

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 2025. This year holds special significance as we celebrate 34 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.

The theme of this year's Annual Report "Packaging the Future" appropriately reflects the Company's strategic direction and consistent efforts during the year.

The Board believes that the year's operational and financial performance remained aligned with this theme, reinforcing the Company's long-term objectives of efficiency, stability, and value creation.

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 2024-2025

Revenue and Profit:

During the financial year 2024–25, the Company achieved a revenue of Tk. 288 crore, compared to Tk. 253 crore in FY 2023–24 registering a growth of 14%.

This performance was driven by stable demand from long-term export-oriented garment manufacturers and efficient utilization of production capacity.

Despite a challenging business environment marked by higher input costs, increased energy tariffs, and foreign exchange volatility, the Company maintained a net profit after tax of Tk. 16.37 crore, which was broadly in line with the previous year's result.

The steady bottom line reflects disciplined cost management, selective pricing adjustments, and strict working capital control.

The Company's operating profit margin remained consistent, demonstrating the resilience of its core business model in the face of cost pressures and

shifting order cycles in the garment export sector.

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

Earnings Per Share (EPS) stood at Tk. 2.19 for the year ended 30 June 2025, compared to Tk. 2.16 in FY 2023–24, representing a stable earnings trend despite rising operational expenses.

The Net Asset Value (NAV) per share increased to Tk. 27.71 as on 30 June 2025 from Tk. 27.29 in the previous year, reflecting growth in retained earnings and prudent utilization of funds.

This improvement in NAV underscores the Company's commitment to maintaining a strong capital structure and safeguarding shareholder value.

Cash Flow and Financial Stability:

Net Operating Cash Flow per Share (NOCFPS) stood at Tk. 2.19 for the year ended 30 June 2025, compared to Tk. 11.38 in the previous year.

The decline was primarily attributable to higher supplier payments and increased finance costs on working-capital borrowings, following an upward movement in market interest rates during the year.

In addition, advance tax payments and the impact of stock-dividend issuance modestly reduced the cash flow per share.

Despite these factors, the Company maintained a healthy operating cash inflow and adequate liquidity to meet all business and financial obligations in a timely manner.

Cost Management and Operational Efficiency

Throughout FY 2024–25, management concentrated on improving production efficiency and minimizing wastage. Rising raw-material costs particularly paperboard, chemicals, and packaging films were partially offset through process optimization and strategic sourcing.

No major capacity addition was undertaken during the year; however, operational uptime and output consistency improved through better maintenance planning.

Outlook

The coming year is expected to remain competitive but manageable. Demand from export-oriented garment manufacturers is showing gradual improvement, although pricing pressure and cost challenges are likely to persist.

Your Company will continue to emphasize operational efficiency, cost discipline, and service reliability as its core strengths. Management remains focused on enhancing process automation, product quality, and

timely delivery to retain customer confidence in a changing market.

The Company also plans to progressively introduce more sustainable and value-added packaging

solutions, in line with evolving buyer expectations. With a prudent financial approach and a dedicated workforce, the Board believes the Company is well-positioned to maintain stability and pursue measured growth in the year ahead.

Segment & Products' Performance

Operational Performance:

Particulars	Unit	01 July 2024 to 30 June 2025			01 July 2023 to 30 June 2024		
		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	24,323,902	76.61%	31,750,000	21,184,985	66.72%
Label	Pcs	175,964,208	59,069,823	33.57%	175,964,208	66,336,043	37.70%
Elastics and Narrow Fabrics	Yard	35,376,000	20,426,405	57.74%	35,376,000	18,301,498	51.73%
Offset Printing	Pcs	150,009,600	33,449,163	22.30%	150,009,600	38,618,859	25.74%
Heat Transfer Printing	Pcs	24,960,000	2,352,936	9.43%	24,960,000	2,019,136	8.09%
Button	GG	360,000	222,759	61.88%	360,000	211,782	58.83%
Gum Tape	Pcs	4,290,000	707,587	16.49%	4,290,000	559,850	13.05%
Hanger	Pcs	45,000,000	-	0.00%	45,000,000	4,200,711	9.33%

