

DIRECTORS REPORT TO SHAREHOLDERS

It is a great pleasure and privilege on behalf of the Board of Directors of Tosrifa Industries Limited (TIL) to welcome all of you in 15th Annual General Meeting (AGM). This report includes Directors' Report and Audited Financial Statements of TIL for the year ended on 30th June 2017.

During the year of 2016-17, TIL earned net Profit after Tax of BDT 83.34 Million, meeting or exceeding all financial and operational objectives. In this financial year, the company has focused on its own expansion strategy for creating a strong backward linkage facility that emphasizes on shorter lead time through its product quality and diversity. We have maintained consistent result, taken value-driven initiatives that will help us in near future to provide a substantial growth to all of our stakeholders in a long run.

Tosrifa Industries Limited (TIL) is a 100% export oriented composite Knit Garments Manufacturing Company. The Company was incorporated on August 27, 2002, as a private limited Company under the Companies Act 1994. It commenced commercial operation in 2005. At present, authorized and paid-up capital of the Company stands at BDT 1,000,000,000 and BDT 631,685,200 respectively.

We are one of the most successful garments manufacturers in Bangladesh; a country with great potential in the field of RMG sector. We acquired a versatile production chain to cater flexible orders. After full implementation of new green dyeing project, we expect that production lead time will minimize subsequently, more value-driven products will be initiated and current production capacity will increase to a significant level.

TIL is a green company that keeps the environment safe while making any organizational decision. As recognition of going green initiative with the intent to promote high-performance, healthy, durable, and environmentally sound practices the Production Facility of Tosrifa Industries Limited at Tongi is now officially certified as a LEED (Leadership in Energy and Environmental Design) - GOLD rated Green Building by United States Green Building Council (USGBC) and its extended fabric unit will be the top LEED Certified Green Dyeing Factory in the world.

"Our company plays a pivotal role in upholding the interest of all its stakeholders"

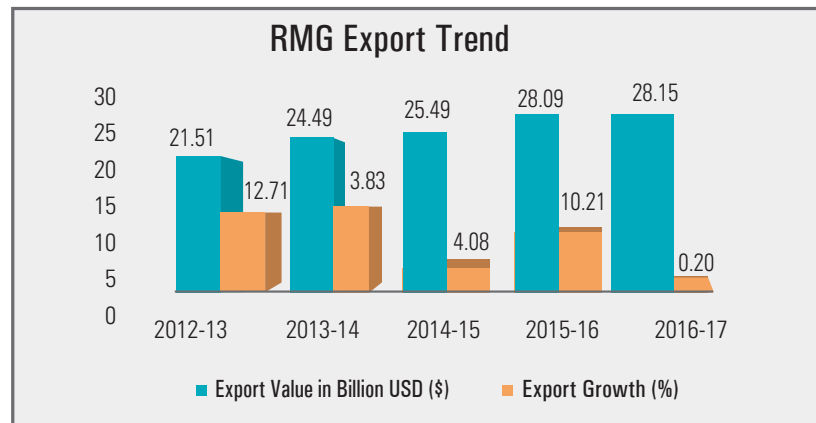
Business Nature

Tosrifa Industries Limited (TIL) is a quality driven export-oriented composite Knitwear Manufacturer in Bangladesh. Presently we have own knitting, sewing, newly established state of the art fabric dyeing facilities that deliver the superior quality knit garments products to our valued buyers.

The process we are following starts from procuring raw cotton & yarn from various local and foreign sources and converting the yarn into grey fabric then dyeing the grey fabric from our manufacturing facility as per buyer's specification, finally cutting and sewing the fabric to produce a finished apparel. Based on buyers' requirement, printing and embroidery works are also done on the garment. The Company supplies the finished goods to some of the most renowned fashion brands in the world. Its major products are ladies, gents and kids knitwear.

Ready Made Garments (RMG) Industry Overview 2016-17

Our country's economy faced a small growth rate in Ready Made Garments Industry in this fiscal year. Bangladesh is the world's second-largest apparel exporter. According to the provisional data issued by Export Promotion Bureau (EPB), only 0.20 % percent growth earning US\$ 28.15 billion in garments sector was reported.



