

DIRECTORS' REPORT

Bismillahir Rahmanir Rahim Honorable Shareholders,

On behalf of the Board of Directors, it is a pleasure to present to you our annual report for the fiscal year ending 30 June 2024. This year holds special significance as we celebrate 33 years of dedicated service and growth at KDS Accessories Ltd. From humble beginnings, we have established ourselves as a trusted partner in Bangladesh's ready-made garment (RMG) industry, supporting global brands with high-quality trims and accessories. We are grateful for your continued trust and support as we pursue our vision of sustainable growth and innovation.

Our business and market position

KDS Accessories Ltd. is a key supplier in the garment accessories sector, providing a comprehensive range of products, including corrugated cartons, buttons, soft line printing products (labels, elastics, offset printing), hangers, and gum tape. Serving global brands such as Walmart, Tesco, and Decathlon, we have developed a reputation for quality, reliability, and compliance with global standards. Our extensive product range and dedication to excellence have positioned us as a cornerstone of the RMG sector's supply chain in Bangladesh.

Performance Overview for FY 2023-2024

Revenue and Profit:

During the fiscal year, KDS Accessories Ltd. achieved a total revenue of BDT 2,530.68 million. Although revenue faced challenges due to global market fluctuations, our focus on efficiency and cost control allowed us to maintain a gross profit margin of BDT 458.23 million. Our net profit for the year stood at BDT 153.76 million, underscoring our resilience and ability to adapt to changing conditions.

Earnings Per Share (EPS) and Net Asset Value (NAV):

Our EPS for the year was BDT 2.16, reflecting a consistent return for shareholders. Our NAV per share increased to BDT 27.29, further solidifying our financial foundation.

Cash Flow and Financial Stability:

We reported a net cash flow from operating activities of BDT 810.03 million, reflecting strong financial health. This robust cash flow enabled us to invest in key initiatives such as solar energy integration without impacting operational liquidity, ensuring a stable foundation for future growth.

Key Initiatives and Developments: Sustainability through Solar Energy

This year, we took a significant step toward sustainability by integrating solar energy into our manufacturing processes. This investment aligns with global standards and enhances our operational efficiency, positioning KDS Accessories Ltd. as a leader in sustainable manufacturing practices within Bangladesh. Our commitment to renewable energy underscores our dedication to environmental responsibility, reducing our carbon footprint while maintaining production efficiency.

Strengthening Supply Chain Resilience

Last year has seen global supply chains disrupted by various factors, including inflation, rising energy costs, and geopolitical tensions. KDS Accessories Ltd. responded proactively by strengthening partnerships with local suppliers, optimizing logistics, and enhancing inventory management to ensure uninterrupted service to our clients. These efforts have reinforced our reputation for reliability and responsiveness, positioning us favorably within the industry.

Outlook

Celebrating 33 years in the garment accessories industry, KDS Accessories Ltd. stands resilient in the face of both challenges and opportunities. Global market volatility, rising costs, and supply chain disruptions present hurdles, yet Bangladesh's RMG sector continues to grow, fueled by global demand for sustainable, high-quality garments. Our established reputation allows us to leverage this demand while navigating industry pressures. With investments in solar energy and eco-friendly materials, we are committed to sustainability, meeting the evolving expectations of international clients. Innovation

also remains a priority, as we integrate advanced technologies to enhance efficiency and quality. Strong partnerships with garment manufacturers, government agencies, and sustainability advocates further support our growth, positioning us well to serve stakeholders and drive the

development of Bangladesh's RMG sector. As we look forward, our balance of experience, adaptability, and forward-thinking strategy ensures we are ready to build on our legacy and embrace a future of sustainable growth.

Segment & Products' Performance Operational Performance

Particulars	Unit	01 July 2023 to 30 June 2024			01 July 2022 to 30 June 2023		
		Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)	Production Capacity (Pcs/GG)	Actual Production (Pcs/GG)	Capacity Utilization in (%)
Carton	Pcs	31,750,000	21,184,985	66.72%	31,750,000	21,594,712	68.01%
Label	Pcs	175,964,208	66,336,043	37.70%	175,964,208	59,660,775	33.91%
Elastics and Narrow Fabrics	Yard	35,376,000	18,301,498	51.73%	35,376,000	21,895,399	61.89%
Offset Printing	Pcs	150,009,600	38,618,859	25.74%	150,009,600	53,135,153	35.42%
Heat Transfer Printing	Pcs	24,960,000	2,019,136	8.09%	24,960,000	4,277,042	17.14%
Button	GG	360,000	211,782	58.83%	360,000	256,496	71.25%
Gum Tape	Pcs	4,290,000	559,850	13.05%	4,290,000	543,888	12.68%
Hanger	Pcs	45,000,000	4,200,711	9.33%	45,000,000	9,520,911	21.16%

