
Consultancy Fee	87,596	677,200
Electricity Expenses	343,773	121,858
Entertainment	670,161	666,320
Fuel Expenses	954,338	915,000
Telephone	819,434	654,461
Insurance Expenses	1,262,280	1,207,725
Internet Expenses	1,358,484	1,250,000
Misc. Expenses	687,358	674,045
News Paper Expenses	37,150	36,270
Repair & Maintenance	706,795	974,860
Vehicle Maintenance Expenses	965,970	996,710
Interest on non - payment of WPP & WF- note 20	2,028,583	1,498,666
Depreciation - note 4	10,719,491	10,129,137
Amortization - note 5	656,990	821,238
	<b>78,085,045</b>	<b>57,617,403</b>

### 23.1 Directors' remuneration - note 23

Remuneration	2,160,000	1,560,000
Perquisite	-	36,000
Medical and others	240,000	180,000
Festival Bonus	100,000	100,000
	<b>2,500,000</b>	<b>1,876,000</b>

During the year Managing director Mr. Salim Rahman was entitled to a monthly remuneration of Tk. 200,000 including Medical and other allowance of Tk 20,000 and bonus of Tk 100,000 through the decision made in General Meeting held on 26th June 2013.

### 23.2 Audit Fee - note 23

Audit fee	287,500	287,500
	<b>287,500</b>	<b>287,500</b>

Audit fee represents auditor's remuneration only which is fixed up by the Board of Directors.

## 24 SELLING AND DISTRIBUTION EXPENSES

Salary, Wages & Allowances	6,474,943	5,394,083
Advertisement Expenses	3,787,681	2,330,895
Employee Reward	415,000	145,187
Carriage Outward	9,420,364	8,930,864
Sales Promotion Expenses	1,909,725	1,911,244
Sample Expenses - note 22	5,705,620	5,512,360
	<b>27,713,333</b>	<b>24,224,633</b>

## 25 FINANCIAL EXPENSES - note 3.19

Bank Interest	135,834,213	154,054,544
Bank Charges & Commission	11,182,375	8,453,935
	<b>147,016,588</b>	<b>162,508,479</b>

## 26 OTHER INCOME

Interest earned from FDR	1,241,561	1,292,866
Interest earned from STD	115,705	358,763
Interest income from inter- company receivable	524,242	-
Rent Income	1,797,600	-
Gain/(Loss) on Currency Fluctuation	6,821,794	(12,102,680)
Profit on Sale of Fixed Assets	-	2,144,923
	<b>10,500,902</b>	<b>(8,306,128)</b>

27	Related Notes for Statement of Cash Flows		2014 Taka	2013 Taka
		Note(s)		
<b>27.1</b>	<b>Cash Received from Customers</b>			
	Revenue	21	1,742,309,513	1,647,256,363
	Changes in trade receivable	9	(262,200,544)	(164,239,802)
			<b>1,480,108,969</b>	<b>1,483,016,561</b>
<b>27.2</b>	<b>Cash Received from other sources</b>			
	Other income without gain on sale of fixed assets	26 & 7.2	11,270,193	(9,215,093)
	Increase in other receivable	10	(1,846,589)	(106,169)
			<b>9,423,604</b>	<b>(9,321,262)</b>
<b>27.3</b>	<b>Cash Paid to suppliers</b>			
	Cost of sales	22	(1,383,962,478)	(1,278,930,852)
	Changes in inventories	8	266,955,446	36,350,059
	Changes in accounts payable increase/ (decrease)	18	14,218,328	15,722,083
	Depreciation of Factory Overhead	22.2	42,877,964	40,516,550
			<b>(1,059,910,741)</b>	<b>(1,186,342,160)</b>
<b>27.4</b>	<b>Cash Paid for Operating Expenses</b>			
	Admin & selling expenses	23 & 24	(105,798,378)	(81,842,036)
	Interest on WPP & WF	20	2,028,583	1,498,666
	Changes in advance deposit & prepayment	11	13,595,397	(15,155,690)
	Depreciation Expenses	23	10,719,491	10,129,137
	Amortization Expenses	23	656,990	821,238
			<b>(78,797,917)</b>	<b>(84,548,685)</b>
<b>27.5</b>	<b>Cash payment for financial expenses</b>			
	Financial Expenses	25	(147,016,588)	(162,508,479)
			<b>(147,016,588)</b>	<b>(162,508,479)</b>
<b>27.6</b>	<b>Proceed from sale of property, plant and equipment</b>			
	Cost of property, plant and equipment	4	-	7,200,000
	Accumulated depreciation of property, plant and equipment	4	-	(4,244,923)
	Profit on sale of property, plant and equipment	26	-	2,144,923
			-	<b>5,100,000</b>
			<b>2014 Taka</b>	<b>2013 Taka</b>

## 28 INFORMATION BASED ON PER SHARE

### 28.1 Earnings Per Share (EPS)

#### 28.1.1 Basic Earnings Per Share - note 3.17

The computation of EPS is given below:



Earnings attributable to the ordinary shareholders from core business	77,366,906	92,941,235
Weighted average number of ordinary shares outstanding during the year	40,000,000	40,000,000
<b>Basic Earnings Per Share (From Core Operation)</b>	<b>1.93</b>	<b>2.32</b>
Earnings attributable to the ordinary shareholders from extraordinary income	11,270,193	(7,070,171)
Weighted average number of ordinary shares outstanding during the year	40,000,000	40,000,000
<b>Basic Earnings Per Share (From Extra - ordinary Income)</b>	<b>0.28</b>	<b>(0.18)</b>
<b>Basic Earnings Per Share</b>	<b>2.22</b>	<b>2.14</b>

#### 28.1.2 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

#### 28.1.3 Weighted Average Number of Shares Outstanding during the year:

	2014	2013
Opening Balance	40,000,000	30,128,340
Bonus Share Issue in 2012 (considered in full year)	-	-
Bonus Share Issue in 2013	-	9,871,660
	<b>40,000,000</b>	<b>40,000,000</b>

#### 28.2 Net Asset Value Per Share (NAV)

Total Assets	2,410,185,163	2,377,696,162
Less: Liabilities	1,536,377,747	1,592,525,845
Net Asset Value (NAV)	873,807,417	785,170,317
Number of ordinary shares outstanding during the year	40,000,000	40,000,000
<b>Net Assets Value (NAV) Per Share</b>	<b>21.85</b>	<b>19.63</b>

#### 28.3 Net Operating Cash Flow Per share

Net Operating cash Flows (from statement of cash flows)	186,911,979	16,515,424
Number of ordinary shares outstanding during the year	40,000,000	40,000,000
<b>Net Operating cash Flows per share</b>	<b>4.67</b>	<b>0.41</b>

### 29 OTHER COMMITMENTS, CONTINGENCIES AND RELEVANT INFORMATION

#### 29.1 Contingencies

The Company issued bank guarantee for an amount of Tk. 5,103,300 (with Bank Asia Ltd Tk 4,497,300 & Exim Bank Limited Tk 606,000) was provided to various authority as of the Statement of Financial Position date.

#### 29.2 Capital expenditure commitment

There was no capital expenditure commitment or contract at 31 December 2014. There was no material capital expenditure authorized by the Board but not contracted for as at 31 December 2014.

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

There was no transaction resulting in Directors' interest with the company and no leasing facilities have been made available to the Directors.

#### 29.4 Segment Reporting

As there is a single business and geographic segment within the company operates as such no segment reporting is felt necessary.

#### 29.5 Credit Facility Not Availed

There was no credit facility available to the company under any contract, but not availed as on 31 December 2014 than trade credit available in the ordinary course of business.

#### 29.6 Events after the reporting period - 3.11

No material events had occurred from the Financial Position date to the date of issue of this Financial Position, which could materially affect the values stated in the Financial Position.

#### 29.7 Related party disclosures - note 3.18

**i) Related party transactions**

The Company carried out a number of transactions with related parties in the normal course of business on arms length basis.

SL No.	Name of the Related Parties	Relationship	Nature of Transactions	Balance as at 31-Dec-2013 Taka	Transaction during the year	Balance as at 31-Dec-2014 Taka
1	KDS Garment Inds. Ltd.	Common directorship	Receivable against Sales	24,823,027	16,123,304	40,946,331
2	KDS Fashion Ltd.	Do	Receivable against Sales	12,390,109	5,634,753	18,024,862
3	KDS Apparels Limited	Do	Receivable against Sales	947,719	3,192,914	4,140,633
4	KDS Cotton Poly Thread Ind. Ltd.	Do	Temporary Loan Taken	-	38,630,242	38,630,242
5	KDS Accessories Global Limited	Do	Temporary Loan given	26,187,490	(26,187,490)	-
6	Directors remuneration	Key Management Personnel	Short term employe benefits (Note 23.1)	1,300,000	2,500,000	3,800,000

ii The details of key management personnel of the entity or its partner's transactions during the year along with the relationship is illustrated below in accordance of BAS 24

			2014 Taka	2013 Taka
Particulars			Transacted Amount	Transacted Amount
Name of the party	Relationship	Nature of Transaction		
Mr. S M Shameem Iqbal	Chairman & Shareholder	Board Meeting fee	-	-
		Remuneration	-	576,000
Mr. Salim Rahman	MD & Shareholder	Board Meeting fee	-	-
		Remuneration	2,500,000	1,300,000
Mr. Khalilur Rahman	Director & Shareholder	Board Meeting fee	-	-
		Remuneration	-	-
Mrs. Tahsina Rahman	Director & Shareholder	Board Meeting fee	-	-
		Remuneration	-	-

**iii) Particulars of Directors of KDS Accessories Limited as at 31 December 2014**

SL No.	Name of Directors	BOD of KDS Accessories Ltd.	Entities where they have interests
1	Mr. S M Shameem Iqbal	Chairman	KDS Poly Industries Limited
			Rupkotha Constructiobimitted
			Dominox IM Limited
			Dominox Reality BD Ltd
			KDS Textile Mills Limited
			Vortex Multi Industries Ltd
			SKYS Securities Ltd
			Gous Fashion Industries Ltd
2	Mr. Salim Rahman	Managing Director	KDS Garment Industries Limi ted
			KDS Apparels Limited
			KDS IDR Limited
			KDS Fashion Ltd
			KDS Textile Mills Limited

			KDS Poly Industries Limited
			KDS Cotton Poly Thread Industries Ltd
			KYCR Coil Industries Ltd
			Steel Accessories Limited
			KD S Logistics Ltd
			Vortex Multi Industries Ltd
			SKYS Securities Ltd
3	Mr. Khalilur Rahman	Director	KDS Garment Industries Limited
			KDS Apparels Limited
			KDS IDR Limited
			KDS Fashion Ltd
			KDS Textile Mills Limited
			KDS Cotton Poly Thread Industries Ltd
			KDS Poly Industries Limited
			KY Steel Mills Limited
			KYCR Coil Industries Ltd
			Steel Accessories Limited
			KDS Logistics Ltd
			Vortex Multi Industries Ltd
			SKYS Securities Ltd
4	Mrs. Tahsina Rahman	Director	KYCR Coil Industries Ltd

**30 Disclosure as per requirement of Schedule XI, Part II of The Company Act 1994**

**30.1 Employee Position of KDS Accessories Limited as per requirement of schedule XI, part II, Para 3**

Salary Range (Monthly)	Total Employee	Officer & Staff		Worker & Employee	
		Head Office	Factory	Head Office	Factory
For the year ended 31 December 2014	770	115	120	-	535
Below 5,300	-	-	-	-	-
Above 5,300	770	115	120	-	535
For the year ended 31 December 2013	650	95	100	-	455

During the year 2014, all the employees were in the permanent payroll of the Company.

**30.2 Quantitative information of production capacity for the year ended 31 December 2014 as per requirement of schedule XI, part II, Para 7**

Particulars	Unit	Installed Capacity/pcs	2014		2013	
			Actual Production/ pcs	Capacity Utilization in %	Actual Production/ pcs	Capacity Utilization in %
Carton	Pcs	25,500,000	23,899,815	93.72%	22,416,800	87.91%
Label	Pcs	175,964,208	86,273,100	49.03%	75,441,745	42.87%
Narrow Fabrics	Pcs	11,232,000	1,476,153	13.14%	1,274,296	11.35%
Elastics	Pcs	19,344,000	12,440,477	64.31%	12,083,795	62.47%
Offset Printing	Pcs	150,009,600	32,422,440	21.61%	32,067,859	21.38%
Heat Transfer Printing	Pcs	24,960,000	11,435,393	45.81%	11,062,504	44.32%
Button	GG	360,000	88,231	24.51%	1,844	0.51%

- a) Commencement of Production of Button started from the end of December 2013.

**31 GENERAL**

- 31.1** The amounts in these financial statements have been rounded off to the nearest Taka.  
**31.2** Bracket figure denotes negative.