Future Prospects of Bangladeshi Garments Industry

In recent survey of McKinsey & Company says that, Bangladesh will remain the apparel sourcing hotspot for international retailers and brands over the next five years because of competitive prices and China's declining market share in garment business. The Slogan comes from the industry people that USD \$50 billion of RMG export in 50th birthday of glorious independence of our country is possible when the government ensures the proper infrastructure facility, adequate utility support, smooth port service and others favorable policy.

About Knit Garments Industry

The growth of our garments export is largely dependent on the growth of knitwear. Bangladesh knitwear industry is playing a vital role in value addition of Gross Domestic Product (GDP). Being a quality knit garments manufacturer with a competitive price Bangladeshi knit garments industry holds bright future and expected to grow in next few years. The current knit garments exports stood at US\$ 13.76 billion which is 3 percent higher than the previous fiscal year and it is expected that it will grow rapidly in next few years.

World Economic Review

The current global economic growth continued on a subdued note in 2016 as a result of stagnant global trade, slow investment, and keen uncertainty. The global economic growth estimated a slowdown in 2016 to a post-crisis as of 2.3%; however, a moderate recovery was expected in 2017 with the GDP forecasted to be increased to 2.7%, which is mainly driven by the growth in emerging and developing economies, heightened political uncertainty culminated with the decision by the UK to pursue a “Brexit” and the result of the 2016 US Presidential Elections. OPEC’s decision to cut crude oil production, leakage of Panama Papers and the fact that Central Banks of advanced economies have reached their limits of expansionary monetary policy measures that could restrict them from taking further stimulus move. These events could dampen cross-border capital flows and world’s trade volume, put inflationary pressure & spur instability in financial markets, commodity prices, and exchange rates. Global inflation was expected to rise moderately in 2017 as commodity prices consolidate, but to remain low by historical standards.



Bangladesh Economy

Bangladesh has registered its highest ever economic growth, of 7.24 percent, this fiscal year - the second year in a row in which the country managed to break out of its decade-long 6 percent growth trap. The economy grew at 7.11 percent last fiscal year but in the FY 2016-17, the economy of Bangladesh went through a number of economic bottlenecks like declining remittance and global uncertainties. Inflation rate has steadily declined to 5.03% in December 2016. Inadequate savings & investment and increasing gap between these two appeared to be the major challenges in the economy.

Quality Policy

At any cost, TIL is adamant not to compromise with quality. As a result, it ensures from knitting to sewing and finishing, that all concerns are outfitted with the best and latest machines. In addition, every single employee is coated with unbeaten ardency and sheer excellence. Their constant attempt for perfection never fails to meet each and every tough or complicated quality standard that is set for the buyers. Production lines are carefully designed in both Modular and Linear layout. Whether ordered in bulks or in much smaller and critical styles, every single piece is engraved with superior quality and thorough proficiency to deliver the best results.

Furthermore, in all stages of production- starting from knitting yarn to the finished garment, 4'Points Product Quality Control and 7'Points Traffic Light Systems are followed. The 5S technique is strictly upheld for work layout. Finally, AQL (Acceptance Quality Limit) Standards, Major 1.50 and Minor 4.00 are practiced for final inspection so that they never have to give up the first place in terms of quality.

Quality Focus

TIL believes that quality is not an act, it is a habit and thus keeping it in mind, we make constant efforts to satisfy our valued buyers. We have taken extensive steps to modernize our machinery over the last few years. Production lines are carefully designed to produce bulk, smaller and critical styles orders. Every single piece is produced with superior quality and thorough proficiency to deliver the best results.

Environmental Policy

Going Green is one of the most significant revolutions in the history of Garments Manufacturing sector. TIL's motive is not only to achieve manufacturing success but also to commit them to be environmentally responsible. We strive to be eco- friendly through adopting solutions like reducing carbon footprint, using a renewable power source, conserving energy and not emitting harmful chemicals and gases.

TIL is aligned with the environmental responsibilities while making any directorial choice. We have taken few measures Owing to our responsibility towards the environment. The company optimized water usage by deploying highly efficient and effluent Water Treatment plant. We also figured out ways to minimize carbon footprints by Using of CFL and LED energy lights along with generation of renewable energy with solar panels.

Energy wastage has been reduced to a great extent over time and production has been made eco-friendly by running all machines with Servo Motors. Besides, a comprehensive carbon emission analysis was made for all processes starting from growing cotton to manufacturing, transportation, and sale of finished garment in coordination with GIZ (Germany). This technique proves to be an essential tool to reduce carbon emission.