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

Product wise revenue:

Product name	Contribution to Total Revenue			
	Yr 2023-24		Yr 2022-23	
	In Taka	In %	In Taka	In %
Carton	2,042,641,821	80.72%	2,260,540,588	80.89%
Label	60,854,372	2.40%	79,536,326	2.85%
Elastics and Narrow Fabrics	144,624,139	5.71%	121,752,582	4.36%
Offset Printing	72,885,700	2.88%	70,589,967	2.53%
Heat Transfer Printing	4,082,078	0.16%	10,715,614	0.38%
Button	152,649,678	6.03%	169,576,735	6.07%
Gum Tape	46,642,648	1.84%	40,359,726	1.44%
Hanger	6,297,662	0.25%	41,498,210	1.48%
Total	2,530,678,096	100%	2,794,569,748	100%

Risk and concerns

Board of Directors reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives. A detailed report on Risk & Concerns are given in Annexure-J, **Page: 117-118.**

Analysis cost of goods sold, gross profit margin and net profit margin (Refer to Annexure-D, Page No: 60-62).

Last 5 Years' Key Operating and Financial Performance

Particulars	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Revenue	2,530,678,096	2,794,569,748	3,199,681,329	2,217,942,652	1,922,326,909
Gross Profit	458,228,137	555,024,234	496,703,842	424,624,094	422,675,837
Profit before WPPF &Tax	199,486,867	207,613,436	198,510,645	185,868,514	181,463,361
Profit after WPPF &Tax	153,759,686	153,252,545	165,725,402	156,945,148	144,679,379
Earnings Per Share (EPS)	2.16	2.15	2.33	2.20	2.18
Shareholders' Equity	1,942,700,136	1,860,122,810	1,820,762,043	1,761,810,181	1,654,527,148
Current Liabilities	1,871,754,366	2,275,553,891	2,582,244,823	1,820,561,155	1,510,242,105
Non-Current Liabilities	218,181,830	243,582,292	244,789,178	179,267,520	146,125,621
Addition to Fixed Assets & CWIP	12,282,772	15,371,140	87,113,736	154,890,122	13,830,563
NAV Per Share	27.29	26.13	25.58	24.75	24.99
Net Operating Cash Flow Per Share (NOCFPS)	11.38	(8.97)	8.97	6.58	8.12

Extra-ordinary gain / (loss)

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

Related party transactions

There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements in Note 37 and in Annexure-G, **Page: 65** in accordance with relevant International Accounting Standards (IAS).

Utilization of proceeds raised through public issues, rights issues and/or any other instruments

Initial Public offering (IPO) of KDS Accessories Limited was made in 2015 and the fund raised thereby has already been utilized as reported to the regulators.

No other issues of any instrument including right share was made during the year.

Explanation if the financial results deteriorate after the company goes for Initial Public

Offering (IPO), Repeat Public Offering (RPO), Rights Share Offer, Direct Listing

KDS Accessories Limited went for IPO in 2015 and after that the company didn't not raise any fund by any sort of offerings up to 2020-21. Moreover, the financial results have improved during the year under review. Therefore, no explanation is required in this connection.

Significant variance between Quarterly and Annual Financial Statements

There was no significant difference between quarterly performance and overall period ended performance of the Company.

Remuneration to directors including independent directors

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

Name of Directors	Designation	Amount
Mr. Khalilur Rahman	Chairman	-
Mr. Salim Rahman	Managing Director	6,100,000
Ms. Tahsina Rahman	Director	-
KDS Garments Ind. Limited. Represented by Mr. Kamrul Hasan Siddiqui FCA, ACMA (UK), CGMA	Director	-
Professor Sarwar Jahan	Independent Director	-

Internal control system

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

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

Minority shareholders' protection

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

Going concern

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

Significant deviation in operating results compared to previous period

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

Dividend Declaration

In recognition of our commitment to value creation, the Board of Directors is pleased to declare a 5% stock dividend and a 5% cash dividend, totaling 10% for the fiscal year 2023-2024. This dividend reflects our performance and dedication to rewarding our valued shareholders.

Board of directors'

i) Structure and size of the Board:

On 30 June 2024, there were 5 members on the Board of the Company. The Board comprises Chairman, Managing Director, Two Directors and One Independent Director.

ii) Status of Companies in which Directors also hold Directorship.