These financial statements should be read in conjunction with the annexed Notes  
and were approved by the Board of Directors on 25.04.2015  
and were signed on its behalf by :

Sd/-  
**COMPANY SECRETARY**

Sd/-  
**DIRECTOR**

Sd/-  
**MANAGING DIRECTOR**

## KDS Accessories Limited

### Statement of land

Annexure A

Sl. No.	Owner	Location	Deed No.	Date of Registration	Land Area (Decimals)	Deed Value of Land (Taka)	Registration	Mutation (Area)	
								Applied for	Completed
1	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	9788	17/04/2008	35	2,598,485	√	35	35
2	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	29863	06/12/2007	142	7,745,455	√	142	142
3	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3229	10/02/2008	35	2,121,000	√	35	35
4	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3233	10/02/2008	36	2,070,000	√	36	36
5	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3230	10/02/2008	23	1,394,000	√	23	23
6	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3234	10/02/2008	61.5	3,354,545	√	61.5	61.5
7	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	29969	09/12/2007	77	4,200,000	√	77	77
8	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	3232	10/02/2011	15	909,000	√	15	15
9	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	6700	03/04/2011	101.25	18,400,000	√	101.25	101.25
10	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	17694	09/10/2012	24.75	5,000,000	√	24.75	24.75
11	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	6701	03/04/2011	116	21,100,000	√	116	116
12	KDS Accessories Limited	Jalalabad Chittagong	6801	13/12/1993	74.5	1,383,000	√	74.5	74.5
13	KDS Accessories Limited	Jungle Banshbaria, Sitakunda	2742	17/04/2013	140	3,225,000	√	140	140
14	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	8235	21/05/2013	21	7,600,000	√	21	21
15	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	10287	24/06/2013	67	14,700,000	√	67	67
16	KDS Accessories Limited	Dogri, Mirjapur, Gazipur	17750	03/12/2014	6.75	1,000,000	√	6.75	6.75
					<b>975.75</b>	<b>96,800,485</b>		<b>975.75</b>	<b>975.75</b>
Add: Registration, development and other cost						65,379,607			
Add: Revaluation surplus						214,391,703			

**Total**

**376,571,795**

## KDS Accessories Limited

### Quantity Schedule

FOR THE YEAR ENDED 31 DECEMBER 2014

Annexure B

Items Name	Opening as on 01 January 2014		Procurement		Total		Consumption		Closing as on 31 December 2014	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Liner Paper	6,884,520	365,728,250	9,810,915	555,518,836	16,695,435	921,247,086	13,086,581	722,110,515	3,608,854	199,136,570
White Liner Paper	3,749	195,945	-	-	3,749	195,945	3,052	159,505	697	36,440
Medium Paper	3,518,118	163,290,752	5,473,056	273,260,530	8,991,174	436,551,282	6,886,775	334,382,746	2,104,398	102,168,536
Duplex Board	334,344	16,765,876	170,283	9,297,593	504,627	26,063,469	496,185	25,627,406	8,443	436,063
Stitching Wire	22,358	1,758,384	98,000	7,088,596	120,358	8,846,980	99,037	7,279,640	21,321	1,567,339
Yarn	84,064	20,331,469	106,054	22,041,932	190,118	42,373,401	183,953	40,999,412	6,165	1,373,988
Starch	25,868	1,596,161	136,500	9,514,037	162,368	11,110,198	110,921	7,589,680	51,447	3,520,518
Adhesive Powder	-	-	181,050	13,621,945	181,050	13,621,945	174,222	13,108,237	6,828	513,708
Art Card	126,386	9,276,145	43,168	2,900,905	169,554	12,177,050	145,349	10,438,676	24,205	1,738,374
Chemical	-	-	11,753	4,782,384	11,753	4,782,384	7,071	2,877,264	4,682	1,905,120
Texitran CP	-	-	4,206	1,052,370	4,206	1,052,370	1,905	476,637	2,301	575,733
Resin	-	-	104,720	18,144,734	104,720	18,144,734	98,284	17,029,653	6,436	1,115,081
PP Strap	10,060	1,927,214	20,140	4,681,441	30,200	6,608,655	20,120	4,402,848	10,080	2,205,806
Rubber Thread	12,935	3,827,129	16,800	3,939,607	29,735	7,766,736	24,439	6,383,243	5,297	1,383,493
Transfer Film	265	8,808	27,700	2,238,172	27,965	2,246,980	27,615	2,218,851	350	28,128
P. Ink	8,788	2,760,448	9,665	3,740,290	18,453	6,500,738	14,576	5,134,762	3,878	1,365,976
Pigment	-	-	1,110	907,668	1,110	907,668	796	650,847	314	256,821
Ribbon	856	384,013	9,481	4,253,221	10,337	4,637,234	1,675	751,504	8,662	3,885,730
Others Material	-	21,696,440	-	33,904,572	-	55,601,012	-	38,203,196	-	17,397,816
<b>Total</b>	<b>11,032,312</b>	<b>609,547,032</b>	<b>16,224,601</b>	<b>970,888,831</b>	<b>27,256,913</b>	<b>1,580,435,862</b>	<b>21,382,557</b>	<b>1,239,824,622</b>	<b>5,874,356</b>	<b>340,611,241</b>

**KDS ACCESSORIES LIMITED**  
**TRADE RECEIVABLE DETAILS**  
**AS AT 31 DECEMBER 2014**

Annexure C

Sl. No.	Name of the Party	L/C amount in US \$	L/C amount in BDT
1	4 YOU CLOTHING LTD	1,544	120,002
2	A AND B OUTERWEAR LTD.	24,435	1,898,627
3	ABANTI COLOUR TEX LTD.	82,526	6,412,283
4	ABEDIN GARMENTS LTD.	63,232	4,913,098
5	ABONI KNITWEAR LTD.	9,307	723,152
6	AJAX SWEATER LTD.	4,104	318,889
7	AKH FASHION LTD	31,460	2,444,442
8	AKM KNITWEAR LTD	317,705	24,685,668
9	ALIF OUTWEAR LTD	1,590	123,543
10	ALL WEATHER FASHIONS LTD.	14,582	1,132,990
11	ALLTEX INDUSTRIES LIMITED	95,983	7,457,879
12	AMAN GRAPHICS AND DESIGN LTD.	21,329	1,657,296
13	AMAN KNITTINGS LIMITED	1,674	130,093
14	AMANTEX LIMITED	28,597	2,222,000
15	ANANTA APPARELS LTD.	194,830	15,138,293
16	ANANTA CASUAL WEAR LTD	2,174	168,889
17	ANANTA DENIM TECHNOLOGY LTD.	4,790	372,183
18	ANANTA GARMENTS LTD	93,843	7,291,639
19	ANOWARA DRESS MAKERS LTD.	8,018	622,983
20	ANOWARA FASHIONS LTD.	27,412	2,129,881
21	ANUPAM HOSIERY INDUSTRIES PVT LTD	26,219	2,037,216
22	APPARELS VILLAGE LIMITED	1,436	111,562
23	ARABI FASHION LTD	1,718	133,516
24	AREFIN TEXTILES MILLS LTD.	36,164	2,809,958
25	ARTISTIC DESIGN LTD.	118,132	9,178,887
26	ASIAN APPARELS LTD	26,364	2,048,462
27	ASROTEX LTD.	1,567	121,717
28	ASWAD COMPOSITE MILLS LTD.	9,876	767,338
29	ATASHI FASHION LTD.	15,000	1,165,500
30	ATS APPARELS LTD	20,715	1,609,575
31	AYESHA CLOTHING CO. LTD.	121,783	9,462,552
32	BADGETEX APPARELS LTD	19,074	1,482,081
33	BANDO DESIGN LTD	29,403	2,284,633
34	BEQ SWEATERS LTD	14,168	1,100,854
35	BSA FASHION LTD	20,610	1,601,391
36	CAMIO USA KNITWEAR LTD.	1,347	104,663
37	CAMPEX BD LTD.	15,889	1,234,586
38	Chaity Composite Ltd	4,785	371,795
39	CHOWDHURY FASHIONS WEAR LTD.	16,500	1,282,050
40	CITADEL APPARELS LTD	15,642	1,215,407
41	COLOSSUS APPARELTD.	53,492	4,156,342
42	COLUMBIA GARMENTS LTD.	1,772	137,652
43	COMFIT COMPOSIT KNIT LTD	35,875	2,787,488
44	COMPTEX BANGLADESH LTD.	35,659	2,770,665
45	CONCORDE GARMENTS LTD.	37,094	2,882,177
46	CONSUMER KNITEX LIMITED	97,065	7,541,945
47	COSMOPOLITAN INDUSTRIES LTD	103,204	8,018,919
48	COSMOS SWEATER LTD.	4,972	386,303
49	CREATIVE DESIGNERS LTD	1,058	82,168
50	CRONY TEX SWEATER LTD.	30,415	2,363,265
51	CROWN FASHION AND SWEATER IND LTD	18,739	1,456,005
52	CROWN MILLS (BD) LTD.	56,520	4,391,604
53	CROWN WEARS LTD	111,385	8,654,608
54	CTG. ASIAN APPARELS LTD.	246,592	19,160,164
55	DEBONAIR LIMITED	2,401	186,528
56	DENIM EXPERT LTD	6,951	540,066
57	DENIMACH LTD	286,783	22,283,073
58	DESIGNTEX SWEATERS LTD.	5,973	464,093
59	DIGANTA SWEATER LTD	32,682	2,539,412

60	DIPTA GARMENTS LIMITED	17,925	1,392,805
61	DIRD COMPOSIT TEXTILE LTD	147,296	11,444,860
62	DIRD GARMENTS LIMITED	1,341	104,217
63	DOREEN GARMENTS LTD	1,174	91,222
64	DRESS WORLD LTD	26,363	2,048,400
65	EASHAN GARMENTS LTD.	2,800	217,576
66	ECHO TEX LTD.	1,280	99,456
67	EKRAM SWEATERS LIMITED	24,656	1,915,771
68	EPYLLION STYLE LTD	11,068	859,947
69	ETTADE JEANS LTD.	2,690	208,976
70	EVER FASHION LTD.	29,136	2,263,903
71	EVINCE LTD.	40	3,108
72	FAKIR APPARELS LTD	146,140	11,355,062
73	FAKIR FASHION LTD	10,200	792,540
74	FAKIR KNIT WEAR LTD	49,408	3,839,012
75	FALTEX COMPOSITE LTD	6,911	536,989
76	FAMILYTEX (BD) LTD.	6,628	514,996
77	FARIHA KNIT TEX LTD	44,274	3,440,051
78	FASHION FORUM LTD	23,781	1,847,761
79	FIGO APPARELS LIMITED	6,580	511,266
80	FORTUNE APPARELS LIMITED	6,529	507,324
81	FOUR H FASHION LTD.	52,136	4,050,991
82	G.H. HAEWAE CO. LTD	67,000	5,205,903
83	GARIB & GARIB CO LTD UNIT - 2	1,138	88,384
84	GARMENTS EXPORT VILLAGE LTD	1,253	97,366
85	GENERATION NEXT FASHION LTD	8,729	678,253
86	GLORY FASHION WEAR LTD	20,213	1,570,572
87	GLORY INDUSTRIES LTD	60,691	4,715,698
88	GOUS FASHION INDUSTRIES LTD.	99,511	7,732,034
89	GREEN LIFE KNIT COMPOSITE LTD.	5,586	434,032
90	H.I. APPARELS LTD.	1,000	77,700
91	HAMS GARMENTS LTD.	86,834	6,747,028
92	HONGKONG DENIM (PVT.) LTD.	9,232	717,326
93	HOPLUN ( BD) LTD	11,384	884,543
94	Hypoid Lingeres Ltd.	16,125	1,252,913
95	INDESORE SWEATER LTD.	1,957	152,059
96	INDUSTRIAL HAND PROTECTION LTD.	44,067	3,424,002
97	INTERFAB SHIRT MANUFACTUREING LIMITED	41,453	3,220,867
98	INTERNATIONAL SHIRT LINE LTD	100,965	7,845,009
99	INTERSTOFF APPARELS LTD	34,695	2,695,811
100	INTIMATE APPARELS LIMITED	48,983	3,805,965
101	JAMUNA APPARELS LTD	89,909	6,985,966
102	JAMUNA KNITTING & DYEING LTD.	13,002	1,010,237
103	JAY JAY MILLS LTD	60,000	4,662,000
104	JEANS 2000 LTD	93,897	7,295,818
105	JEANS PLUS LTD	6,408	497,911
106	JERAT FASHION LTD.	438	34,033
107	JMS GARMENTS LTD.	44,380	3,448,334
108	JP GARMENTS LTD.	12,240	951,048
109	KANIZ GARMENTS LTD.	14,052	1,091,851
110	KARNAPHULI SHOES IND. LTD.	14,913	1,158,744
111	KARNAPHULI SPORTS WEAR INDUSTRIES LTD	32,034	2,489,074
112	KDS APPARELS LIMITED	53,290	4,140,633
113	KDS FASHION LTD	231,980	18,024,862
114	KDS Garment INDUSTRIES LTD.	526,980	40,946,331
115	KENPARK BANGLADESH (PVT.) LTD.	564,303	43,846,319
116	LALMAI SPORTS WEAR IND. LTD.	7,465	580,068
117	LEGACY FASHION LTD.	37,458	2,910,523
118	LIBAS KNITWEAR LTD.	6,560	509,712
119	LIBERTY KNITWARE LTD.	249,084	19,353,829
120	LODESTAR FASHIONS LTD.	4,874	378,734
121	LOYAL APPARELS LTD.	78,958	6,135,057
122	LOYAL TEX LTD.	5,761	447,630
123	LUMBINI LIMITED	21,026	1,633,728
124	M B M GARMENTS LTD	76,771	5,965,142
125	M/S ZAHINTEX INDUSTRIES LTD.	8,488	659,479