Lastly, we are in compliance with REACH regulations to protect the environment and its people from any risk from the chemicals that are used in production. It has also partnered with GIZ of Germany to obtain ISO 14001:2004, Environmental Management System certifications.

Human Capital Policy

In TIL, we believe that people with a blend of creativity and uniqueness can make miracles. It is evident in workplaces around the world that self-motivated, trained and disciplined workforce can do wonders; the case is no different for TIL.

The backbone of any thriving organization is undoubtedly its employees. Tosrifa Industries Limited provides 'Equal Employment Opportunity' and offers the finest environment and unsurpassed facilities for its valued employees. Presently, we have a workforce of over 2,341 employees. The way employees serve this organization, in the similar way the company also strives to the employees' fulfillment. Employees in this organization are enjoying WPPF (Workers Profit Participation Fund) for the last 15 years along with numerous rewarding for target achievement, during festivals or just for regular attendance.

Our company understands the importance of a motivated workforce. In order to achieve that TIL assures transparency and proper recognition within the organization through 360 degree performance evaluation. In addition, to keep the employees up to date with the uses and application of the latest technologies, various trainings are organized with both foreign and local experts in the company's very own training center. The company allocates 5% of its profit to training and development of the employees. Apart from the existing skilled employees, the fresh ones also receive a chance to undergo the training sessions to be better-skilled operators. TIL strictly adheres to all local government labor laws; regulations set by ILO, BGMEA and respected buyers policy & compliance measures. At any cost, keeping the labor rights unaltered is a priority of this organization.

Technology

In our company technology is not just used to reduce production cost and maximize product quality. It plays a much more crucial role. In this organization, the uses of technology go hand in hand towards an effective manufacturing process, quality assurance, and decision making. TIL embraces technology with open arms and resolute to make necessary investments whenever and wherever needed for it is technology that will move the company forward in the years to come.

Because the nature of this industry demands us to keep up with the fast-paced technological advancements, TIL eagerly engages itself in keeping all the units updated with the latest technologies to sustain efficiency and quality in production.

For us as a company every little detail matters. That is why systems like CAD, CAS and CAM are used in the factories to lessen wastage and to make cutting process more systematic and precise. In addition, state of the art fabric lab contains Robolab, Spectrophotometer- Data Color and Dyeing machines from Ahiba and Methis to ensure that the fabrics which are being used are uncompromised in quality. Apart from specific separate software's and machines, completely integrated ERP software is used to manage and monitor the progress and process of the entire operation. However, we do not leave it all onto the machines to run the everyday jobs; a dedicated team of professional foreign and local industrial engineers is also available to make the production process leaner.

The System of Internal Control

Each Board of Directors assures the Shareholders that the Company has a robust risk management process which ensures that the system of internal control is sound in design and has been effectively implemented and monitored. The Company takes reasonable steps to identify material risks that may hamper business results. We systematically review the risks, take necessary improvement or internal changes accordingly, analyze for futures possible risks although it is natural that all the possible risks are not known to us presently.

Human Resource Development

We believe that human resource is our most valuable resource and it is the quality and dynamics of human resources that enable us to make a significant contribution to enhance stakeholders' value. Our Company always strives to maintain a friendly but professional working culture, ethics, and values and provide appropriate remuneration packages to keep our staff motivated. During the year, industrial relations remained cordial and we as Directors would like to record our cordial appreciation of the efficient and loyal service rendered by our employees.

Employees & Benefits

The company values its workers and employees and attempt to maintain a high standard of labor practices to ensure an engaging work environment for its employees. The Company has a well-designed compensation package for the employees to encourage professionalism, greater efficiency and stimulate teamwork. The Company provides several benefits to the workers in addition to the monthly remuneration, some are illustrated below-

A. Workers Profit Participation Fund & Welfare Fund

The Company introduced Workers Profit Participation Fund in 2010 as per requirement of Bangladesh Labour Law, 2006.



B. Earned Leave Benefit

Employees who are working in the company for at least over a year are entitled to earn 1 day leave benefit upon completion of each 18 consecutive working days. They can encash the leaves on yearly basis.

C. Festival Bonus

Employees of TIL receive festival and target bonus. Factory workers receive production target bonus which is based on the daily target. All the other employees of the Company receives yearly target bonus which is based on achievement of the Company's annual target.