An Annexure is attached to this report on the status of Companies in which Directors are also hold Directorship. Annexure-I, **Page: 67.**

iii) Director's Retirement and Re-election.

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

i) Mr. Khalilur Rahman

ii) **Mr. Kamrul Hasan Siddiqui** FCA,ACMA (UK), CGMA (Representative of KDS Garments Industries Limited)

Board of Directors' in its meeting held on 23 October 2024 proposed their appointment. The brief bio-data of the said Directors are enclosed herewith in the section of Director's Profile in **Page: 14 & 18.**

iv) Board Meeting and Attendance

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

Name of Directors	Nos of Meeting	Nos of Meeting	Attendance
Mr. Khalilur Rahman	Chairman	6	6
Mr. Salim Rahman	Managing Director	6	6
Ms. Tahsina Rahman	Director	6	6
KDS Garments Ind. Ltd. Represented by Mr. Kamrul Hasan Siddiqui FCA, ACMA (UK), CGMA	Director	6	6
Professor Sarwar Jahan	Independent Director	6	6

Appointment of independent director

As per provision of Corporate Governance Guidelines notification no: SEC/CMRRCD/2006-158/207/ADMIN/80 Dated 3rd June 2018 by Bangladesh Securities & Exchange Commission (BSEC) the NRC Committee proposed Professor Sarwar Jahan to re-appoint as Independent Director of the Company for a another tenor of 3 (Three) years and BSEC has also accorded their consent through ref no : BSEC/ICA/CG/2024/160/Part-1/321 dated : 24th October 2024 subject to appointment by the Board of Directors and approval of shareholders in next AGM. Short-bio data of the said director is enclosed herewith in the section of Director's Profile. **Page: 17.**

Shareholding pattern

(Refer to Annexure-H, **Page: 65-66**).

Directors' involvement in other business

(Refer to Annexure-I, **Page: 67**).

Management discussion and analysis

The Board of Directors converse on the increase / decrease of revenue, cost of goods sold, gross and net profit margin. The Board also takes instant actions on the inquiry as required. A detailed report on discussion in the regard is comprised in Annexure-D, **Page: 60-62**.

Certification by the CEO & the CFO

Name of Directors	Nos of Meeting
Professor Sarwar Jahan	Chairman & Independent Director
Ms. Tahsina Rahman	Member
KDS Garments Inds. Ltd. Represented by Mr Kamrul Hasan Siddiqui FCA, ACMA (UK),CGMA	Member
Mr. Mohammad Ilias	Member Secretary

Declaration of certificate by the CEO & the CFO to the Board as required under condition no. 3(3) of Corporate Governance Code is included in Annexure-A, **Page: 49**

Credit rating

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

Long Term	Short Term
AA-	ST-2

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

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

Subsequent events

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

Audit committee

The Board has constituted the Audit Committee as follows:

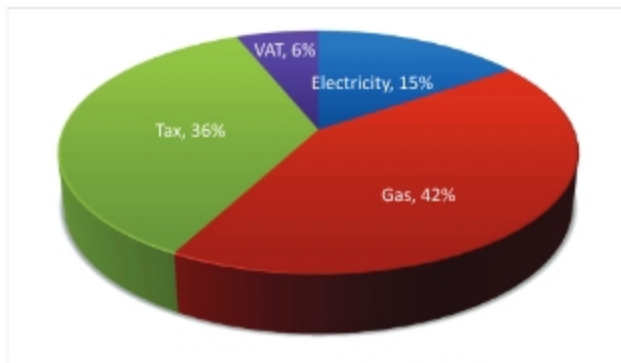
During the reporting period under review, the Committee held four meetings. A detailed of the roles and activities of the Audit Committee has been provided in "The Report of The Audit Committee". **Page: 41-42.**

Nomination and remuneration committee (NRC):

KDS Accessories Limited has formed a Nomination and Remuneration Committee (NRC) on 3rd December, 2018 as a sub-committee of the Board of Directors. This committee will assist the Board of Directors in formulation of the nomination criteria or policy to determine qualifications, experiences, remuneration and independence of directors and top level of executives. The NRC has three members including one Independent Director. A detailed roles and activities of the NRC has been provided in "The Report of The Nomination and Remuneration Committee (NRC)". **Page: 44-46.**

Contribution to National Exchequer

Being a responsible business entity, KDSAL is paying and facilitating collection of Government's revenue. In the reporting period, we have paid collected and deposited a significant amount of tax, VAT and duties. During the period, KDSAL contributed to Tk. 117,446,051 to the Government Exchequer along with utility bill which is presented below:



Corporate social responsibility (CSR)

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

initiatives of CSR of your company are mentioned below:

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

Awards & Recognition

Since starting your Company received the following awards and recognitions:

- ISO 14001:2015 Certified.
- ISO 9001:2015 Certified.
- BS OHSAS 18001:2007 Certified.
- FSC Chain of Custody Certification Standard & FSC CoC Certification of Multiple Sites Standard by Bureau Verities
- OEKO-TEX Standard 100 Certified for Woven Labels.
- OEKO-TEX Standard 100 Certified for Elastic Labels.
- OEKO-TEX Standard 100 Certified for Buttons.
- Achievement Award of Trim Qualification Program by Intertek.
- CAP Closure Verification Visit Results by Alliance.

Information technology

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

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

Some of our IT enabled applications and systems are Accounting Management System (AMS), HRIS, Sales & Distribution Management System (SDMS), Production Management System (PMS), Inventory Management System (IMS), Inventory & Procurement Managing System (IPMS), Fixed Asset Management System (FAMS) and Fund Management System (FMS). Through these

applications management can view various reports for its review and decision from any location.

Website

Company maintains a website namely www.kdsaccessories.com which is linked with the websites of the stock exchanges and it is functional from the date of listing and all disclosures and financials are available in the website of the company.

Human resources

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

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

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

We provide on-the-job training and development opportunities to enhance our employees' carrier

progression. Through different training, staff's professional knowledge in corporate operations, occupational and management skills are enhanced.

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

Information in compliance to the condition No 4 of the commission's notification No.

BSEC/CMRR D/2009-193/10/ADMIN/118,

Dated 22 March 2021.

Lien or Pledge information:

During the period from July 2023 to June 2024, the following directors of the company has not availed any loan or credit facility by lien or pledge of their shares to the lenders at the time of borrowings. They also had not availed any margin loan from the stockholder or portfolio manager.

Name of the Director	Position in Company	No of Shareholding	% of shareholding
Mr. Khalilur Rahman	Chairman	30,599,237	42.99%
Mr. Salim Rahman	Managing Director	10,030,344	14.09%

Code of Conduct

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

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

Appointment of auditors & professional

A. Appointment of External Auditors:

Hussain Farhad & Co, Chartered Accountants, having its office at Yunusco City Centre (9th Floor), 807, CDA Avenue, Nasirabad, Chattogram-4100, Bangladesh is recommended for appointment of external Auditor of the company for the next

accounting year for the period from 01 July 2024 to 30 June 2025 and till the conclusion of 34th AGM subject to the approval of shareholders in next AGM and the remuneration to be fixed mutually by the Board of Directors of the Company and the said firm."

B. Appointment of Professional for Corporate Governance Certificate:

On the willingness to be appointed as professional to certify on the compliance of corporate governance as issued by the Bangladesh Securities and Exchange Commission, the Board of Directors in its meeting held on 23 October 2024, recommended the appointment of Shafiq Basak & Co., Chartered Accountants, having its office at National House (1st Floor), 109, Agrabad C/A, Chattogram-4100 for the year 2024-2025 subject to the approval by the shareholders in the 33rd AGM.

Compliance of corporate governance

Pursuant to notification No: BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 by Bangladesh Securities and Exchange Commission (BSEC), the Corporate Governance Report and the Auditors' Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report and attached in Annexure-B & C, **Page: 50-59**, respectively.

Directors' responsibilities statement

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

- i) The financial statements prepared by the management of KDS Accessories Limited fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- ii) Proper books of Account of the company have been maintained.
- iii) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- iv) International Accounting Standards (IAS)/ International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) There are no doubts upon the Company's ability to continue as a going concern and the accounts have been prepared on going concern basis.
- vii) The significant deviations from previous period in the operating results of the company have been highlighted in the report and the reasons thereof have been explained.

- viii) The key operating and financial data of last 5 years is disclosed in Annexure-D, **Page: 61**.
- ix) The number of Board Meeting held during the reporting period and the attendance by each director is disclosed in this report in **Page: 37**.
- x) The pattern of shareholding is disclosed in Annexure-H, **Page: 65**.
- xi) A compliance status report with requirements of Corporate Governance as required by BSEC is disclosed in Corporate Governance Report and is disclosed in Annexure-C, **Page: 51-59**.
- xii) Directors' profile is attached in page no **14 - 18** and their directorship and business interest in other organizations have been disclosed in Board of Directors segment and in Annexure-I, **Page: 67**.

Appreciation

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

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

Allah Hafiz
on behalf of the Board



Khalilur Rahman
Chairman
23 October 2024