126	MADINAPLE FASHIONS CRAFT LTD	6,000	466,200
127	MAESTRO APPARELS LTD.	9,165	712,157
128	MAHMUD JEANS LTD.	30,824	2,395,025
129	MANTA APPARELS LIMITED	4,574	355,399
130	MARINA APPARELS LTD	706	54,852
131	MARK LIMITED	23,418	1,819,540
132	MARS SFORTS WEAR LTD.	11,167	867,691
133	MAS INTIMATE BANGLADESH PVT. LTD	54,322	4,220,788
134	MASCOM COMPOSITE LIMITED	2,643	205,376
135	MASI HATA SWEATERS LTD	89,057	6,919,765
136	MATRIX SWEATER	16,325	1,268,453
137	MAXCOM INTERNATINAL (BD) LTD	8,119	630,880
138	MEDLAR APPARELS LTD	95,690	7,435,136
139	MEHNAZ STYLES & CRAFT LTD	11,101	862,538
140	METRO KNITTING & DYEING MILLS LTD.	350,692	27,248,803
141	MIDLAND KNITWEAR LTD	16,207	1,259,262
142	MIM DESIGN LTD	8,007	622,105
143	MOSTAFA GARMENTS IND. LTD	2,884	224,065
144	NEMSAN FASHION MANAGEMENT LIMITED	4,567	354,851
145	NEWAGE GARMENTS LTD	7,299	567,125
146	NIAGRA TEXTILE LTD	58,628	4,555,385
147	NORBAN COMTEX LTD.	18,627	1,447,302
148	OASIS HI - TECH SPORTSWEAR LTD.	3,169	246,247
149	OP SEED CO.(BD.) LTD.	1,300	101,010
150	ORBITEX KNITWEAR LTD.	11,881	923,150
151	ORCHID GARMENTS LTD.	12,336	958,544
152	P.A KNIT COMPOSITE LTD	1,119	86,946
153	PACIFIC BLUE JEANS WEAR LTD.	54,225	4,213,301
154	PACIFIC JEANS LTD.	2,508	194,852
155	PADMA WEARS LTD.	8,536	663,208
156	PANASIA CLOTHING LTD.	4,036	313,565
157	PANSHI KNIT (PVT.) LTD.	10,000	777,000
158	PANWIN DESIGN LTD.	5,679	441,258
159	PEARL GARMENTS COMPANY LTD	17,062	1,325,720
160	PIONEER KNITWEARS (BD) LTD.	2,681	208,334
161	PREMIER 1888 LTD.	79,428	6,171,570
162	QUALITEX IND. (BD) LTD.	79,199	6,153,770
163	R.S.B. INDUSTRIAL LTD.	28,522	2,216,156
164	RABAB FASHION IND LTD	4,366	339,261
165	REEDISHA KNITEX LIMITED	3,067	238,283
166	REFAT GARMENTS LTD	110,175	8,560,588
167	REGENCY GARMENTS LTD.	20,934	1,626,533
168	REGENCY THREE LIMITED	59,688	4,637,733
169	RENAISSANCE APPARELS LTD.	8,441	655,827
170	RHYTHM APPARELS LTD	9,434	733,010
171	RHYTHM FASHION LTD.	1,254	97,451
172	RIO FASHION WEAR LTD.	2,160	167,832
173	ROSE SWEATER LTD	6,712	521,541
174	ROULIN BD LTD	11,279	876,340
175	RUSSEL GARMENTS	40,378	3,137,402
176	S.F APPARELS LTD.	11,072	860,294
177	S.K.R. ATTIRE LTD.	1,904	147,978
178	SADAF FASHIONS LIMITED	1,141	88,644
179	SALIM & BROTHERS LTD	68,930	5,355,873
180	SECTION SEVEN LTD	83,465	6,485,219
181	SEJEE COMPANY LIMITED.	6,705	520,948
182	SEO WAN BANGLADESH LTD.	5,156	400,660
183	SHANTA DENIMS LTD	68,037	5,286,463
184	SHARMIN APPARELS LTD	239,944	18,643,675
185	SHARMIN FASHION LTD.	3,378	262,481
186	SHIN SHIN APPARELS LTD	61,465	4,775,824
187	SHINEST APPARELS LTD.	165,001	12,820,587
188	SHIRT MAKERS LTD.	14,306	1,111,551
189	SIAMS SUPERIOR LTD ( H & M)	46,063	3,579,122
190	SINHA INDUSTRIES LIMITED	380,035	29,528,744
191	SMART JACKET (BD) LTD.	74,315	5,774,242

192	SMUG SWEATER LTD.	18,885	1,467,392
193	SOUTH EAST TEXTILES PVT. LTD.	99,326	7,717,668
194	SPARROW APPARELS LTD.	118,558	9,211,979
195	SQ BIRICHINA LIMITED	27,531	2,139,178
196	SQ CELSIUS LTD.	5,606	435,578
197	STERLING APPARELS LTD	2,438	189,440
198	STERLING CREATIONS LTD	140,850	10,944,017
199	STERLING DENIM LIMITED	131,881	10,247,123
200	STERLING STYLE LTD.	33,570	2,608,389
201	SURMA GARMENTS LTD	47,549	3,694,572
202	T R Z GARMENTS INDUSTRIES LTD.	2,091	162,457
203	TAFOP APPARELS LTD.	1204	93,551
204	TAMISHNA FASHION WEAR LTD.	1,059	82,245
205	TANAZ FASHIONS LTD	5,646	438,671
206	TARATEX FASHION LTD.	23,110	1,795,672
207	TEX EUROP ( BD ) LTD.	5,620	436,674
208	THATS IT KNIT LTD	8,255	641,398
209	THE FAIYAZ LTD.	2,508	194,872
210	THE NEW DELTA APPARELS LTD.	17,284	1,342,936
211	TITAS KNITWEAR LTD.	4,206	326,787
212	TOSHRIFA INDUSTRIES LIMITED	10,617	824,944
213	TROUSER LINE LIMITED	56,425	4,384,184
214	Tuba Textile Mills Limited	9,424	732,206
215	TULIP GARMENTS LTD	2,215	172,106
216	TUNG HAI KNITTING & DYEING LTD.	1,503	116,776
217	UNI GEAR LTD.	15,047	1,169,188
218	UNIVERSAL MENSWEAR LTD.	73,514	5,712,014
219	UTAH KNITTING & DYEING LTD.	3,090	240,101
220	UTTARA KNITWEAR LTD.	4,629	359,637
221	VALIANT GARMENT LTD	926	71,926
222	VALTEX INTERNATIONAL	13,825	1,074,203
223	VANGUARD DRESSES LTD.	1,406	109,217
224	VERTEX WEAR LTD	909	70,657
225	VINTAGE DENIM STUDIO LTD	106,766	8,295,726
226	WELL FASHION LTD	6,048	469,930
227	WHITEX GARMENTS (BD) LIMITED	8,324	646,811
228	WINDY APPARELS LTD	16,340	1,269,649
229	YOUNGONE (CEPZ) LTD	53,148	4,129,562
230	ZON RON SWEATER LIMITED	4,309	334,777
<b>Total</b>		<b>9,993,751</b>	<b>776,514,457</b>



# SECTION - XV CREDIT RATING REPORT

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**CREDIT RATING REPORT**  
**On**  
**KDS ACCESSORIES LIMITED**

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July 13, 2015

**TO WHOM IT MAY CONCERN**

This is for the information of all concerned that the KDS Accessories Ltd., a sister concern of KDS Group entered into the surveillance contract with CRISL and accordingly, we have started the surveillance process. However, the client seeks time to prepare all documents. Since the surveillance exercise may take time for all necessary information. Based on public information (PI), the existing rating of the concern both short term and long term will continue to remain valid up to July 31, 2015.

Thanking you

Yours Sincerely,

Sd/-  
Bipul Barua  
Assistant Vice President & Head of Operation  
CRISL Regional Office  
Chittagong

# CREDIT RATING REPORT

## On

### KDS ACCESSORIES LIMITED

#### REPORT: RR/4335/14

This is a credit rating report as per the provisions of the Credit Rating Companies Rules 1996. CRISL's entity rating is valid one year for long-term rating and 6 months for short term rating. CRISL's Bank loan rating (blr) is valid one year for long term facilities and up-to 365 days (according to tenure of short term facilities) for short term facilities. After the above periods, these ratings will not carry any validity unless the entity goes for surveillance.

CRISL followed Corporate Rating Methodology published in CRISL website www.crislbd.com

#### Address:

CRISL  
Nakshi Homes  
(4th & 5th Floor)  
6/1A, Segunbagicha,  
Dhaka-1000  
Tel: 9530991-4  
Fax: 88-02-953-0995  
Email: crisldhk@crislbd.com

<b>Date of Rating:</b> June 29, 2014	<b>Valid up to:</b> June 28, 2015	
	<b>Long Term</b>	<b>Short Term</b>
<b>Entity Rating</b>	<b>A+</b>	<b>ST - 3</b>
<b>Outlook</b>	<b>Positive</b>	

#### Analysts:

**Bipul Barua**  
bipul@crisl.org

**Fahima Nasrin**  
fahima@crisl.org

#### Entity Rating

Long Term: A+  
Short Term: ST-3

#### Outlook: Positive

#### KDS ACCESSORIES LIMITED

#### ACTIVITY

Accessories manufacturing company

#### DATE OF INCORPORATION

April 21, 1991

#### CHAIRMAN

S.M. Shameem Iqbal

#### MANAGING DIRECTOR

Salim Rahman

#### EQUITY

Tk. 785.17 million

#### Total assets

Tk.2,377.69 million

A sister concern of KDS Group

## 1.0 RATIONALE

CRISL has assigned the Long Term rating of 'A+' (pronounced as single A plus) and Short Term rating of 'ST-3' to KDS Accessories Limited (KDSAL) on the basis of its both relevant quantitative and qualitative information up to the date of rating. The above ratings have been assigned after due consideration to its fundamentals such as regular business growth, good profitability, good forward linkage within the Group, adequate production facilities, regular loan repayment history etc. However, the above factors are constrained, to some extent, by moderate liquidity, debt based capital structure, exposure to price volatility risk, exposure to exchange rate risk etc.

Entities rated in this category are adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories. The short term rating indicates good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to financial markets is good with small risk factors.

CRISL also views the company with 'Positive Outlook' due to its expected increase of production capacity consequently leading to an enhanced market share in line with growing market demand of quality products during the rating validity period.

## 2.0 COMPANY PROFILE

### 2.1 Background

KDS Accessories Limited is an export oriented garments accessories manufacturing company, which was incorporated on April 21, 1991 as KDS Packaging Limited and it started its commercial operation as on the same year. Afterward the company changed its name to KDS Accessories Limited as on May 11, 2010 and converted into public limited company as on April 17, 2012. With four units, KDS Accessories Division has been running as one of the strategic business units of KDS Group and mainly concentrated on the manufacturing of the carton and different types of accessory items (offset printing, heat transfer printing, label etc.). Recently, it has added label, narrow fabrics and elastics in its product line. The company's printing units provide an integrated solution of printing to the Garments Division of KDS Group as well as to the other garments manufacturers. As on December 31, 2013 the company has been running with a paid-up capital of Tk.400.00 million against an authorized capital of Tk.2,000.00 million. The factory is located at 191/192 Nasirabad I/A, Chittagong. Subsequently, the company established its 2nd unit at Mirjapur, Gazipur in Dhaka in 2009. The corporate office is located at 255 Nasirabad I/A, Chittagong.