D. Medical Facilities

The Company has a well equipped medical center inside the facility premises, staffed with qualified physician and nurses. In case of any unexpected situation in the factory, the workers get free first aid. The Company also bears all medical expenses if a worker is injured while working. We always prioritize and ensure employees' health and injury over other organizational issues.

E. Maternity Benefit

Female workers are entitled to get maternity leave of 112 working days along with salary. Half of this amount is provided in advance prior to taking the leave and the rest upon rejoining after childbirth. Any female worker will get this benefit twice during her employment with the Company.

F. Day Care Facilities

We strongly believe in woman empowerment. To support the mother workers, the Company has a daycare facility at the factory premises. Female workers with children can bring their kids at the workplace and leave them at our children friendly center while working.

G. Group Insurance Benefit

Workers and employees get coverage under Company-sponsored life insurance policy from Delta Life Insurance Company Limited.

Going Concern

We as the Directors make necessary inquiries and review the budget for the future regularly. We are also concerned about capital expenditure requirements, future prospects and risks, cash flows and such other matters required to be addressed in the Code of Best Practice on Corporate Governance issued by the Bangladesh Securities and Exchange Commission. Accordingly, we continue to adopt the going concern basis in preparing the Financial Statements. It is the responsibility of the management of a company to determine whether the assumption is appropriate in the preparation of financial statements. If the assumption is considered invalid by the management, the financial statements of the entity would need to be prepared on break up basis. We as a company have adequate resources to continue operations into the foreseeable future.

Statutory Auditor

Ahmad & Akhtar Chartered Accountant was appointed as the Statutory Auditors of the company in the 14th Annual General Meeting (AGM) held on December 19, 2016. The Auditors do not have any relationship with or interest with TIL that in their judgments, may reasonably be thought to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Bangladesh, applicable on the date of this report. The retiring Auditors, Ahmad & Akhtar, Chartered Accountants have expressed their willingness to continue in office. They come up for re-appointment at the Annual General Meeting, with the recommendation of the Board and the Board of Directors. In accordance with the Companies Act, a resolution proposing the re-appointment of Ahmad & Akhtar, Chartered Accountants, as Auditors is proposed at the Annual General Meeting.

Directors' Election and Re-appointment

Shareholder Directors of the Company will retire as per Article 129 "Articles of Association" and if eligible they entitled for re-election.



Statement on Cost of Goods Sold

The biggest challenge in the area of productivity was the escalating devaluation of the local currency in the first half of the year coupled with increased energy prices. These resulted in a significant upward pressure on the cost base. However, Tosrifa Industries Limited was able to mitigate this through the implementation of proactive foreign exchange risk management strategies as well as applying a strong drive to identify and deliver a number of initiatives that resulted in a phenomenal product cost savings in the reporting period. Thus cost of goods sold per unit was largely held constant on a like to like basis and this enabled gross profit margin to remain stable over the financial year.

Furthermore, TIL embarked on a company-wide smart cost management program and analyzed all opportunities to reduce costs. This program has helped to optimize the operating expenses of the Company and focused resources on areas that were required to fuel growth and sustainability.

	1 July 2016 to 30 Jun 2017	1 July 2015 to 30 June 2016
	BDT	BDT
Cost of sales: BDT 979,938,645		
Opening inventories of raw materials	97,559,638	132,541,011
Raw materials (yarn)	76,717,267	94,435,671
Raw materials (finished fabrics)	12,123,721	27,093,017
Raw materials (accessories)	5,388,597	7,111,850
Needle and spare parts	3,330,053	3,900,473
Add: Raw materials purchased during the year	506,808,477	514,065,883
Yarn	340,722,146	280,672,393
Finished fabrics	41,205,798	80,431,034
Accessories	116,220,082	145,837,779
Needles and spare parts	8,660,450	7,124,677
Raw materials available for use	604,368,115	646,606,894
Less: Closing inventories of raw materials	147,679,396	97,559,638
Raw materials (yarn)	122,175,388	76,717,267
Raw materials (finished fabrics)	18,421,680	12,123,721
Raw materials (accessories)	3,435,592	5,388,597
Needle and spare parts	3,646,736	3,330,053
Raw materials consumed	456,688,719	549,047,256
Add: Direct expenses	321,961,846	356,084,042
Prime cost	778,650,565	905,131,298
Add: Factory overhead	205,530,378	213,182,503
Cost of production	984,180,943	1,118,313,801
Add: Opening inventories of work-in-process	29,250,915	63,544,129
Manufacturing cost at standard	1,013,431,858	1,181,857,930
Less: Closing inventories of work-in-process	32,936,961	29,250,915
Cost of goods manufactured	980,494,897	1,152,607,015
Add: Opening inventories of finished goods	27,574,727	62,652,403
Goods available for sale	1,008,069,624	1,215,259,418
Less: Closing inventories of finished goods	28,130,979	27,574,727
Cost of Sales	979,938,645	1,187,684,691