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			
	Year 2024-25		Year 2023-24	
	In taka	In %	In taka	In %
Carton	2,369,700,007	82.05%	2,042,641,821	80.72%
Label	64,707,877	2.24%	60,854,372	2.40%
Elastics and Narrow Fabrics	151,383,043	5.24%	144,624,139	5.71%
Offset Printing	65,502,992	2.27%	72,885,700	2.88%
Heat Transfer Printing	10,671,292	0.37%	4,082,078	0.16%
Button	173,719,327	6.01%	152,649,678	6.03%
Gum Tape	52,473,631	1.82%	46,642,648	1.84%
Hanger	-	0.00%	6,297,662	0.25%
Total	2,888,158,169	100%	2,530,678,096	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 Page No: 124

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

Last 5 Years' Key Operating and Financial Performance:

Particulars	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Revenue	2,888,158,169	2,530,678,096	2,794,569,748	3,199,681,329	2,217,942,652
Gross Profit	496,448,581	458,228,137	555,024,234	496,703,842	424,624,094
Profit before WPPF &Tax	202,943,023	199,486,867	207,613,436	198,510,645	185,868,514
Profit after WPPF &Tax	163,746,486	153,759,686	153,252,545	165,725,402	156,945,148
Earnings Per Share (EPS)	2.19	2.16	2.15	2.33	2.20
Shareholders' Equity	2,070,855,441	1,942,700,136	1,860,122,810	1,820,762,043	1,761,810,181
Current Liabilities	2,384,647,229	1,871,754,366	2,275,553,891	2,582,244,823	1,820,561,155
Non-Current Liabilities	202,558,184	218,181,830	243,582,292	244,789,178	179,267,520
Addition to Fixed Assets & CWIP	13,727,979	12,282,772	15,371,140	87,113,736	154,890,122
NAV Per Share	27.71	27.29	26.13	25.58	24.75
Net Operating Cash Flow Per Share (NOCFPS)	2.19	11.38	(8.97)	8.97	6.58

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: 66 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 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 Garment 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 10% cash dividend for the fiscal year 2024-2025. 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 2025, 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: 68.

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:

- a) Mr. Salim Rahman
- b) Ms. Tahsina Rahman

Board of Directors' in its meeting held on 21 October 2025 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 4 times. The attendance record of the Directors is as follows:

Name of Directors	Nos of Meeting	Nos of Meeting	Attendance
Mr. Khalilur Rahman	Chairman	4	4
Mr. Salim Rahman	Managing Director	4	4
Ms. Tahsina Rahman	Director	4	4
KDS Garment Ind. Limited. Represented by Mr. Kamrul Hasan Siddiqui FCA, ACMA (UK), CGMA	Director	4	4
Professor Sarwar Jahan	Independent Director	4	4

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) Professor Sarwar Jahan was appointed as Independent Director of the Company for a period of 3 (Three) years in 33rd Annual General Meeting (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 No:66)

Directors' involvement in other business (Refer to Annexure-I, Page No:68)

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: 62.

Certification by the CEO & the CFO

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: 51

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

Audit committee

The Board has constituted the Audit Committee as follows:

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

During the reporting period under review, the Committee held four meetings. A detailed of the roles and activities of the Audit Committee has been provided in "The Report of The Audit Committee". Page: 44.

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

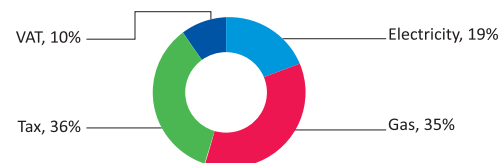
There is no subsequent event after the date of balance sheet and till the date of this report which could affect the ability of the users of these financial statements to make an appropriate evaluation.

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: 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. 128,976,940 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 2024 to June 2025, 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	32,129,198	42.99%
Mr. Salim Rahman	Managing Director	10,531,861	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:

A. Qasem & Co, Chartered Accountants, having its office at Faruk Mahal (3rd Floor), Plot-93, Agrabad C/A, Chattogram-4100, Bangladesh is recommended for appointment of external Auditor of the company for the next accounting year for the period from 01 July 2025 to 30 June 2026 and till the conclusion of 35th 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 21 October 2025, 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 2025-2026 subject to the approval by the shareholders in the 34th 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 : 52-61 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:

- 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.
- Proper books of Account of the company have been maintained.
- 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.
- 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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 Page: 38.
- ix) The number of Board Meeting held during the reporting period and the attendance by each director is disclosed in this report in Page: 39.
- x) The pattern of shareholding is disclosed in Annexure-H, Page: 66.
- 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:53.
- 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: 68.

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
21 October 2025