### 2.2 Ownership Pattern

KDSAL has increased its paid-up capital from Tk.301.28 million to Tk.400.00 in FY2013 by issuing bonus shares. The ownership of the company is mainly concentrated to Mr. Khalilur Rahman and his family members. A summary of the owners and ownership stake are delineated below:

Name	Position	Academic Qualification	No. of Shares	Shareholdings (%)
Mr. S.M. Shameem Iqbal	Chairman	MBA	2,799,936	7.00

# CREDIT RATING REPORT

## On

# KDS ACCESSORIES LIMITED

Family oriented ownership pattern

Mr. Salim Rahman	Managing Director	MBA	8,401,079	21.00
Alhaj Khalilur Rahman	Director	B. A (Hons)	24,399,175	61.00
Ms. Tahsina Rahman	Director	MBA	1,999,048	5.00
Mrs. Hasina Iqbal	Shareholder	MBA	2,400,126	6.00
Mrs. Tahmina Rahman	Shareholder	BBA	318	0.001
KDS Garments Ind. Ltd	Shareholder	N/A	318	0.001
<b>Total</b>			<b>40,000,000</b>	<b>100.00</b>

### 2.3 Products and Market Position

Good market hold

KDSAL, being one of the first corrugated carton manufacturers in Bangladesh, maintains its leading position by developing State Of The Art, fully automatic board plants along with other advance machineries. The products of the company include carton, box carton, printed tags, label, back lift, neck lift etc. Various types of packaging items include 3 ply, 5ply, 7ply, master carton, inner carton, PDQ Box, divider board and printed items- label, tag, bar code, back board, neck board etc. KDSAL produces to meet the in-house demand (5-7% of total revenue) although a large quantity sales are made to local buyers (93-95% of total revenue) through Back to Back L/C. Captive buyers of the company include Cosmopolitan Fashions (Pvt.) Ltd., FCI (BD) Ltd., Four H. Fashions Ltd., HKD International Ltd., Jeans Plus Ltd., Karnaphuli Sports Wear Industries Ltd., Kenpark Bangladesh (Pvt.) Ltd., MBM Garments Ltd., Merim Co. Ltd., Metro Knitting & Dyeing Mills Ltd., Saver Sportswear Co. Ltd., Seatex Ltd., Section Seven Ltd., Sinha Industries Ltd., Smart Jeans Ltd., Square Fashions Ltd., Sterling Creations Ltd., Vision Apparels (Pvt.) Ltd. and Youngone (CEPZ) Ltd., Same kind of packaging items is also being produced by MU Packaging Limited, Beta Packaging Limited, Tehang Packaging Limited, UNI LABEL Packaging Limited, Shovon Packaging, Montrims Packaging, DBL Packaging, Babylon, Epylion etc. However, KDSAL has a market share of about 15%.

### 3.0 GROUP PROFILE

Strong Group support

KDS Group is one of the renowned business and industrial conglomerates of Bangladesh having exposure in diverse industries, based mainly in the port city of Chittagong with extensive operations in Dhaka, as well. It has also established offices and agencies in Singapore and Hong Kong. The Group founded in 1983 under the dynamic leadership of Mr. Khalilur Rahman through the establishment of one of the first garment industries of Bangladesh. The Group has diversified business in Apparel, Private Port – ICD, Textiles, Apparel Trims & Packaging, Steel, Information & Communication Technologies, IT Training Services, Banking, Insurance, Investment Management and Shares and Securities.

In terms of turnover and asset base, the Group is considered to be one of the largest conglomerates in the country. Total asset base of the Group stood at Tk.30,806.04 million as on December 31, 2013. Against the above asset base, the Group has outside liabilities of Tk.13,260.39 million (comprising of 15.61% long term loan and 84.33% short term loan & other liabilities) and equity of Tk.17,545.65 million at the same time, representing a debt equity ratio of around 44:56. However, net turnover of the Group stood at Tk.22,298.26 million and against the same, net profit stood at Tk.1,384.02 million. The Group has been maintaining strong relationships with a number of banks with a good and regular debt regular serving history.

### 4.0 CORPORATE GOVERNANCE

#### 4.1 Board of Directors

The Board of KDSAL consists of four Directors including the Chairman and Managing Director. The Board is led by the Chairman, Mr. S.M. Shameem Iqbal with the assistance of Managing Director Mr. Salim Rahman. The other two Directors are Mr. Khalilur Rahman and Ms. Tahsina Rahman. All the directors also have shareholding position in different sister concerns

# CREDIT RATING REPORT

## On

# KDS ACCESSORIES LIMITED

of KDS Group. The Board mainly deals with strategic areas of business operation and reviews the operational performance of the company. In 2013, the Board arranged two board meetings on different strategic issues.

## 4.2 Corporate Management

The operations of KDSAL are being looked after by an experienced and qualified management team having wide exposures in the accessories industry. The Chairman, Mr. S M Shameem Iqbal has been actively involved with different sectors like garments, accessories, textile, spinning, securities, banking and insurance. The Managing Director, Mr. Salim Rahman has vast experience in different sectors like garments, accessories, steel, IT, textile, agro processing, telecommunication, power plant, shipping, fuel & oil, securities, banking and insurance. He is also involved in many social organizations. A brief about the key professionals has been described below:

Experienced and qualified management team

Name	Designation	Year of Joining	Qualification and Experience	
			Qualification	Experience (Years)
Mr. S M Shameem Iqbal	Chairman	1997	MBA	16
Mr. Salim Rahman	Managing Director	1994	MBA	19
Mr. Biplob Kanti Banik, ACA	Head of Finance and Company Secretary	2013	ACA	8
Mr. Anwar - Ul - Azam	Head of HR & Compliance	2002	MBA	26
Mr. AKS Parvez	AGM (Production)	2002	MBA	11
Mr. Abu Taher	AGM (Sales)	1996	Bachelor of Engineering in Electrical & Electronic	17
Mr. Apu Sarwar	Head of IT	2009	B. Se. in Computer Studies	12

## 4.3 Human Resource Management

KDS Group has a separate Human Resource Department (HRD). The role of HRD is to formulate HR policy, recruitment, performance evaluation, promotion, termination and other personnel matters. The present compensation package and other fringe benefits are good and competitive. KDSAL has structured employee recruitment process. In addition, KDSAL has strong IT infrastructure, which provides dynamic HRIS support to all employees. Some Key features include- attendance and punctuality measurement, leave application and approvals, salary adjustment and calculations, online pay slip, employee loan application and sectioning and many others. At present, the number of workers at KDSAL stood at 650. During last two years thirty five officials joined and seventeen employees left the company. KDSAL provides Earned leave, Casual leave and medical leave for its officials & workers as well. It also provides gratuity only to management executives. In order to improve the quality of human resources in line with modern business need, KDSAL provides training to its staff internally and externally. During the last year, different training programs like public speaking and presentation skill, fire service training, Oracle 10G, income tax and export-import etc. have been provided to the related departments.

Structured HR policy

## 4.4 IT in MIS and Internal Control

Application of information technology in every phase of the Garments Accessories industry is vital. Integrated software provides real time information to the management to take prudent decision. Accounts Department of KDSAL uses customized IT facilities to record all day to day business transactions. However, integrated software is yet to be initiated, which may facilitate to manage the whole operation in a more sophisticated manner. Segregating and delegation of work and responsibility is properly defined among individual employees through the establishment of a well functioning internal control. Besides, the core functionality of internal audit is delegated to an audit team constituted by 4 nos. personnel's who are from renowned audit firms. The team prepares a monthly internal audit report and makes power point presentation of the same before the Directors and high-officials of the Company.

Sound internal control system

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## On

### KDS ACCESSORIES LIMITED

#### 5.0 BUSINESS ANALYSIS

##### 5.1 Infrastructure Facilities

Different product variety

In order to meet the continuing demand and ensure world class service, KDSAL has two plants in strategic locations in Bangladesh for making it accessible to the industry geographically. Two plants (Unit-1 & 2) are situated at 191/192 Nasirabad I/A, Chittagong and Mirjapur, Gazipur, Dhaka respectively. Total land area of these two plants is about 9.69 acres with factory premises of 245,899 sft. Unit-2 has acquired sufficient additional area for further expansion of the project. KDSAL is using renowned machineries for production which are imported from India, China, Taiwan, USA, Germany and Italy. Two units of the company have own laboratory with a qualified professional team to assure high quality product. However, preventive maintenance is required to maintain the quality of product and to increase the quantity of production and for the sake of this, management maintains the machines daily, weekly and monthly basis. A brief about infrastructure facilities other than machineries is given below:

Adequate infrastructural arrangement

Particulars		Unit-1 (Chittagong)	Unit-2 (Dhaka)
Total land area		2.145 acres	7.545 acres
Factory premises		113,031 sft.	132,868 sft.
PDB line		550 KW	25 KW
Gas line		211,910 Cubic meters/month	18,000 cft/hour
No. of Gas Generator		1	1
No. of Diesel Generator		-	2
Insurance agreement with		Northern General Insurance Co. Ltd.	Pragati Insurance Ltd.
Insurance coverage for		Industrial all risks	Industrial all risks
Insured amount		Tk.211.77 million	Tk.785.69 million
Insurance validity up to		March 04, 2015	March 03, 2015
Fire Extinguisher (nos)		226	361
Horse pipe and nozzle		17 points	16 points
Hydrant system		01	01
Total manpower	Worker	180	275
	Officer & Supervisor	92	103

##### 5.2 Major Raw Material and Procurement Process

Import based raw material

To facilitate international sourcing of raw materials, KDS Accessories Division has operations in Hong Kong with a highly experienced sourcing team, responsible for global supply chain network. This service allows clients to step down on production cost. As a large scale buyer KDSAL avails the best possible price with the assurance on agreed lead time. In the head office, the company has a separate sourcing team to monitor and control sourcing facilities. The basic raw material for producing packaging products is medium paper, liner paper, duplex paper and adhesive gum which are imported mainly from Australia, Canada, China, USA, Thailand, Korea & Srilanka. KDSAL maintains a strong relationship with the suppliers. The major supplier of raw material is Firm Overseas, Visy Paper PTY Ltd., Cooperative Trading Global Inc, Inter Pacific Paper Co. Ltd., Panjapol Paper Industries Co. Ltd. etc. To ensure availability of raw material in view of lead time and factors for smooth production process, the Company maintains safety stock, minimum stock levels etc.

#### 6.0 INDUSTRY OUTLOOK

Ready-made garments sector is steadily contributing to the country's export earnings for the last three decades. The contributory factors of the RMG industry in Bangladesh are global trading agreements (MFA, GSP etc), competitive labor cost, government's supportive policy and dynamic private entrepreneurship. This industry has successfully transformed Bangladesh into an export-oriented economy. The RMG industry also became the major foreign currency-earning sector with highest rates of absorption of industrial employment. During the last three decades, this sector has achieved a phenomenal growth and accounted



# CREDIT RATING REPORT

## On

# KDS ACCESSORIES LIMITED

for around 80% of the country's total exports as well as provided jobs for 3.5 million people, accounted for more than 17% of country's GDP.

Manufacturers of garment accessories expect more growth and hope the demand would reach three times more by 2018 due to increased demand both for deemed and direct export. According to Bangladesh Garment Accessories Manufacturers and Exporters Association (BGAMEA) in the last fiscal turnover of the locally manufactured accessories was \$3.75 billion which is more than 15 percent of the total export earnings in the FY '12. They set a target to manufacture accessories worth \$12 billion by the year 2018 as demand for locally made accessories in the international market is growing.

Good industry potential

Currently 90 percent of the total requirements of accessories for the apparel exporters are being met locally and only 10 percent is being imported. Locally made accessories have reduced lead time and the exporters can change the accessories for matching if they require. The garments accessories being manufactured locally are-- corrugated cartons, poly bags, buttons, zippers, labels, and elastics etc. which are an integral part of readymade garment export. A number of accessories industrial groups including KDS, DAF, RFL, Bengal and Partex have invested a significant amount of money in their accessories industries to manufacture garment accessories and other products. Apart from Bangladesh's current share in the international apparel market, the accessories manufacturers are also exporting their products for other countries' apparel exports and the market is still vast for Bangladeshi accessories. Apart from manufacturing of 30-32 types of accessories, packaging industries are also growing significantly in the country. The government should provide the opportunity of using Export Development Fund which is currently being enjoyed by the Bangladesh textile mills Association and other apparel exporters.

The increase in prices of accessories was largely due to hike in prices of petroleum products. As such, local companies are presently meeting significant portion of the total domestic demand for accessories while the remaining is being imported from abroad. In order to oversee the interest of the apparel accessories manufacturers, Bangladesh Corrugated Carton & Accessories Manufacturers & Exporters Association (BCCAMEA) started its operation in the year 1989. Last year, BCCAMEA member companies supplied garment accessories worth Tk.7,500 crore to local manufacturers. The accessories manufactured in the country plays a vital role not only in the manner of import substitute goods but also reduce the lead time for the garments product. Investments have been flowing to meet the growing demand for accessories as the country has already turned into a global garment outsourcing hub. The market for accessories will keep increasing day by day and the interest of the foreign investors in the set up of accessories industry shows the importance of the sector in the country.