GREEN DYEING PROJECT INFORMATION

At TIL-BMRE Project, we are preparing for the first ever LEED Certified green dyeing project in the world, with a total area of 1,255 decimal at Beridiarchala, Sreepur, Gazipur to fulfill our commitment of optimizing our capacity with the minimum use of resources. In an era of increasing business competitiveness, price control, rising compliance standards, we are putting in place a long-term, secure and reliable supply of fabric source that will enable TIL to go ahead of the other competitors of the industry through shorter lead time. Our leading focus continues, as we put in place high standards, new ways of working and launch quality products. We will continue to emphasize strong execution of our growth strategies and our legacy of caring for all stakeholders. While making a dyeing unit, the management of TIL has taken more comprehensive measures to mitigate the highest level of environmental concerns with the nominal level of utility usage. The eco-friendly green dyeing manufacturing facility will help us to utilize the resources properly, cost-efficiently and also will minimize greenhouse gas emissions enabling us to be preferred by the reputed buyers in this growing competitive garments manufacturing industry.

With the commitment to grow our business, substantial investment has been made in the above new dyeing project, which will immensely benefit our company in the future.



TIL LEED CERTIFICATION ONGOING PROCESS AND ITS FUTURE BENEFIT



USGBC (U.S. Green Building Council) governed LEED (Leadership in Energy and Environmental Design) certification for Green Building is the premier and most prestigious green building certification program in the world. LEED is adopted in more than 135 countries worldwide; guiding the design, construction, operations and maintenance of more than 50,000 commercial and institutional building projects.

TIL-BMRE is attempting for the LEED certification to become the very first LEED Certified Fabric Dying Facility in the world. The TIL-BMRE Project will be using the following state of the art technologies/equipment for attempting to lower operating costs & increased asset value, reduced waste sent to landfills, energy conservation, water conservation, healthful & productive environments for occupants, reductions in greenhouse gas emissions etc.

Cold Pad Batch Dyeing

To achieve eco-friendly dye application, TIL-BMRE is fully equipped with the advanced Cold Pad Batch (CPB) Dyeing technology since little or no electrolyte is required, dye fixation happens at ambient temperature, fixation is high and use of water & energy is half of that of the conventional dyeing processes.

Husk Boiler

The use of non-renewable fossil fuel is one of the biggest contributors to climate change and consequent global warming. Boilers that can use readily available alternative fuels are becoming more and more popular. TIL-BMRE being conscious about this fact is installing Husk Boiler for its process needs.

ETP with UASB technology

Upflow Anaerobic Sludge Blanket (UASB) is a form of anaerobic digester that is used in TIL-BMRE's Effluent Treatment Plant (ETP). This is one of the most contemporary and environment-friendly solution to deal with industrial wastewater in the most effective and responsible manner.

Solar Power

Realizing the amazing potential, TIL-BMRE has installed a 50kWp Solar Panel and plans to expand such energy sourcing in future.

Rainwater Harvesting

Rainwater from different catchment areas of the site are to be collected and used as reclaimed water for non-potable uses.



High-efficiency Water Fixtures

Water fixtures/fittings are being installed that would reduce the water flow rate & volume to be used.

High Efficiency Lighting Systems

High energy-efficient LED lightings are used for energy conservation and mercury-free system. Additionally, Skylights are installed for using the sunlight to our advantage.

Advanced Air-conditioning and Fresh Air Intake Systems

Air-conditioning and fresh air intake system uses CFC free refrigerants and/or natural air for increased occupational comfort.

Sustainable Construction Material

More than half of the construction material used in is with recycled and/or regional material for improved resource utilization.

Better Waste management Operations

Waste Management is highly prioritized to minimized environmental impact and promote responsible waste reuse/recycle.

Computerized Building Monitoring & Management System.

The total utility (Energy, Water, Air etc.) monitoring and management system is to be governed/controlled by the computerized system of BMS. This'd allow TIL-BMRE to continue improving its environmental performance in terms of resource efficiency.