## 7.0 PERFORMANCE ANALYSIS

### 7.1 Operational Performance

Good operational performance

Indicators		FY2013	FY2012	FY2011
Production Capacity	Carton (in Million Pcs)	25.50	25.50	25.50
	Label (in Million Pcs)	175.96	175.96	-
	Narrow Fabrics (in Million Pcs)	11.23	11.23	-
	Elastics (in Million Pcs)	19.34	19.34	-
	Offset Printing (in Million Pcs)	150.01	150.01	150.01
	Heat Transfer Printing (in Million Pcs)	24.96	24.96	24.96
	Button (in Million GG)	0.36	0.36	-
Production Quantity	Carton (in Million Pcs)	22.42	22.37	21.77
	Label (in Million Pcs)	75.44	29.42	-
	Narrow Fabrics (in Million Pcs)	1.27	0.72	-
	Elastics (in Million Pcs)	12.08	0.68	-
	Offset Printing (in Million Pcs)	32.07	9.74	6.05
	Heat Transfer Printing (in Million Pcs)	11.06	6.56	5.99
	Button (in Million GG)	0.002	-	-

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Capacity Utilization ( % )	Carton (in Million Pcs)	88	88	85.36
	Label (in Million Pcs)	43	17	-
	Narrow Fabrics (in Million Pcs)	11	6	-
	Elastics (in Million Pcs)	62	4	-
	Offset Printing (in Million Pcs)	21	7	4.04
	Heat Transfer Printing (in Million Pcs)	44	27	23.99
	Button (in Million GG)	0.51	-	-

Overall operating performance of KDSAL has been found to be good. Capacity utilization of all categories of product increased substantially in FY2013 being backed by considerable work orders. Button has been included at the end of FY2012 in the product range of KDSAL. The company has met the entire requirement of accessories items of its RMG related sister concerns which is about 5% to 10% of its total revenue.

## 7.2 Business and Financial Performance

*(Financial year ended on December)*

Indicators	FY2013	FY2012	FY2011
Turnover (in Million)	1,647.26	1,510.38	1,146.10
Turnover Growth (%)	9.06	31.78	-
Cost of Goods Sold (in Million Tk.)	1,278.93	1,141.04	850.75
COGS Growth (%)	12.08	34.12	-
Gross Profit (in Million Tk.)	368.33	369.34	295.35
Profit after Tax (PAT) (in Million Tk.)	85.88	111.24	72.13
Profit Growth (%)	(22.80)	54.22	-
Return on Average Assets After Tax (ROAA) %	3.80	5.69	4.75
Return on Average Equity After Tax (ROAE) %	11.57	20.36	20.76
Return on Average Capital Employed After Tax (ROACE) %	9.93	17.78	18.35
Gross Profit Margin%	22.36	24.45	25.77
Operating Profit Margin%	17.39	19.09	20.59
Net Profit Margin%	5.21	7.37	6.29
Cost to Revenue Ratio %	77.64	75.55	74.23
Administrative Exp to Revenue Ratio %	3.50	3.77	3.61
Selling & Distribution Cost to Revenue Ratio %	1.47	1.59	1.57
Finance Cost to Revenue Ratio %	9.87	9.50	9.93
Earning Per Share (Face value of Tk.10.00)	2.14	2.78	2.39

Regular business growth

A progressive business trend has been apparent by analyzing the business performance of KDSAL over the last three years. Simultaneous increase of production volume as well as price of the products mainly persuades the sales revenue to be higher in FY2013. However, increase of raw material price has caused profit fall in the latest financial year. Despite the fact, the company has retained the good profitability margin through efficient management of over all cost in terms of relative measures.

## 8.0 CAPITAL STRUCTURE AND LEVERAGE

KDSAL is operating with a debt based capital structure as its asset has been mostly financed by outside fund. As on December 30, 2013 - total asset of the company stood at Tk.2,377.69 million which has been financed by shareholder's equity of Tk.785.15 million (33.02%), short term loan of Tk.865.81 million (36.41%), long term loan of Tk.79.93 million (3.36%) and the rest is other current and non-current liabilities of Tk.573.43 million (25.83%).

Debt based capital structure

Indicators	Dec - 13	Dec - 12	Dec - 11
Leverage Ratio (X)	2.03	2.07	3.74
Bank Borrowing to Equity (X)	1.28	1.09	2.73
Interest Coverage Ratio (X)	3.03	3.07	4.74
Net Asset Value Per Share (Tk.)	19.63	23.21	29.64

Leverage ratio has been consistently improving over the years through regular internal capital generation coupled with reduction of long term outstanding although it is yet to reach at comfortable level.

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### 9.0 LIQUIDITY AND CASH FLOW ANALYSIS

Indicators	Dec-13	Dec-12	Dec-11
Current Ratio (X)	0.89	0.89	0.81
Quick Ratio (X)	0.39	0.31	0.30

Moderate liquidity

Overall liquidity of KDSAL has been found to be moderate. Comparative large amount of current liabilities than current assets mainly induced both the ratios to be inferior than expected level. Nominal gap between current and quick ratio suggests having low inventory position in the revolving asset base. In analyzing the cash flow of KDSAL, it has been revealed that the company started the FY2013 with opening cash and cash equivalents of Tk.10.71 million. Total cash inflow from operating activities stood at Tk.16.52 million. The company has out flow of Tk.150.28 million in investing activities, mainly in the field of capital work in progress. The company has also repaid substantial liabilities to affiliated companies. To meet up the required fund, the company has raised short term bank loan of Tk.278.55 million. As a result, cash flow from financing activities stood at Tk.131.38 million and at the end of 2013 and cash and cash equivalents stood at Tk.8.32 million. It is state worthy that inter-company cash transaction having accessibility to the money market provides strong financial flexibility to KDS Group.

### 10.0 BUSINESS PLAN

KDSAL intends to off-load 12,000,000 shares of Tk.10 each with a premium of Tk. 10 in the capital market. The company is expected to avail TK. 240.00 million from IPO proceeds. It also estimates the projected net proceeds from the IPO (after adjusting of IPO expenses of Tk.20.00 million) to be used to enhance and modernize and expands the Packaging Unit-3 and to pay off loans. As per the business plan, the company will enhance and modernize the factory by TK. 130.00 million and the rest of TK.90.00 million will be used for debt repayment.

### 11.0 CREDIBILITY AND BANKING RELATIONSHIP

#### 11.1 Liability Position and Repayment Performance

KDSAL enjoys a banking facility from different banks and financial institution and maintains good relationships by discharging liabilities in regular manner. The outstanding liability position of the company as on April 30, 2014 is delineated below:

(Figures in million Tk)

Bank/FI's	Mode	Limit		Outstanding Amount			Repayment Status
		Non Funded	Funded	Short Term Loan		Long Term Loan	
				Non Funded	Funded		
Bank Asia Limited	Term Loan	-	401.80	-	-	223.14	Regular
	L/C, LTR,DL	800.00	750.00*	428.82	314.08	-	
	OD,LDBP	-	230.00	-	153.34	-	
	BG	20.00	-	3.17	-	-	
Standard Chartered Bank	L/C, Acceptance, LATR	300.00	300.00*	78.55	69.63	-	Regular
	Credit Bill Negotiation	-	150.00	-	6.35	-	
IPDC of Bangladesh Limited	Lease Finance	-	3.49	-	-	3.08	Regular
IDLC Finance Limited	Lease Finance	-	1.54	-	-	0.79	Regular
<b>Total</b>		<b>1,120.00</b>	<b>786.83</b>	<b>510.54</b>	<b>543.40</b>	<b>227.01</b>	

Regular repayment history

The repayment performance of each of the loan is good and in the last two years, the company reported that there has been no default track record.

# CREDIT RATING REPORT

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### 11.2 Security Arrangement against Loan Exposure

The company has offered the following security arrangement against the above exposures:

Bank/FI's	Security Arrangement
Bank Asia Ltd.	<p><b>Primary Security:</b></p> <ul style="list-style-type: none"> <li>• Usual charge documents</li> <li>• Hypothecation of stocks &amp; book debts</li> </ul> <p><b>Secondary Security/Collateral:</b></p> <ul style="list-style-type: none"> <li>• Registered mortgage of 389.50 decimals of land with factory building thereon located at Mirjapur Gazipur valuing of Tk.350.00 million.</li> <li>• 1<sup>st</sup> Charge on all fixed assets of KDSAL.</li> </ul> <p><b>Support/Guarantee:</b></p> <ul style="list-style-type: none"> <li>• Post dated cheque</li> <li>• Personal Guarantee</li> </ul>
Standard Chartered Bank	<p><b>Primary Security:</b></p> <ul style="list-style-type: none"> <li>• Usual charge documents</li> <li>• 5% cash Margin</li> <li>• Demand promissory Note.</li> </ul> <p><b>Secondary Security/ Collateral:</b></p> <ul style="list-style-type: none"> <li>• Registered Hypothecation over stocks and book debts (1<sup>st</sup> Charge) of KDSAL on pari-passu basis with other lenders where SCB share will be at least BDT 58.50 million.</li> </ul> <p><b>Support/Guarantee:</b></p> <ul style="list-style-type: none"> <li>• Directors Personal Guarantee</li> </ul>
IPDC of Bangladesh Limited	<p><b>Primary Security:</b></p> <ul style="list-style-type: none"> <li>• Usual charge documents</li> <li>• Demand promissory Note.</li> </ul> <p><b>Support/Guarantee:</b></p> <ul style="list-style-type: none"> <li>• Post dated cheque</li> <li>• Personal Guarantee</li> </ul>
IDLC Finance Limited	<p><b>Primary Security:</b></p> <ul style="list-style-type: none"> <li>• Usual charge documents</li> <li>• Demand promissory Note.</li> </ul> <p><b>Support/Guarantee:</b></p> <ul style="list-style-type: none"> <li>• Post dated cheque</li> <li>• Personal Guarantee</li> </ul>

Adequate security arrangement

On April 30, 2014, stock and receivable of the KDSAL stood at Tk.1,036.85 million and considering the same, revolving loan outstanding to revolving asset ratio stood at 0.52 times.

### 11.3 Debt Service Capacity

Indicators	FY2013	FY2012	FY2011
Debt Service Coverage Ratio (X)	1.35	1.86	1.79
Interest Coverage Ratio (X)	1.69	2.01	2.02

While analyzing the credit worthiness of the company, it has been revealed that the company has been utilizing the revolving and term loan limits duly. The profit generation of the company may be sufficient to serve the debt service/interest obligation against the loan amount. Interest coverage ratio of the company decreased due to a comparative increase of finance cost. Considering the current portion of term loan, debt service coverage ratio has been found in the comfort zone. Moreover, the company has generated positive cash flow to repay the bank loan in due course.

## 12.0 RISK MANAGEMENT

### 12.1 Price Volatility Risk

Since the industry is completely dependent on overseas suppliers for raw materials, it is subject to price volatility in the international market. In the recent past, the core raw material price was somewhat volatile, which might affect the business last year. However, KDSAL has the capacity to adjust the price volatility with its sales price.

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### 12.2 Exchange Rate Risk

Exchange rate risk arises from currency fluctuation in international trade. If Bangladeshi Taka is devalued and/or foreign currency revalued then the price of imported raw material will go up which will decrease the overall profit margin. However, the Bangladeshi Taka found carrying variable value for the last couple of years which might expose the company to exchange rate risk.

### 12.3 Market Risk

Since inception, KDSAL has been carrying out business through relationship with the buyer especially with Garments manufacturers in Bangladesh and supplied accessories to them through L/C which tenure within 60 to 120 days (mostly). The business financial condition and prospects of the company could be adversely affected if it is unable to compete with its competitors and sell the products at competitive prices. In view of the above, the company has set up another unit (Unit-2) to increase the market share in terms of supply and grab the market.

### 12.4 Revenue Collection risk

Most of the sales of KDSAL are made to local buyers through letter of credit. The average receivable collection period was around 96 days during FY2013, which is average compared to the industry. CRISL does not foresee significant revenue collection risk.

### 12.5 Interest Rate Risk

The company is enjoying a significant amount of working capital loan and term loan, which occupied the major portion of its total liability. This type of dependency creates a financial cost burden that grabs a significant portion of the markup. However, the company is regular in VAT and tax payment.

### 12.6 Political Instability

Vulnerable political situation that has been experienced in the recent past has adversely affected the industry. Present political situation is moderately business friendly, however business community is suffering from lack of confidence thinking that vulnerability may come back at any time. Thus, the company is exposed to political instability risk.

## 13.0 OBSERVATION SUMMARY

<p><b>Rating Comfort:</b></p> <ul style="list-style-type: none"> <li>• Regular business growth</li> <li>• Good Profitability</li> <li>• Good forward linkage within the Group</li> <li>• Adequate production facilities</li> <li>• Regular loan repayment history</li> </ul>	<p><b>Rating Concern:</b></p> <ul style="list-style-type: none"> <li>• Moderate liquidity</li> <li>• Debt based capital structure</li> <li>• Exposure to price volatility risk</li> <li>• Exposure to exchange rate risk</li> </ul>
<p><b>Business Prospects:</b></p> <ul style="list-style-type: none"> <li>• Increased Demand of the Product</li> <li>• Wide Global chain retailers customers</li> </ul>	<p><b>Business Challenges:</b></p> <ul style="list-style-type: none"> <li>• Political instability</li> <li>• Increased global competition</li> </ul>

## 14.0 PROSPECTS

RMG sector is the major player in the country's macro economy with its outstanding contribution of export earnings. In spite of being a main contributor to the national economy, inadequate forward and backward integration is a reality in the country. However, recently some forward and backward linkage industry targeting the RMG sector has grown up in the country like textile, threads, fabrics and packaging accessories. Garments Accessories are considered as an essential integration in the RMG sector. As the Garments industry in the country grows, so does the demand for Garments Accessories. KDS accessories supplied its

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## **CREDIT RATING REPORT** **On** **KDS ACCESSORIES LIMITED**

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products to the local RMG manufacturer. As KDS Group has opened its supply chain offices in new strategic locations around the globe its demand for accessories would grow. CRISL views that overall demand for corrugated carton especially would grow with the growth of garments and other export-oriented business.

### **END OF THE REPORT**

(Information used herein is obtained from sources believed to be accurate and reliable. However, CRISL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. All rights of this report are reserved by CRISL. Contents may be used by news media and researchers with due acknowledgement)

[We have examined, prepared, finalized and issued this report without compromising with the matters of any conflict of interest. We have also complied with all the requirements, policy procedures of the BSEC rules as prescribed by the Bangladesh Securities and Exchange Commission.]

# CREDIT RATING REPORT

## On

# KDS ACCESSORIES LIMITED

### CRISL RATING SCALES AND DEFINITIONS LONG-TERM RATINGS OF CORPORATE

RATING	DEFINITION
<b>AAA</b> Triple A (Highest Safety)	<b>Investment Grade</b> Entity rated in this category is adjudged to be of best quality, offer highest safety and have highest credit quality. Risk factors are negligible and risk free, nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of companies.
<b>AA+, AA, AA -</b> (Double A) (High Safety)	Entity rated in this category is adjudged to be of high quality, offer higher safety and have high credit quality. This level of rating indicates a corporate entity with a sound credit profile and without significant problems. Risks are modest and may vary slightly from time to time because of economic conditions.
A+, A, A - Single A (Adequate Safety)	Entity rated in this category is adjudged to offer adequate safety for timely repayment of financial obligations. This level of rating indicates a corporate entity with an adequate credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
<b>BBB+, BBB, BBB -</b> Triple B (Moderate Safety)	Entity rated in this category is adjudged to offer moderate degree of safety for timely repayment of financial obligations. This level of rating indicates that a company is under-performing in some areas. Risk factors are more variable in periods of economic stress than those rated in the higher categories. These entities are however considered to have the capability to overcome the above-mentioned limitations.
<b>BB+, BB, BB -</b> Double B (Inadequate Safety)	<b>Speculative Grade</b> Entity rated in this category is adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates a company as below investment grade but deemed likely to meet obligations when due. Overall quality may move up or down frequently within this category.
<b>B+, B, B -</b> Single B (Risky)	Entity rated in this category is adjudged to be with high risk. Timely repayment of financial obligations is impaired by serious problems which the entity is faced with. Whilst an entity rated in this category might be currently meeting obligations in time through creating external liabilities.
<b>CCC+, CCC, CCC-</b> Triple C (Vulnerable)	Entity rated in this category is adjudged to be vulnerable and might fail to meet its repayments frequently or it may currently meeting obligations in time through creating external liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support.
<b>CC+, CC, CC -</b> Double C (High Vulnerable)	Entity rated in this category is adjudged to be very highly vulnerable. Entity might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support.
<b>C+, C, C -</b> Single C (Extremely Speculative)	Entity rated in this category is adjudged to be with extremely speculative in timely repayment of financial obligations. This level of rating indicates entities with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<b>D</b> (Default)	<b>Default Grade</b> Entity rated in this category is adjudged to be either already in default or expected to be in default.

Note: For long-term ratings, CRISL assigns + (Positive) sign to indicate that the issue is ranked at the upper-end of its generic rating category and - (Minus) sign to indicate that the issue is ranked at the bottom end of its generic rating category. Long-term ratings without any sign denote mid-levels of each group.

### SHORT-TERM RATINGS OF CORPORATE

<b>ST-1</b>	<b>Highest Grade</b> Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding. Safety is almost like risk free Government short-term obligations.
<b>ST-2</b>	<b>High Grade</b> High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
<b>ST-3</b>	<b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
<b>ST-4</b>	<b>Moderate Grade</b> Moderate liquidity and other protection factors qualify an entity to be in investment grade. Risk factors are larger and subject to more variation.
<b>ST-5</b>	<b>Non-Investment/Speculative Grade</b> Speculative investment characteristics. Liquidity is not sufficient to ensure discharging debt obligations. Operating factors and market access may be subject to a high degree of variation.
<b>ST-6</b>	<b>Default</b> Entity is in default or is likely to default in discharging its short-term obligations. Market access for liquidity and external support is uncertain.

# CREDIT RATING REPORT

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### CRISL RATING SCALES AND DEFINITIONS

#### BANK LOAN/FACILITY RATING SCALES AND DEFINITIONS - LONG - TERM

RATING	DEFINITION
<i>blr AAA</i> ( <i>blr Triple A</i> ) (Highest Safety)	<b>Investment Grade</b> Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have highest credit quality, offer highest safety and carry almost no risk. Risk factors are negligible and almost nearest to risk free Government bonds and securities. Changing economic circumstances are unlikely to have any serious impact on this category of loans/ facilities.
<i>blr AA+, blr AA,</i> <i>blr AA-</i> (Double A) (High Safety)	Bank Loan/ Facilities enjoyed by banking clients rated in this category are adjudged to have high credit quality, offer higher safety and have high credit quality. This level of rating indicates that the loan / facilities enjoyed by an entity has sound credit profile and without any significant problem. Risks are modest and may vary slightly from time to time because of economic conditions.
<i>blr A+, blr A,</i> <i>blr A-</i> Single A (Adequate Safety)	Bank Loan/ Facilities rated in this category are adjudged to carry adequate safety for timely repayment/ settlement. This level of rating indicates that the loan / facilities enjoyed by an entity have adequate and reliable credit profile. Risk factors are more variable and greater in periods of economic stress than those rated in the higher categories.
<i>blr BBB+, blr BBB,</i> <i>blr BBB-</i> Triple B (Moderate Safety)	Bank Loan/ Facilities rated in this category are adjudged to offer moderate degree of safety for timely repayment /fulfilling commitments. This level of rating indicates that the client enjoying loans/ facilities under-performing in some areas. However, these clients are considered to have the capability to overcome the above-mentioned limitations. Cash flows are irregular but the same is sufficient to service the loan/ fulfill commitments. Risk factors are more variable in periods of economic stress than those rated in the higher categories.
<i>blr BB+ , blr BB,</i> <i>blr BB-</i> Duble B (Inadequate Safety)	<b>Speculative/ Non investment Grade</b> Bank Loan/ Facilities rated in this category are adjudged to lack key protection factors, which results in an inadequate safety. This level of rating indicates loans/ facilities enjoyed by a client are below investment grade. However, clients may discharge the obligation irregularly within reasonable time although they are in financial/ cash problem. These loans / facilities need strong monitoring from bankers side. There is possibility of overcoming the business situation with the support from group concerns/ owners. Overall quality may move up or down frequently within this category.
<i>blr B+ , blr B,</i> <i>blr B-</i> Single B (Somewhat Risk)	Bank Loan/ Facilities rated in this category are adjudged to have weak protection factors. Timely repayment of financial obligations may be impaired by problems. Whilst a Bank loan rated in this category might be currently meeting obligations in time, continuance of this would depend upon favorable economic conditions or on some degree of external support. Special monitoring is needed from the financial institutions to recover the installments.
<i>blr CCC+ , blr CCC,</i> <i>blr CCC-</i> Triple C (Risky )	<b>Risky Grade</b> Bank Loan/ Facilities rated in this category are adjudged to be in vulnerable status and the clients enjoying these loans/ facilities might fail to meet its repayments frequently or it may currently meeting obligations through creating external support/liabilities. Continuance of this would depend upon favorable economic conditions or on some degree of external support. These loans / facilities need strong monitoring from bankers side for recovery.
<i>blr CC+, blr CC,</i> <i>blr CC-</i> Double C (High Risky)	Bank Loan/ Facilities rated in this category are adjudged to carry high risk. Client enjoying the loan/ facility might not have required financial flexibility to continue meeting obligations; however, continuance of timely repayment is subject to external support. These loans / facilities need strong monitoring from bankers side for recovery.
<i>blr C+, blr C,</i> <i>blr C-</i> (Extremely Speculative)	Bank Loan/ Facilities rated in this category are adjudged to be extremely risky in timely repayment/ fulfilling commitments. This level of rating indicates that the clients enjoying these loan/ facilities are with very serious problems and unless external support is provided, they would be unable to meet financial obligations.
<i>blr D</i> (Default)	<b>Default Grade</b> Entities rated in this category are adjudged to be either already in default or expected to be in default.

#### SHORT-TERM RATINGS

<i>blr ST-1</i>	<b>Highest Grade</b> Highest certainty of timely payment. Short-term liquidity including internal fund generation is very strong and access to alternative sources of funds is outstanding, Safety is almost like risk free Government short-term obligations.
<i>blr ST-2</i>	<b>High Grade</b> High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.
<i>blr ST-3</i>	<b>Good Grade</b> Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
<i>blr ST-4</i>	<b>Satisfactory Grade</b> Satisfactory liquidity and other protection factors qualify issues as to invest grade. Risk factors are larger and subject to more variation.
<i>blr ST-5</i>	<b>Non-Investment Grade</b> Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
<i>blr ST-6</i>	<b>Default</b> Institution failed to meet financial obligations





## SECTION - XVI IPO APPLICATION PROCESS

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## IPO APPLICATION PROCESS

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### Step-1 (Applicant)

1. An applicant for public issue of securities shall submit application/buy instruction to the Stockbroker/ Merchant Banker where the applicant maintains customer account, within the cut-off date (i.e. the subscription closing date), which shall be the **25<sup>th</sup> (twenty fifth) working day** from the date of publication of abridged version of prospectus.

2. The application/buy instruction may be submitted in prescribed paper or electronic form, which shall contain the Customer ID, Name, BO Account Number, Number of Securities applied for, Total Amount and Category of the Applicant. At the same time:

a) Other than non-resident Bangladeshi (NRB) and Foreign applicants shall make the application money and service charge available in respective customer account maintained with the Stockbroker/ Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/ Merchant Banker. No margin facility, advance or deferred payment is permissible for this purpose. In case the application is made through a margin account, the application money shall be deposited separately and the Stockbroker/Merchant Banker shall keep the amount segregated from the margin account, which shall be refundable to the applicant, if become unsuccessful.

b) Non-resident Bangladeshi (NRB) and Foreign applicants shall submit bank drafts (FDD), issued in favor of the Issuer for an amount equivalent to the application money, with their application to the concerned Stockbroker/Merchant Banker. A Non-resident Bangladeshi (NRB) and Foreign applicant may also submit a single draft against 02(two) applications made by him/her, i.e. one in his/her own name and the other jointly with another person. The draft (FDD) shall be issued by the Bank where the applicant maintains NITA/Foreign Currency account debiting the same account. No banker shall issue more than two drafts from any NITA/Foreign Currency account for any public issue. At the same time, the applicant shall make the service charge available in respective customer account maintained with the Stockbroker/Merchant Banker.

## Step-2 (Intermediary)

3. The Stockbroker/Merchant Banker shall maintain separate bank account only for this purpose namely "Public Issue Application Account". The Stockbroker/Merchant Banker shall:

a) post the amount separately in the customer account (other than NRB and Foreign applicants), and upon availability of fund, block the amount equivalent to the application money;

b) accumulate all the application/buy instructions received up to the cut-off date, deposit the amount in the "Public Issue Application Account" maintained with its bank within the **first banking hour of next working day** of the cut-off date. In case of application submitted by the Stock-dealer or the Merchant Banker's own portfolio, the application amount should also be transferred to the "Public Issue Application Account";

c. instruct the banker to block the account for an amount equivalent to the aggregate application money and to issue a certificate in this regard.

4. Banker of the Stockbroker/Merchant Banker shall block the account as requested for, issue a certificate confirming the same and handover it to the respective Stockbroker/Merchant Banker.5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.

5. For Non-resident Bangladeshi (NRB) and Foreign applicants, the Stockbroker/Merchant Banker shall prepare a list containing the draft information against the respective applicant's particulars.

6. The Stockbroker/Merchant Banker shall prepare category wise lists of the applicants containing Customer ID, Name, BO Account Number and Number of Securities applied for, and within **03 (three) working days** from the cut-off date, send to the respective Exchange, the lists of applicants in electronic (text format with tilde '~' separator) format, the certificate(s) issued by its banker, the drafts received from Non-resident Bangladeshi (NRB) and Foreign applicants and a copy of the list containing the draft information.

7. **On the next working day**, the Exchanges shall provide the Issuer with the information received from the Stockbroker/Merchant Bankers, the drafts submitted by Non-resident Bangladeshi (NRB) and Foreign applicants and the list containing the draft information. Exchanges shall verify and preserve the bankers' certificates in their custody.