Financial Results

The Financial Period from 01 June 2016 to 30 June 2017 of Tosrifa Industries Limited was encountered with various macroeconomic problems. Business competition has increased drastically with new players. Despite having all these challenges, the business of the Company comparatively improved in revenue and quality, the Company goes forward into yet another year of strong growth. Now the Company's operating financial results, as compared to the previous year are summarized hereunder:

(Amount: Taka in Million)

Particulars	2016-17	2015-16	2015	2014	2013
Sales Turnover	1206.89	1424.00	1,537.03	1,476.84	941.67
Cost of Goods Sold	979.93	1187.68	1,249.81	1,155.90	724.05
Gross Profit	226.96	236.32	287.23	320.94	217.62
Operating Expenses	133.04	130.33	159.16	158.12	87.93
Operating Profit	93.91	105.99	128.07	162.81	129.69
Non-Operating Income	38.17	68.48	74.90	5.62	0.27
Financial Expenses	19.68	19.29	19.24	26.45	29.50
Non-operating Expenses (WPPF)	5.35	7.38	9.18	6.76	4.77
Net Profit before Tax	107.05	147.78	174.53	135.22	95.44
Provision for Income Tax	23.72	36.89	39.47	21.50	9.56
Net profit after Tax	83.34	110.89	135.06	113.72	85.89
Earnings Per Share (Tk.)	1.32	1.76	2.44	2.95	2.64
Total Assets	2955.42	2448.92	2373.08	1,657.41	1,543.20
Total Liabilities	847.45	348.48	328.82	366.71	356.92
Shareholders' Equity	2107.96	2100.43	2,044.26	1,20.70	1,186.27
NAV Per Share (Tk.)	33.37	33.25	32.36	37.44	34.41
Gross Profit Margin	18.81%	16.59%	18.68%	21.68%	23.11%
Operating Profit Margin	7.78%	7.44%	8.32%	10.97%	13.70%
Net Profit Margin	6.91%	7.79%	8.78%	7.04%	9.03%
Return on Equity	3.95%	5.27%	6.60%	8.06%	7.16%
Return on Investment	2.82%	4.52%	5.68%	6.27%	5.50%

Dividend

The Board recommended cash dividend @ 10 % for the financial period from ended on 30 June 2017. Record Date declared on 20 November 2017 for entitlement of 10% cash dividend will be paid subject to approval of the shareholders in the forthcoming AGM.

Appropriation of Profit

After the considerations of financial results of the Company during the year and free reserve carried over, the Directors recommended appropriation of net profit as follows:

	30 June 2017	30 June 2016
Un -appropriated Profit from previous Year	418,691,980	437,069,843
Less: Prior Year Adjustment	-	-
Adjusted Un - appropriated Profit from previous Year	418,691,980	437,069,843
Add: Net Profit after Tax for the Year	83,338,359	56,169,721
Add: Realization through use of Revaluation Reserve	2,108,997	1,254,640
Total Available for Appropriation (a)	504,139,336	494,494,204
Appropriation Proposed		
Proposed Dividend:		
Cash Dividend	63,168,520	75,802,224
Stock Dividend	-	-
Total Dividend (b)	63,168,520	75,802,224
Balance Carried Forward (a-b)	440,970,816	418,691,980

* Cash Dividend for 30 June 2017 cash @ 10% and for 30 June 2016 cash @ 12%

Corporate Governance

As part of its imperative policy, Tosrifa Industries limited always strives to maximize its shareholder's value and wealth. In doing so, the Company has long been committed to maintaining high standards of Corporate Governance. The Company's Corporate Governance framework is directed towards achieving its business objectives in a manner which is responsible and in accordance with its high standards of honesty, transparency and accountability. The principal characteristics that define effective corporate governance are outlined in the Corporate Governance Statement which is appended in the Annual Report. The statement further expands on the broad practices in Tosrifa Industries Ltd. All the employees are expected to live up to these principles and guidance on them which are communicated regularly throughout the Company through various training and awareness programs.



We have the pleasure to confirm herewith that the Company has meanwhile complied with all the necessary guidelines under BSEC Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated 7 August 2012. The compliance report along with the necessary remarks/disclosures is appended in the Directors' Report of the Company for the year 2014. Further, a Certificate of Compliance required under the said Guidelines, as provided by PODDAR & ASSOCIATES. Cost and Management Accountants, is also annexed to this report.