8 The application/buy instructions shall be preserved by the Stockbroker/Merchant Bankers up to 6 months from listing of the securities with exchange.

### Step-3 (Issuer)

9. The Issuer shall prepare consolidated list of the applications and send the applicants' BOIDs in electronic (text) format in a CDROM to CDBL for verification. The Issuer shall post the consolidated list of applicants on its website and websites of the Exchanges. CDBL shall verify the BOIDs as to whether the BO accounts of the applicants are active or not.

10. **On the next working day**, CDBL shall provide the Issuer with an updated database of the applicants containing BO Account Number, Name, Addresses, Parents' Name, Joint Account and Bank Account information along with the verification report.

11. After receiving verification report and information from CDBL, the Issuer shall scrutinize the applications, prepare category wise consolidated lists of valid and invalid applications and submit report of final status of subscription to the Commission and the Exchanges **within 10 (ten) working days** from the date of receiving information from the Exchanges.

12. The Issuer and the issue manager shall conduct category wise lottery with the valid applications **within 03 (three) working days** from the date of reporting to the Commission and the Exchanges, if do not receive any observation from the Commission or the Exchanges.

13. The Issuer and issue manager shall arrange posting the lottery result on their websites **within 06 (six) hours** and on the websites of the Commission and Exchanges **within 12 (twelve) hours** of lottery.

14. **Within 02 (two) working days** of conducting lottery, the Issuer shall:

- a. send category wise lists of the successful and unsuccessful applicants in electronic (text format with tilde '~' separator) format to the respective Exchange.
- b. send category wise lists of unsuccessful applicants who are subject to penal provisions as per conditions of the Consent Letter issued by the Commission in electronic (text format with tilde '~' separator) format to the Commission and Exchanges mentioning the penalty amount against each applicant.
- c. issue allotment letters in the names of successful applicants in electronic format with digital signatures and send those to respective Exchange in electronic form.
- d. send consolidated allotment data (BOID and number of securities) in electronic text format in a CDROM to CDBL to credit the allotted shares to the respective BO accounts.

### Step-4 (Intermediary)

15. **On the next working day**, Exchanges shall distribute the information and allotment letters to the Stockbroker/Merchant Bankers concerned in electronic format and instruct them to:

- a) remit the amount of successful (other than NRB and Foreign) applicants to the Issuer's respective Escrow Account opened for subscription purpose, and unblock the amount of unsuccessful applicants;
- b) send the penalty amount of other than NRB and Foreign applicants who are subject to penal provisions to the Issuer's respective Escrow Accounts along with a list and unblock the balance application money;

16. **On the next working day** of receiving the documents from the Exchanges, the Stockbrokers/Merchant Bankers shall request its banker to:

- a) release the amount blocked for unsuccessful (other than NRB and foreign) applicants;
- b) remit the aggregate amount of successful applicants and the penalty amount of unsuccessful (other than NRB and foreign) applicants who are subject to penal provisions to the respective 'Escrow' account of the Issuer opened for subscription purpose.

17. **On the next working day** of receiving request from the Stockbrokers/Merchant Bankers, their bankers shall unblock the amount blocked in the account(s) and remit the amount as requested for to the Issuer's 'Escrow' account

18. Simultaneously, the stockbrokers/Merchant Stockbrokers Bankers shall release the application money blocked in the customer accounts; inform the successful applicants about allotment of securities and the unsuccessful applicants about releasing their blocked amounts and send documents to the Exchange evidencing details of the remittances made to the respective 'Escrow' accounts of the Issuer. The unblocked amounts of unsuccessful applicants shall be placed as per their instructions. The Stockbroker/Merchant Banker shall be entitled to recover the withdrawal charges, if any, from the applicant who wants to withdraw the application money, up to an amount of Tk. 5.00 (five) per withdrawal.

19. All drafts submitted by NRB or Foreign applicants shall be deposited in the Issuer's respective 'Escrow' accounts and refund shall be made by the Issuer by refund warrants through concerned stockbroker or merchant banker or transfer to the applicant's bank account through banking channel within 10 (ten) working days from the date of lottery.

#### **Miscellaneous:**

20. The Issuer, Issue Manager(s), Stockbrokers and Merchant Bankers shall ensure compliance of the above.

21. The bank drafts (FDD) shall be issued considering TT Clean exchange rate of Sonali Bank Ltd. on the date of publication of abridged version of prospectus

22. Amount deposited and blocked in the "Public Issue Application Account" shall not be withdrawn or transferred during the blocking period. Amount deposited by the applicants shall not be used by the Stockbrokers/Merchant Bankers for any purpose other than public issue application.

23. The Issuer shall pay the costs related to data transmission, if claimed by the Stock Exchange concerned up to an amount of Tk.2,00,000.00 (taka two lac) for a public issue.

24. The Stockbrokers/Merchant Bankers shall be entitled to a service charge of Tk.5.00 (taka five) only per application irrespective of the amount or category. The service charge shall be paid by the applicant at the time of submitting application.

25. The Stockbroker/Merchant Banker shall provide the Issuer with a statement of the remittance and drafts sent.

26. The Issuer shall accumulate the penalty amount recovered and send it to the Commission through a bank draft/payment order issued in favor of the Bangladesh Securities and Exchange Commission.

27. The concerned Exchange are authorized to settle any complaints and take necessary actions against any Stockbroker/Merchant Banker in case of violation of any provision of the public issue application process with intimation to the Commission

## DSE Stockbrokers

SL.No	Name of TREC Holder	TREC No.	SL.No	Name of TREC Holder	TREC No.
1	A.B Ispahani Securities Ltd.	1	51	UGC Securities Limited	54
2	S & H Equities Limited	2	52	Transcon Securities Ltd.	55
3	Shyamol Equity Management Ltd.	3	53	Alpha Equities Ltd.	56
4	Phoenix Securities Limited	4	54	Hasan Securities Ltd.	57
5	Harun Securities Ltd.	5	55	IDLC Securities Ltd.	58
6	A. K. Khan Securities Ltd.	6	56	Green Delta Securities Ltd.	59
7	Apex Investments Limited	7	57	Global Securities Ltd.	60
8	Crest Securities Ltd.	8	58	NCCB Securities & Financial Services Ltd.	61
9	International Leasing Securities Ltd.	9	59	Reliance Brokerage Services Ltd.	62
10	Khwaja Equity Services Limited	10	60	Banco Securities Limited	63
11	Brac epl stock brokerage ltd.	11	61	Shahjahan Securities Limited	64
12	Pasha Capital Ltd.	12	62	ASENZ Securities Ltd.	65
13	MAH Securities Limited	13	63	E-Securities Ltd.	66
14	DMR Securities Services Ltd.	14	64	Sinha Securities Limited	67
15	ACE Capital Management Service Ltd.	16	65	Popular Equities Ltd.	68
16	Adil Securities Ltd.	17	66	Mohammad Talha & Co Ltd.	69
17	Greenland Equities Ltd.	18	67	First Capital Securities Ltd.	70
18	Azam Securities Limited	19	68	SBC Securities & Investment Ltd.	71
19	BDBL Securities Ltd.	20	69	H R Securities & Investments Limited	72
20	Royal Capital Ltd.	21	70	Prudential Securities Limited	73
21	A. R Chowdhury Securities Ltd.	22	71	HAC Securities Limited	74
22	Ershad Securities Limited	23	72	Multi Securities & Services Limited	75
23	Vision Capital Management Ltd.	24	73	Square Securities Management Ltd.	76
24	Arena Securities Ltd.	25	74	Royal Green Securities Limited	77
25	EBL Securities Limited	26	75	R. N. Trading Limited	78
26	SAR Securities Ltd.	27	76	PFI Securities Limited	79
27	Sadeque Finance Management Ltd.	28	77	Latif Securities Ltd.	80
28	Kazi Firoz Rashid Securities Limited	29	78	Tamha Securities Limited	81
29	B. D Finance Securities Ltd.	30	79	Desa Securities Ltd.	85
30	ETBL Securities & Exchange Ltd.	31	80	MAM Securities Ltd.	86
31	Bulbul Securities Ltd.	32	81	Farida Raquib Securities Ltd.	87
32	Ibrahim Securities Limited	33	82	Asia Securities Ltd.	88
33	B & B Enterprise Limited	34	83	Uniroyal Securities Ltd.	89
34	Rashid Investment Services Limited	35	84	Md. Fakhru Islam Securities Ltd.	90
35	Daulatunnessa Equities Limited	37	85	Md. Sahidullah Securities Limited	91
36	Quayum Securities Limited	38	86	Alhaj Securities & Stocks Limited	93
37	Shahiq Securities Ltd.(Shanta Securities Ltd.)	39	87	SIBL Securities Ltd.	94
38	Haji Ahmad Brothers Securities Ltd.	41	88	Salta Capital Limited	95
39	Rapid Securities Limited	42	89	Jamal Ahmed Securities Ltd.	97
40	AB & Company Limited	43	90	Dhanmondi Securities Ltd.	98
41	M-Securities Ltd.	44	91	Country Stock (Bangladesh)	99
42	Federal Securities And Investment Ltd.	45	92	ARC Securities Ltd.	100
43	SAHCO Securities Limited	46	93	Dayton Holdings Ltd	101
44	Khurshid Securities Ltd.	47	94	Howlader Equity Services Limited	102
45	Aries Securities Ltd.	48	95	Prime Islami Securities Ltd.	104
46	Al - Muntaha Trading. Co Ltd	49	96	Ali Securities Co. Limited	105
47	Imtiyaz Husain Securities Limited	50	97	Island Securities Ltd.	106
48	S. B. Securities Limited	51	98	Islami Bank Securities Limited	107
49	M. Zubair Securities Limited	52	99	Remons Investment & Securities Ltd.	108
50	Mian Abdur Rashid Securities Ltd.	53	100	Unique Share Management Ltd.	109

SL.No	Name of TREC Holder	TREC No.	SL.No	Name of TREC Holder	TREC No.
101	Ettihad Securities Ltd.	110	151	Mona Finan. Consultancy & Sec. Ltd.	164
102	Surma Securities Holding Co. Ltd	111	152	Haji Mohammad Ali Securities Ltd.	165
103	Nouvelle Securities Ltd.	112	153	Times Securities Ltd.	166
104	CMSL Securities Limited	113	154	Khurshid Alam Securities Limited	167
105	Ahmed Iqbal Hasan Securities Ltd.	114	155	Subvalley Securities Ltd.	168
106	Nabiul Karim Securities Limited	115	156	Merchant Securites Limited	169
107	Murshed Securities Limited	116	157	Fareast Islami Securities Limited.	170
108	A N F Management Company Limited	117	158	Shah Mohammad Sagir & Co. Ltd.	171
109	Saad Securities Ltd.	118	159	Tobarrak Securities Ltd.	172
110	Dragon Securities Limited	119	160	Hazrat Amanat Shah Securities Ltd.	173
111	Sheltech Brokerage Limited	120	161	T. A. Khan Securities Co. Ltd.	174
112	SCL Securities Limited	121	162	BLI Securities Limited	175
113	K-Securities and Consultants Ltd.	122	163	Peoples Equities Ltd.	176
114	Shahed Securities Ltd	123	164	Anchor Securities Ltd.	177
115	A B S Safdar & Co. Ltd.	124	165	Beximco Securities Limited	178
116	Rose Securities Ltd.	125	166	JKC Securities Ltd.	179
117	Dynamic Securities Consultants Ltd.	126	167	Commerce Bank Securities and Inv. Ltd.	180
118	Doha Securities Limited	127	168	UCB Capital Management Limited	181
119	R N I Securities Ltd.	128	169	Nur - E - Alam Siddique & Company Ltd	182
120	ICB Securities Trading Company Limited	129	170	GMaart Securities Limited	183
121	Thea Securities Ltd.	130	171	Razzak Securities Ltd.	184
122	Harpoon Securities Ltd.	131	172	Delta Capital Limited	185
123	LankaBangla Securities Ltd.	132	173	G M F Securities Ltd.	186
124	DSFM Securities Ltd	133	174	Habibur Rahman Securities Ltd.	187
125	Moshihor Securities Ltd.	134	175	Globe Securities Limited	189
126	Kazi Equities Ltd.	135	176	Salam & Company Limited	190
127	Securities Broking & Mgt. Services Ltd.	136	177	Eminent Securities Ltd.	191
128	Alliance Securities & Management Ltd.	137	178	IFIC Securities Ltd.	192
129	Al - Haja Jahanara Securities Ltd.	138	179	DBL Securities Limited	193
130	Aloco Securities Ltd.	139	180	Parkway Securities Ltd.	194
131	Hedayetullah Securities Ltd	140	181	Jahan Securities Ltd.	195
132	Midway Securities Ltd.	142	182	M&Z Securities Ltd.	196
133	K.H.B. Securities Ltd.	143	183	MTB Securities Ltd.	197
134	City Brokerage Limited	145	184	Coast To Coast Securities Ltd	198
135	Cosmopolitan Traders (Pvt.) Ltd.	146	185	Stock & Bond Limited	199
136	Fortune Securities (Pvt.) Ltd.	147	186	Total Communication Ltd.	200
137	Joytun Securities Intl. Ltd.	148	187	AB Securities Ltd.	201
138	Shakil Rizvi Stock Ltd.	149	188	Prilink Securities Ltd.	202
139	AHC Securities Limited	151	189	NBL Securities Limited	203
140	Bangladesh Shilpa Bank	152	190	Synthia Securities Ltd.	204
141	Bali Securities Ltd.	153	191	A. M. Securities and Financial Services	205
142	Indicate Securities Consultants Ltd.	154	192	Modern Equity Limited	206
143	EMES Securities Ltd.	155	193	United Enterprises & Co. Ltd.	207
144	Standard Bank Securities Ltd.	156	194	Oshadhi Securities Ltd.	208
145	Getway Equity Resouces Ltd.	157	195	Mondol Securities Ltd.	209
146	Investment Promotion Services Limited	158	196	Wifang Securities Ltd.	210
147	Peace Securities Ltd	159	197	AD Holdings Limited	213
148	Anwar Securities Ltd.	160	198	Pubali Bank Securities Ltd.	214
149	Trustee Securities Ltd	162	199	Mika Securities Ltd.	215
150	SES Company Limited (Unicap Securities)	163	200	Sharp Securities Limited	216

SL.No	Name of TREC Holder	TREC No.	SL.No	Name of TREC Holder	TREC No.
201	Rasti Securities Consultant Ltd.	217	218	AIBL Capital Market Services Ltd.	234
202	Nexus Securities Limited	218	219	PHP Stock & Securities Ltd.	235
203	Prime Bank Securities Limited.	219	220	Premier Bank Securities Ltd.	236
204	BRB Securities Limited.	220	221	Bank Asia Securities Limited	237
205	Treasure Securities Ltd	221	222	IIDFC Securities Limited	238
206	A. L. Securities Ltd.	222	223	Dhaka Securities Ltd.	239
207	Mirror Financial Management Ltd.	223	224	A N W Securities Ltd.	240
208	Mercantile Bank Securities Limited	224	225	One Securities Ltd.	241
209	Shohrab Securities & Trade Ltd.	225	226	Trust Bank Securities Ltd.	242
210	FAREAST Stocks & Bonds Ltd.	226	227	DLIC Securities Ltd.	243
211	United Financial Trading Co. Ltd.	227	228	NLI Securities Ltd.	244
212	Conmark Limited	228	229	Meghna Life Securities and Investment Ltd	245
213	Modern Securities Ltd.	229	230	Rupali Bank Securities Limited	246
214	Expo Traders Ltd.	230	231	BD Sunlife Securities Ltd.	248
215	Akij Securities Ltd.	231	232	Sterling Stocks & Securities Ltd.	249
216	Popular Life Insurance Company Ltd.	232	233	Uttara Bank Securities Limited	250
217	Shahjalal Islami Bank Securities Ltd.	233			

### CSE Stockbrokers

SL. No.	Name of TREC Holder	TREC No.	SL. No.	Name of TREC Holder	TREC No.
1	Alpha Securities Ltd.	CSE 001	30	Base Capital Ltd.	CSE 040
2	ISPI Securities Limited	CSE 002	31	Remons Investment & Securities Ltd.	CSE 042
3	Meenhar Securities Limited	CSE 003	32	United Financial Trading Company Ltd.	CSE 043
4	South Asia Securities Limited	CSE 004	33	3A & Company Ltd.	CSE 044
5	Island Securities Ltd.	CSE 005	34	ZATL Securities Ltd.	CSE 045
6	Chittagong Capital Ltd.	CSE 006	35	Hefazatur Rahman & Co. Ltd.	CSE 046
7	British bangla Securities Ltd.	CSE 008	36	Kishwar Securities Investment Ltd.	CSE 047
8	Saya Securities Ltd.	CSE 010	37	Impel Shares & Securities Ltd.	CSE 049
9	First Capital Securities Limited.	CSE 011	38	Mirpur Securities Limited	CSE 050
10	BREC EPL Stock Brokerage Ltd.	CSE 013	39	E-Securities Limited	CSE 052
11	Stock & Security Linkway Ltd.	CSE 014	40	Royal Capital Limited	CSE 053
12	UCB Capital Management Ltd.	CSE 015	41	Habib Shares & Securities Ltd.	CSE 054
13	Adams Securities Limited	CSE 016	42	Prime Financial Consultants & Equities	CSE 055
14	North West Securities Ltd.	CSE 019	43	Kabir Securities Limited	CSE 056
15	EBL Securities Ltd.	CSE 021	44	Eastern Shares & Securities Ltd.	CSE 058
16	Salta Capital Limited	CSE 022	45	Reliance Securities Consultant Ltd.	CSE 059
17	Azim Securities Ltd.	CSE 023	46	Chittagong Shares and Securities Ltd.	CSE 060
18	Uttara Exchange And Securities Limited	CSE 024	47	CMSL Securities Limited	CSE 061
19	Sylhet Metro City Securities Ltd.	CSE 025	48	Prudential Capital Ltd.	CSE 062
20	Be Rich Limited	CSE 027	49	Associated Capital Securities Ltd.	CSE 063
21	RAK Capital Ltd.	CSE 028	50	Platinum Securities Limited	CSE 064
22	Nizam s Shares & Securities Ltd.	CSE 029	51	Finvest Services Limited	CSE 066
23	PHP Stocks & Securities Ltd.	CSE 031	52	Super Shares & Securities Ltd.	CSE 067
24	A.A Securities Ltd.	CSE 032	53	T.K. Shares & Securities Ltd.	CSE 069
25	Synet Securities Ltd.	CSE 033	54	Ahmed Securities Services Ltd.	CSE 070
26	Pioneer Shares & Securities Ltd.	CSE 034	55	Chowdhury Securities Ltd	CSE 073
27	Vanguard Shares & Securities Ltd.	CSE 036	56	Raja Securities Ltd.	CSE 074
28	Hillcity Securities Ltd.	CSE 037	57	Sohel Securities Ltd.	CSE 076
29	S.R.Capital Ltd.	CSE 038	58	Century Securities Ltd.	CSE 079



59	International Leasing Securities Limited	CSE 080	86	Hassan Shares & Securities Ltd.	CSE 114
60	DBL Securities Limited	CSE 081	87	Vantage Securities Ltd.	CSE 115
61	SES Company Ltd	CSE 082	88	Megacity Securities Ltd.	CSE 116
62	Abacus Securities Ltd.	CSE 083	89	Hallmark Securities Ltd.	CSE 117
63	Skys Securities Limited	CSE 084	90	IDLC Securities Ltd.	CSE 119
64	Galaxy Capital Ltd	CSE 085	91	Western Securities Investment Mgt.Ltd.	CSE 120
65	A M Securities and Financial Services	CSE 086	92	Jesco Capital Management Ltd.	CSE 121
66	Purabi Securities Ltd.	CSE 087	93	First Lead Securities Ltd.	CSE 122
67	Reliance Brokerage Services Ltd.	CSE088	94	Far East Shares & Securities Ltd.	CSE 123
68	D. N. Securities Ltd.	CSE 089	95	S. N. Securities Ltd.	CSE 125
69	LankaBangla Securities limited	CSE 091	96	Amin Securities & Consultants Ltd.	CSE 128
70	Square Securities Management Ltd.	CSE 092	97	Muntaha Shares & Capital Ltd.	CSE 129
71	Holy City Securities Ltd.	CSE 093	98	Green Delta Securities Ltd.	CSE 130
72	Inter-Continental Securities Ltd.	CSE 094	99	Phoenix Securities Limited	CSE 131
73	PFI Securities Limited	CSE 095	100	NCCB Securities and Financial Services	CSE 132
74	International Securities Co. Ltd.	CSE 096	101	City Brokerage Ltd.	CSE 133
75	Multi Securities & Services Limited	CSE 097	102	Shahjalal Islami Bank Securities Limited	CSE 134
76	EIC Securities Ltd	CSE 098	103	Popular Life Insurance Company Ltd.	CSE 135
77	Ten Star (PVT. Limited	CSE 100	104	Premier Leasing Securities Ltd.	CSE 136
78	Mona Financial Consultancy and Securities Ltd.	CSE 103	105	Fareast Stocks & Bonds Limited.	CSE 138
79	Pubali Bank Securities Ltd.	CSE 105	106	AIBL Capital Market Services Ltd.	CSE 139
80	NC Securities Limited	CSE 107	107	SIBL Securities Limited	CSE 142
81	Moharam Securities Ltd.	CSE 108	108	Prime Islami Securities Ltd	CSE 145
82	Sanmar Capital Management Ltd.	CSE 109	109	Islami Bank Securities Ltd.	CSE 146
83	Starport Securities Ltd.	CSE 110	110	Jamuna Bank Securities Ltd	CSE 147
84	Lotus Shares & Securities Ltd.	CSE 112	111	ONE Securities Limited	CSE 148
85	Cordial Securities Limited	CSE 113	112	Jalalabad Securities Ltd.	CSE 104

#### Merchant Bankers

Sl.No.	Name of the Merchant Bankers	Sl.No.	Name of the Merchant Bankers
1	AAA Finance & Investment Limited.	26	LankaBangla Investments Ltd.
2	AB Investment Limited	27	MTB Capital Ltd.
3	AFC Capital Ltd.	28	PLFS Investments Ltd.
4	AIBL Capital Management Ltd.	29	Prime Bank Investment Ltd.
5	Alpha Capital Management Ltd.	30	Prime Finance Capital Management Ltd.
6	BD Finance Capital Holdings Ltd.	31	Rupali Investment Ltd.
7	BLI Capital Limited	32	SBL Capital Management Ltd.
8	BMSL Investment Ltd.	33	Sonali Investment Ltd.
9	BRAC EPL Investments Limited	34	Southeast Bank Capital Services Ltd.
10	City Bank Capital Resources Ltd.	35	Swadesh Investment Management Ltd.
11	EBL Investments Ltd.	36	Trust Bank Investment Limited
12	EC Securities Limited	37	UniCap Investments Limited
13	EXIM Islami Investment Ltd.	38	Uttara Finance and Investment Ltd.
14	FAS Capital Management Ltd.	39	Agrani Equity & Investment Limited
15	First Securities Services Ltd.	40	Banco Finance and Investment Limited
16	First Security Islami Capital & Investment Ltd.	41	BetaOne Investments Limited
17	Grameen Capital Management Ltd.	42	CAPM Advisory Limited
18	Green Delta Capital Ltd.	43	GSP Investments Limited
19	ICB Capital Management Ltd.	44	RACE Portfolio & Issue Management Limited
20	IDLC Investments Ltd.	45	Royal Green Capital Market Limited
21	IIDFC Capital Ltd.		
22	IL Capital Ltd.		
23	Imperial Capital Limited		
24	Jamuna Bank Capital Management Ltd.		
25	Janata Capital and Investment Ltd.		

”শেয়ার বাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন”

APPLICATION FOR PUBLIC ISSUE

Date:

Name of applicant	:																	
Client Code	:																	
BO ID No.	:																	
Category of applicant	:																	
Name of the Company/Fund	:																	
Number of Shares/Units	:																	
Total Amount	:																	
Amount in word	:																	
Mode of Payment	:																	
Cheque/Draft Information	:																	

Signature of Applicant(s)

Signature of Authorized Officer

The Chief Financial Officer (CFO)  
KDS Accessories Limited  
191-192 Baizid Bostami Road  
Nasirabad I/A  
Chittagong

18 June 2015  
SH: A: 566

Dear Sir,

**Accounts for the year ended 31 December 2014**  
**Clarification - Statement of Cash Flows**

Please refer to the above subject and we give below our clarification on two points reportedly raised by Bangladesh Securities and Exchange Commission:

**Statement of Cash Flows**

**1. Advance Income Tax:**

Payment of Tax Deducted at Source (TDS) u/s 53BB and 53 of ITO/1984 was shown under Advance, Deposit & Prepayments accounts under Note-11 of the audited accounts. The changes between opening & closing balance in this head were shown in statement of cash flows as cash paid for operating expenses.

**2. Affiliated Company:**

The company finances its affiliated companies as and when required by them and vice versa. The transactions are appearing in the Note-12 of the audited accounts. The net result between opening & closing balance in these accounts shows a debit balance and was shown as affiliated company transactions.

We hope we have clarified the points you raised. In case you need further clarification please do not hesitate to call on us.

We ensure you all of our best professional service and cooperation.

Thanking you.

Yours sincerely

Sd/-  
Showkat Hossain, FCA  
Hoda Vasi Chowdhury & Co  
Chartered Accountants

**Corporate Office:**

191-192, Baizid Bostami Road,  
Nasirabad I/A, Chittagong 4210

Phone: 880 31 681701 - 3, Fax: 880 31 682137

E-mail: [accessories@kdsgroup.net](mailto:accessories@kdsgroup.net),