Management Recognition, Appreciation and Complements

The Board of Directors extends cordial recognition, deep appreciation and heart-felt congratulations for the business performance of the management, the all levels of officers, employees and workers whose relentless effort helped to increase the productivity as well profitability despite having adverse factors of production and marketing. At conclusion, on behalf of the Company, the Board would like to thank the all Shareholders, Board of Directors, Regulatory Bodies, Clients, Employees and all the well wishers for their cooperation and unflinching support.

We also extend to the Management and Employees our warmest greetings and felicitation for being the essential part of Tosrifa Industries Limited during the financial period.

We are proud of you all and look forward to your continued support as we go ahead to take TIL further forward as a leading player within the Bangladesh Business Community.

On behalf of the Board of Directors,

Sd/-
Rafiq Hassan
Chairman

Declaration as to Financial Statements

As part of preparation and presentation of the financial statements, the Directors also report that:

- i. The Financial Statements prepared by the Management of the Company present a true and fair view of Company's state of affairs, result of its operation, cash flows and changes in equity.
- ii. Proper books of accounts as required by law have been maintained.
- iii. Appropriate accounting policies have been followed in formulating the Financial Statements and Accounting estimates are reasonable and prudent.
- iv. The Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS).
- v. The Managing Director and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- vi. The Managing Director and CFO have certified to the Board that they have reviewed the financial statements and believe that these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.
- vii. The Managing Director and CFO have further certified to the Board that there are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's codes of conduct.

Statutory Information

In compliance with the SEC guidelines' condition no. 1.4 the Board of Directors confirms that:

- a. The system of internal control is sound in design and has been effectively implemented and monitored.
- b. There are no significant doubts upon the Company's ability to continue as a going concern.
- c. The patterns of Shareholding as on 30 June 2017 are in ANNEXURE-I.
- d. 5 Years Comparative financial results are in Annexure-II.
- e. Audit Committee Report is in Annexure-III.
- f. Certificate of BAPLC is in Annexure-IV.
- g. Status of Compliance with the conditions imposed by Securities and Exchange Commission along with Corporate Governance Certificate issued by Poddar & Associates. Cost and Management Accountants is enclosed as ANNEXURE-V.

ANNEXURE-I: The patterns of Shareholding as on 30 June 2017

Sl. No.	Name	Status	No. of shares held by Sponsors/Promoters/Directors
01	Tosrifa Ahmed	Sponsor	3,091,903
02	Mohim Hassan	Sponsor Director	1,696,913
03	Naim Hassan	Sponsor Director	1,696,913
04	Sayeed Hassan	Sponsor	80,635
05	Rafiq Hassan	Sponsor Director	1,579,049
06	Abeda Rahman	Sponsor	48,535
07	Shameem Ara Begum	Sponsor	258,837
08	Lyra Rizwana Quader	Director	6,741,000
09	Anjuman Ara Begum	Director	6,741,000
10	Northern Corporation Limited	Sponsor	12,840,000
11	Dr. Prof. khondaker Mohammad Shariful Huda	Independent Director	-
12	Md. Nasirul Islam	Independent Director	-
Total			34,774,785

Shareholding basis on group:

Group name	Number of shareholders	Number of shares	Ownership (%)
Company	106	14,623,432	23.15%
General public	10,349	13,770,303	21.80%
Sponsors/Directors	10	34,774,785	55.05%
Total	10,465	63,168,520	100.00%

Annexure – II: Comparative Financial results of 5 Years

(Amount: Taka in Million)

Particulars	2016-17	2015-16	2015	2014	2013
Sales Turnover	1206.89	1424.00	1,537.03	1,476.84	941.67
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Operating Expenses	133.04	130.33	159.16	158.12	87.93
Operating Profit	93.91	105.99	128.07	162.81	129.69
Non-Operating Income	38.17	68.48	74.90	5.62	0.27
Financial Expenses	19.68	19.29	19.24	26.45	29.50
Non-operating Expenses (WPPF)	5.35	7.38	9.18	6.76	4.77
Net Profit before Tax	107.05	147.78	174.53	135.22	95.44
Provision for Income Tax	23.72	36.89	39.47	21.50	9.56
Net profit after Tax	83.34	110.89	135.06	113.72	85.89
Earnings Per Share (Tk.)	1.32	1.76	2.44	2.95	2.64
Total Assets	2955.42	2448.92	2373.08	1,657.41	1,543.20
Total Liabilities	847.45	348.48	328.82	366.71	356.92
Shareholders' Equity	2107.96	2100.43	2,044.26	1,20.70	1,186.27
NAV Per Share (Tk.)	33.37	33.25	32.36	37.44	34.41
Gross Profit Margin	18.81%	16.59%	18.68%	21.68%	23.11%
Operating Profit Margin	7.78%	7.44%	8.32%	10.97%	13.70%
Net Profit Margin	6.91%	7.79%	8.78%	7.04%	9.03%
Return on Equity	3.95%	5.27%	6.60%	8.06%	7.16%
Return on Investment	2.82%	4.52%	5.68%	6.27%	5.50%

Annexure – III: Audit Committee report

Audit Committee Report For the year– 01 July 2016 to June 30 2017

Consequences of getting the Consent Letter from Bangladesh Securities and Exchange Commission (BSEC) for raising fund from the capital market through Initial Public Offering (IPO), it has been mandatory to comply with the all notifications along with the Corporate Governance Guidelines prescribed or imposed by BSEC. Amid these circumstances referring to the condition no. 32 of Part A of the consent letter no. SEC/CI/I-PO-216/2013/131 dated February 23, 2015 and the Section 3, 3.1, 3.2, 3.3 & 3.4 of BSEC notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 along with subsequent amendments; the Company has to constitute an Audit Committee for the sake of good corporate governance and financial reporting compliance. In compliance with the said notification of the BSEC **Tosrifa Industries Limited** constituted an Audit Committee on 12 March 2015 as a sub-committee of the Board of Directors in order to assist the Board of Directors in ensuring and fulfilling its oversight responsibilities.

The Audit Committee consists of the following persons:

Rafiq Hassan	Member
Lyra Rizwana Quader	Member
Anjuman Ara Begum	Member
Hayder Ali	Member Secretary

The scope of Audit Committee was defined as under:

- Review and recommend to the Board to approve the quarterly, half-yearly and annual financial statements prepared for statutory purpose;
- Review statement of significant related party transactions submitted by the management;
- Monitor and oversee choice of accounting policies and principles, internal control risk management process, auditing matter, hiring and performance of external auditors;
- Carry on a supervision role to safeguard the systems of governance and independence of statutory auditors; and
- Review and consider the report of internal auditors and statutory auditors' observations on internal control.

Authority

The Audit Committee is authorized by the main Board to review any activity within the business as per its terms of reference. It is authorized to seek any information it requires from, and require the attendance at any of its meetings of, any director or member of management, and all employees are expected to co-operate with any request made by the Committee. The Committee is also authorized to have information and advice from the Company Legal Advisor, Tax Consultant and Statutory Auditor if required. The terms of reference of the Audit Committee may be amended from time to time as required for the business in line with BSEC notifications subject to approval by the Board.

Meeting Attendance

During this period the Audit Committee met 09 (Nine) times during the period till the reporting period. All the members were present in all meetings of the Committee. The details of attendance of each member at the Audit Committee meetings during the aforesaid period are as follows:

Name	Designation	Total Meetings Held	No. of Meetings Attended
Md. Nasirul Islam	Chairman	09	09
Rafiq Hassan	Member	09	09
Lyra Rizwana Quader	Member	09	08
Anjuman Ara Begum	Member	09	08

Summary of Activities

After the constitution on 12 March 2015 till the concerned reporting period, the Audit Committee reviewed its terms of reference in line with requirements of BSEC notification on corporate governance. The Committee carried out its duties in accordance with the terms of reference of the Audit Committee. Moreover, an Audit Committee effectiveness survey had been carried out for the period which reflected full compliance to the effectiveness Guidelines. The Committee reviewed the integrity of the quarterly and annual financial statement and recommended to the Board for consideration. The Committee had overseen, reviewed and approved the procedure and task of the internal audit, financial report preparation and the external audit reports. The Committee found adequate arrangement to present a true and fair view of the activities and the financial status of the company and didn't find any material deviation, discrepancies or any adverse finding/observation in the areas of reporting. The Committee also reviewed and recommended to the Board steps to improve the Company's internal control systems derived from the findings of the internal and external auditors.

Sd/-
Hayder Ali
Member Secretary

Date: 27 October 2017